Letter to Shareholders
1st Half 2013/14

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ONE STEP AHEAD.

voestalpine Group Key Figures

H1 2012/13 vs. H1 2013/14

In millions of euros	H1 2012/13[1] 04/01–09/30/2012	H1 2013/14 04/01–09/30/2013	Change in %
Revenue	5,932.8	5,723.6	–3.5
EBITDA	724.5	686.9	–5.2
EBITDA margin	12.2%	12.0%	
EBIT	435.4	400.5	–8.0
EBIT margin	7.3%	7.0%	
Profit before tax (EBT)	347.8	320.4	–7.9
Profit for the period[2]	269.5	240.0	–10.9
EPS – Earnings per share (euros)	1.36	1.16	–14.7
Investments in tangible and intangible assets and interests	301.1	434.1	44.2
Depreciation	289.1	286.4	–0.9
Capital employed	8,036.6	8,198.9	2.0
Equity	4,885.2	5,062.3	3.6
Net financial debt	2,492.9	2,365.0	–5.1
Net financial debt in % of equity (gearing)	51.0%	46.7%	
Employees (full-time equivalent)	46,115	47,744	3.5

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Q1 2013/14 vs. Q2 2013/14

In millions of euros	Q1 2013/14 04/01–06/30/2013	Q2 2013/14 07/01–09/30/2013	Change in %
Revenue	2,936.1	2,787.5	–5.1
EBITDA	366.3	320.6	–12.5
EBITDA margin	12.5%	11.5%	
EBIT	223.3	177.2	–20.6
EBIT margin	7.6%	6.4%	
Profit before tax (EBT)	179.9	140.5	–21.9
Profit for the period[1]	138.6	101.4	–26.8
EPS – Earnings per share (euros)	0.69	0.47	–31.9
Investments in tangible and intangible assets and interests	175.8	258.3	46.9
Depreciation	143.0	143.4	0.3
Capital employed	8,196.4	8,198.9	0.0
Equity	5,159.9	5,062.3	–1.9
Net financial debt	2,272.4	2,365.0	4.1
Net financial debt in % of equity (gearing)	44.0%	46.7%	
Employees (full-time equivalent)	47,154	47,744	1.3

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

Ladies and Gentlemen:

Washington, October 31, 2013. It is day one of the two-day "Select USA Investment Summit," which is taking place for the first time. In addition to appearances by representatives of major corporations, it includes high-level US-government officials from Secretary of Commerce Penny Pritzker to Treasury Secretary Jack Lew, Secretary of State John Kerry—and President Barack Obama. Every single speaker articulates a passionate commitment to the USA as a competitive business location, in particular for industry—motivating and demonstrating trust in its strengths and its future. As proof that this is not merely lip service but actual reality, the President not only talks about American industrial companies returning to the US, but about big-name international corporations who have in recent years learned to increasingly appreciate these US strengths and who are investing in the USA—including European corporations, voestalpine among them.

Whatever opinion one has of the USA—especially from a European perspective many things merit discussion, from its intelligence apparatus that has become an end in itself to the bashing of the German economy because of its strong exports to its dubious problem-solving competence with regard to fundamental, national dilemmas, such as their sovereign debt—there is one thing that cannot be denied: consistency when it comes to securing its own position on the global playing field, whether at the political, the military, or the economic level.
And how does Europe compare in the bitterly serious game that will decide the future of the next generations? Politically, it has become meaningless at the global level (at best, a few EU member states still have some residual vestiges of power long faded). Militarily, it is externally driven through NATO. And now, the European Union under its current leadership is on the best way to gamble away its last, still somewhat intact position of power in the global struggle for the future, namely its economic competence.

Pitted against an America that is consistently courting investors, a Japan that after many years is again marked by broad-based participation in global competition due to Abenomics, and an increasingly confident China whose 7% growth rate is being successfully managed politically, the European Union is giving its economic backbone, the real economy, less and less room to create a competitive future. Environmental and climate policies that negate what is actually feasible, an energy policy that hardly deserves its name (after all, every single member state is eager to define "climate change" as they please), costs for government and social services that exact the highest average tax rates worldwide—all of this is hardly the stuff that the future of an economically successful continent is made of. However, anyone who believes that the solution is a return to individual nation states and the elimination of the euro is a priori robbing Europe of any future it may have, for each individual economy would be too small and too vulnerable, both politically and economically.

The time-frame is very tight to steer developments in the right direction, but hope is still alive that others will assume leadership of the European Union for whom this continent and its future are truly important.

Linz, November 4, 2013

The Management Board

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

Highlights

Inconsistent economic trend in the first half of the business year 2013/14:

- Technically, Europe is now leaving the recession behind, but the recovery trend is still modest.
- In the fall of 2013, the USA is endangering the incipient recovery with political debates about the debt ceiling.
- Brazil stabilizes its growth at a moderate level based on domestic demand.
- China generates new growth impulses over the summer; increasing optimism in Asia (with the exception of India).

At EUR 5,723.6 million, revenue trend in the first half of 2013/14 is down slightly by 3.5% in a year-to-year comparison (previous year: EUR 5,932.8 million).

Results are slightly weaker (due in part to negative non-recurring effects amounting to EUR 10 million in the Steel Division).

- At EUR 686.9 million, current operating result (EBITDA) 5.2% lower than last year's figure of EUR 724.5 million.
- At EUR 400.5 million, profit from operations (EBIT) in the first half of 2013/14 declines by 8.0% compared to EUR 435.4 million in the previous year.

Distribution of dividend in July 2013 (EUR 155.2 million) temporarily affects development of equity and gearing ratio.

- Equity capital currently at EUR 5,062.3 million remains largely constant compared to the reporting date March 31, 2013 (EUR 5,075.3 million); compared to September 30 of the previous year (EUR 4,885.2 million), there is an increase by 3.6%.
- Gearing ratio (net financial debt in percent of equity) rises by 2.2 percentage points to 46.7% compared to the reporting date March 31, 2013 (44.5%); however, in a year-to-year comparison, it is significantly reduced (51.0% as of September 30, 2012).

Implementation of HBI project in Texas is on schedule.

Interim Management Report

Market environment

Initially, the markets displayed some optimism during the first half of 2013/14 with regard to the economic trend; however, this sentiment was adjusted during the course of these months—not only in Europe. Positive expectations had been triggered by the fact that in spring 2013, the eurozone emerged from the recession and showed some economic growth for the first time since fall 2011. This development was driven by the fact that markets in Central and Northern Europe picked up markedly, while, at the same time, the downward trend in the southern EU periphery slowed.

Over long stretches of the first months of the current business year 2013/14, North America continued the positive trend that marked previous periods. However, in September/October, negotiations about the debt ceiling in the USA led to political upheaval that finally resulted in a government shutdown. It is still difficult to estimate the full scope of the economic effects of this shutdown, especially since the USA could be facing a second round of turmoil in January/February 2014. Due to the size of the US economy and the interdependence of global economic activity, negative effects on the national US economy and adverse impact on other important economies as well cannot be ruled out.

Due to its economic situation in the first two quarters of the current business year, South America was not able to return to its "old" growth rates. Domestic demand in Brazil, still the most important South American country for voestalpine, is still at a satisfactory level overall and will probably continue to be the driver of moderate economic growth on the continent. However, exports are not expected to provide any significant support toward an economic recovery.

After a volatile phase in the early part of the calendar year, the situation in Asia, especially in China, is a positive contrast to the underlying global trend that is still subdued. The growth expectations for the PRC were recently even raised to above the 7% mark. This is largely due to the announcement by the central government that continuing, massive investments in infrastructure are being planned. It is true that the country's development in the direction of a consumer-oriented economy does not drive these projects forward, but it creates at least a solid basis for now for comparatively stable growth rates.

In recent months, there were no dramatic changes in the economic trends in the individual market segments. The construction industry is still weak and is showing few signs of a recovery in the short or medium term. The energy sector also continues to be mostly lackluster. Major projects in the oil and natural gas industries in particular were pushed back; however, exploration activities continued to be at a good level, not least due to the still high oil price. Power plant construction in Europe has not yet shaken off its weak performance in 2013, and most of the new projects were implemented in Asia (China and India).

The automobile industry has been able to maintain its production rates in Europe at a relatively stable level, largely due to strong exports by German premium brands. Long-term sales figures in Europe itself reached a new trough in the summer of 2013, but from today's vantage point, this could mean a trend reversal.

The mechanical engineering industry most recently continued its rather volatile trend, primarily due to the economic situation in the emerging markets that continues to be inconsistent.

Viewed globally, the white goods and consumer goods industries were quite solid at a satisfactory level. Viewed overall, in the first half of 2013/14, it was private consumption that buttressed the economic landscape in practically all economies—particularly the ones that have become saturated.

Both the aviation industry and the international railway infrastructure markets have profited from continuing solid demand, and it was especially the latter that was able to more than compensate for the weaknesses in Europe that still persist.

Business performance

The volatile macroeconomic development since early 2013, especially the slowdown of the upward trend during the summer quarter, impacted the business performance of the voestalpine Group. As a result, while the first quarter of the current business year maintained the level of the preceding quarters, the second quarter was marked by weaker revenues and profits in the individual business segments that had not been foreseen at the beginning of the summer. This led to an overall diminished business performance in the first half of the business year 2013/14 in comparison to the first six months of 2012/13.

While in the first six months of the previous year, the Steel Division enjoyed positive effects from raw materials prices that were trending downward and concurrent higher sales prices, in the first half of the current year, the situation was exactly the opposite. Sales prices remained practically the same, while burgeoning optimism in China over the course of the summer resulted in unexpectedly high raw materials prices with commensurate effects on margins, including in the European steel industry. Additionally, the Steel Division's operating result in the last quarter was impacted by non-recurring expenditures totaling EUR 10 million, which, however, will be recouped in the next two years.

In the Special Steel Division, the first quarter of 2013/14 was solid, but the following quarter was characterized by definite reticence on the part of its customers. The customary seasonal effects were further impacted by inhibited demand, primarily in the European core markets, and at the same time, by falling scrap and alloy prices resulting in additional purchasing restraint on the part of customers.

In the Metal Engineering and Metal Forming Divisions, sales in a year-to-year comparison were only slightly below those in the first half of the previous year. As both divisions were able to increase their results, this assisted significantly in the stabilization of the Group's consolidated result. In addition to positive developments of market trends, the consistently implemented cost-cutting and efficiency improvement measures contributed substantially to the positive result.

Overall, the voestalpine Group's revenue in the first half of 2013/14 decreased compared to the same period of the previous year by 3.5% from EUR 5,932.8 million to EUR 5,723.6 million. The operating result (EBITDA) fell from EUR 724.5 million in the first half of 2012/13 to EUR 686.9 million in the first six months of 2013/14 (–5.2%). Profit from operations (EBIT) declined by 8.0% to EUR 400.5 million (previous year: EUR 435.4 million).

The financial result that improved slightly in a year-to-year comparison maintained the decline in profit before tax at a reasonable level of 7.9% down to EUR 320.4 million (previous year: EUR 347.8 million). The profit for the period (net income) for the first six months of the current business year came to EUR 240.0 million, a minus of 10.9% compared to last year's figure of EUR 269.5 million.

As of September 30, 2013, equity increased in a year-to-year comparison by 3.6% to EUR 5,062.3 million, so that this figure remained practically unchanged compared to the reporting date of March 31, 2013 (EUR 5,075.3 million) despite payment of a dividend in July 2013. This also resulted in a slight increase in net financial debt compared to the beginning of the business year, which went from EUR 2,259.2 million to currently EUR 2,365.0 million, with free cash flow positive for the period. Compared year-to-year, the net financial debt was reduced by 5.1%.

Against this backdrop, the gearing ratio (net financial debt in percent of equity) has been on a slightly rising trajectory since the beginning of the current business year; however, in a year-to-year comparison it has declined considerably, going from 51% as of September 30, 2012 to 46.7% as of September 30, 2013.

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

In millions of euros	Q1		Q2		H1		
	2012/13[1] 04/01–06/30/2012	2013/14 04/01–06/30/2013	2012/13[1] 07/01–09/30/2012	2013/14 07/01–09/30/2013	2012/13[1] 04/01–09/30/2012	2013/14 04/01–09/30/2013	Change in %
Revenue	3,050.6	2,936.1	2,882.2	2,787.5	5,932.8	5,723.6	–3.5
EBITDA	372.4	366.3	352.1	320.6	724.5	686.9	–5.2
EBITDA margin	12.2%	12.5%	12.2%	11.5%	12.2%	12.0%	
EBIT	228.0	223.3	207.4	177.2	435.4	400.5	–8.0
EBIT margin	7.5%	7.6%	7.2%	6.4%	7.3%	7.0%	
Profit before tax	185.1	179.9	162.7	140.5	347.8	320.4	–7.9
Profit for the period[2]	144.9	138.6	124.6	101.4	269.5	240.0	–10.9
Employees (full-time equivalent)	46,075	47,154	46,115	47,744	46,115	47,744	3.5

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Steel Division

In millions of euros	Q1		Q2		H1		
	2012/13[1] 04/01–06/30/2012	2013/14 04/01–06/30/2013	2012/13[1] 07/01–09/30/2012	2013/14 07/01–09/30/2013	2012/13[1] 04/01–09/30/2012	2013/14 04/01–09/30/2013	Change in %
Revenue	999.8	989.8	979.8	938.5	1,979.6	1,928.3	–2.6
EBITDA	107.9	111.3	128.7	86.6	236.6	197.9	–16.4
EBITDA margin	10.8%	11.2%	13.1%	9.2%	11.9%	10.3%	
EBIT	51.4	55.3	71.8	29.5	123.2	84.8	–31.2
EBIT margin	5.1%	5.6%	7.3%	3.1%	6.2%	4.4%	
Employees (full-time equivalent)	10,459	10,805	10,591	11,026	10,591	11,026	4.1

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

Market environment and business development

After years of declining demand, the steel industry in Europe seems to have no choice but to come to terms with permanently lower capacity utilization levels. Since the beginning of 2013, European steel production fell yet again in comparison to the already low level of the previous year, although demand stabilized somewhat over the course of the summer. Due to unutilized capacity and in anticipation of lower raw materials prices, price negotiations for the third calendar quarter were difficult from the outset. As, at the same time, contrary to expectations, costs for ore rose beginning in July 2013 due to increasing demand for raw materials in China, the steel industry came under greater cost pressure in the course of the summer.

Despite a slight economic recovery of some of the major customer industries, however, an easing of the situation should not be expected for the fourth calendar quarter. Only the quarterly contract business is feeling slight price effects arising from spot price increases in the previous quarter.

Against this backdrop, the order situation for the Steel Division in the business year thus far has been mostly satisfactory, with customers placing more orders over the course of several weeks after the summer pause to fill up empty warehouses. This applies primarily to the premium segment of the automobile industry, whose production figures continue to be stable at a high level. Demand for compact and sub-compact cars has stabilized at a low level for the time being.

In the first half of the current business year, the situation of the European mechanical engineering industry has been slightly weaker, due particularly to the lackluster development in the emerging markets. Demand in the white goods industry continues to be solid. Demand from the construction and construction supply industries has remained unchanged at a very low level. However, there are expectations that there will be a slight uptrend in this customer segment in Eastern Europe in the next year—the first improvement in a long time. In Southern Europe, construction has practically come to a standstill. Germany, Austria, and Northern Europe are in better shape, although here, growth remains modest too. Heavy plate production is geared primarily to the energy segment, where—after a long phase of reduced activity—the first projects were contracted, which are, however, comparatively small in scope. A substantial revival of the market will probably not be possible until the first months of the 2014 calendar year, when large line pipe orders are expected to be placed.

Development of the key figures

While revenue declined slightly by 2.6% in the first half of 2013/14 compared to the same period in the previous year, going from EUR 1,979.6 million to EUR 1,928.3 million, the losses in the EBITDA and EBIT reporting categories were significantly higher. While the first quarter of 2013/14 recorded slightly higher figures in a year-to-year comparison, the development of the following quarter ran completely counter to the previous year. While the second quarter of 2012/13 experienced significantly falling raw materials prices, in the second quarter of the current business year, prices for iron ore, the most important input material, rose considerably, contrary to the expectations of the steel industry. This presented difficulties in price negotiations with customers for the second quarter of the business year, as in the spring, the prospect of declining raw materials prices had been held out.

Despite the fact that both production and delivery volumes grew in the first half of 2013/14, the pressure on margins could not be compensated by the results. An additional adverse impact on earnings in the second quarter of 2013/14 were EUR 10 million in non-recurring expenditures for early termination of a long-term contractual relationship that was unfavorable for the Steel Division (this negative effect will be compensated by commensurate positive effects in the next two business years). Compared to the first six months of the previous year, in the first half of 2013/14, the operating result (EBITDA) was reduced by 16.4% from EUR 236.6 million to EUR 197.9 million, and profit from operations (EBIT) fell by 31.2% from EUR 123.2 million to EUR 84.8 million. Therefore, the EBITDA margin was adjusted down from 11.9% in the previous year to 10.3% for the first half of 2013/14, and the EBIT margin went from 6.2% to currently 4.4%.

Compared to the immediately preceding quarter, revenue declined by 5.2% from EUR 989.8 million in the first quarter of 2013/14 to EUR 938.5 million in the second quarter of 2013/14 due to smaller average revenues and lower production and delivery volumes resulting from seasonal effects. This development and the aforementioned non-recurring effect of EUR 10 million resulted in EBITDA that decreased by 22.2% from EUR 111.3 million (margin of 11.2%) to EUR 86.6 million (margin of 9.2%). EBIT dropped by 46.7% from EUR 55.3 million to EUR 29.5 million, resulting in a reduction of the EBIT margin from 5.6% to 3.1%.

As of the reporting date of September 30, 2013, the number of employees (FTE) in the Steel Division was 11,026, an increase of 4.1% compared to the end of the second quarter of the business year 2012/13 and 3.3% higher than the comparable figure at the end of the last business year (10,676 FTE).

Special Steel Division

In millions of euros	Q1		Q2		H1		
	2012/13[1] 04/01–06/30/2012	2013/14 04/01–06/30/2013	2012/13[1] 07/01–09/30/2012	2013/14 07/01–09/30/2013	2012/13[1] 04/01–09/30/2012	2013/14 04/01–09/30/2013	Change in %
Revenue	735.7	682.8	686.4	643.1	1,422.1	1,325.9	–6.8
EBITDA	104.5	98.5	90.1	77.8	194.6	176.3	–9.4
EBITDA margin	14.2%	14.4%	13.1%	12.1%	13.7%	13.3%	
EBIT	68.3	65.0	53.8	44.8	122.1	109.8	–10.1
EBIT margin	9.3%	9.5%	7.8%	7.0%	8.6%	8.3%	
Employees (full-time equivalent)	12,348	12,884	12,322	12,898	12,322	12,898	4.7

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

Market environment and business development

For the Special Steel Division, the already challenging economic environment in the first three months of this business year continued in the second quarter of 2013/14. The customary seasonal effects in the summer months, which were more pronounced than in the previous year, particularly in Europe and North America, were an additional negative factor. The result was increasing price pressure, as the competition had unutilized capacity. The concurrently falling prices for scrap and key alloys encouraged customers to reduce their orders to an absolute minimum in expectation of lower prices.

In terms of regional aspects with regard to demand, European core markets did not improve compared to the first quarter. Compared to the previous year, demand in Germany and Austria was at an even lower level and the markets in Southern Europe showed only vague recovery tendencies. In North America, the situation was characterized by volatile developments in the USA and stagnation in Canada. Subdued consumer sentiment and sparse investment activities, especially in oil and natural gas exploration in Brazil, not only affected the Brazilian market but also had a negative impact on the economies of the neighboring countries. Ongoing devaluation of the Brazilian currency, however, could provide assistance for Brazil's exports in the coming months.

Despite a lackluster economic environment in Asia, gains in market share resulted in a stable development, and some economic improvement seems to be on the horizon for China and Japan.

In the High Performance Metals business segment, low inventories of the customers of the tool steel and high-speed steel segments had a positive effect on business development in the first half of 2013/14, with premium products experiencing increased demand. The situation for special structural steel and open-die forgings was quite different. In these segments, the sluggish energy and mechanical engineering industries had an adverse impact on earnings. Demand for special materials was stable at a solid level primarily because this segment profited from the positive development of the aviation industry and oil and natural gas exploration. In the consumer goods industry, growth signals are coming primarily from Asia and are limited to white goods, electronics, and packaging.

Capacity utilization in the production companies fluctuated dramatically in recent months due to customers' short-term order patterns; however, overall, it was at a satisfactory level. Integration

of the sales and service units acquired in the spring is on schedule. These strategic acquisitions enabled the High Performance Metals business segment to significantly expand its range of products and services, especially with regard to high-quality coatings as well as mechanical processing and heat treatment of sophisticated special steels.
Demand in the Special Forgings business segment continues to be inconsistent. Special steel forgings experienced a significant boost due to the momentum of the aerospace sector and a slight recovery of the commercial vehicle industry. Demand in the energy engineering industry was stagnant at a low level in this segment as well, with no signals pointing to an economic recovery. Due to the postponement of projects planned for the second half of the current business year, the hoped-for uptrend in this sector seems improbable.

Development of the key figures

Although the price level was stable overall, as a result of lower delivery volumes, revenue fell in the first half of 2013/14 (EUR 1,325.9 million) compared to the previous year (EUR 1,422.1 million) by 6.8%. As a consequence of lower demand for tool and special steel, both revenue and results fell. At EUR 176.3 million, the operating result (EBITDA) in the first half of 2013/14 is 9.4% below the previous year's operating result of EUR 194.6 million. Nevertheless, due to lower revenue, the Special Steel Division reported an EBITDA margin of 13.3%, which was only slightly lower than last year's figure (13.7%). The development of profit from operations (EBIT) is similar, falling by 10.1% from EUR 122.1 million (margin of 8.6%) to EUR 109.8 million (margin of 8.3%).
Compared to the immediately preceding quarter, revenue fell by 5.8% from EUR 682.8 million to EUR 643.1 million. This was triggered by lower delivery volumes and lower prices compared to the immediately preceding quarter. The decline in both the operating result (EBITDA) and the profit from operations (EBIT) was more significant during the current year than in a year-to-year comparison. While EBITDA dropped by 21.0% from EUR 98.5 million to EUR 77.8 million compared to the immediately preceding quarter, EBIT fell by almost one third from EUR 65.0 million to EUR 44.8 million. As a result of this development, in comparison with the immediately preceding quarter, the EBITDA margin was reduced from 14.4% to 12.1%, and the EBIT margin went down from 9.5% to 7.0%.
At 12,898 as of the end of the second quarter, the number of employees (FTE) in the Special Steel Division was 4.7% higher than the figure in the comparative quarter in the past business year and 1.4% higher than the figure as of the end of the previous business year (12,721 FTE).

Metal Engineering Division

In millions of euros	Q1		Q2		H1		
	2012/13[1] 04/01–06/30/2012	2013/14 04/01–06/30/2013	2012/13[1] 07/01–09/30/2012	2013/14 07/01–09/30/2013	2012/13[1] 04/01–09/30/2012	2013/14 04/01–09/30/2013	Change in %
Revenue	805.6	766.9	740.3	729.6	1,545.9	1,496.5	–3.2
EBITDA	110.9	112.3	94.6	113.1	205.5	225.4	9.7
EBITDA margin	13.8%	14.6%	12.8%	15.5%	13.3%	15.1%	
EBIT	83.3	83.2	66.8	83.8	150.1	167.0	11.3
EBIT margin	10.3%	10.8%	9.0%	11.5%	9.7%	11.2%	
Employees (full-time equivalent)	11,291	11,558	11,426	11,834	11,426	11,834	3.6

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

Market environment and business development

In the first six months of the current business year 2013/14, the Metal Engineering Division continued its positive performance at the very good level it had maintained in previous years.

In the Rail business segment, the trend in the past six months persisted at a high and stable level although the market situation in Europe continues to be weak due to budget consolidation in many countries and a competitive climate that has become increasingly cutthroat. As the division is concentrating its production on special products, such as heat-treated, head-hardened rails, the high level of capacity utilization was maintained in the first six months of the current business year. This development was to a high degree the result of strong exports to international markets, such as South America, South Africa, and Russia. The production of standard rails at the site in Duisburg (TSTG) will be shut down as planned toward the end of the calendar year due to continued losses as a result of massive overcapacity in Europe; the agreed upon social compensation plan is already being implemented.

The Turnout business segment also continued to perform at a good level overall in the first half of 2013/14. Declining demand in Europe is being compensated by increasing orders from other economic regions, such as North America, China, and the MENA region, in this segment as well. The economic upturn is resulting in more investments in railway infrastructure, particularly in several countries in Southeast Asia.

As a result of its specific product portfolio that is oriented toward the toughest technical requirements, the Wire business segment was able to counter the generally subdued sentiment on the part of customers in Europe so that capacity utilization in all facilities was satisfactory. As reported in the last letter to shareholders, the new facility for the production of ultra-high-tensile fine wire (UHD cord) started up operations successfully, thus expanding the product portfolio of special products that is oriented toward long-term growth markets.

The performance of the Welding Technology business segment was stable during the first half of the business year 2013/14, albeit at a moderate level, due to the cautious economic situation in the mechanical engineering and energy engineering industries (power plant construction), especially in Europe. Most recently, modest improvements in the power plant construction sector in Southeast Asia and India have become noticeable.

During the period under review, capacity utilization in the Seamless Tube business segment has been very good, so that the segment was able to continue the outstanding performance of the past quarters. As a result of the oil price, which is still high, exploration activities continue to be significant, which in turn is producing brisk demand for oilfield tubes. The smaller segment that manufactures industrial tubes, which are used, for example, in the automotive industry, maintained a satisfactory level with regard to both volumes and prices due to its specific product portfolio.

Development of the key figures

Similarly to the Steel and the Special Steel Divisions, the Metal Engineering Division also experienced declining revenues in the first six months of 2013/14 compared to the same period of the previous year. However, as opposed to the aforementioned divisions, the Metal Engineering Division succeeded in making significant gains in its operating result, a positive development, as its figures were already at a high level. Revenue fell slightly by 3.2% from EUR 1,545.9 million in the first half of 2012/13 to EUR 1,496.5 million in the first half of 2013/14. The reason lies in the delivery volume of standard rails that was substantially reduced as planned by the Duisburg site, which will be closed toward the end of the 2013 calendar year on one hand and, on the other, in the overall somewhat lower prices for the products manufactured by the Metal Engineering Division. As far as earnings are concerned, the lower sales prices were more than compensated by increased efficiency. Thus EBITDA went up by 9.7% from EUR 205.5 million to EUR 225.4 million, which corresponds to an EBITDA margin of 15.1% (previous year: 13.3%). EBIT figures paralleled EBITDA; the figure for the first six months was EUR 167.0 million, which is 11.3% higher than the previous year's figure of EUR 150.1 million, with the EBIT margin rising analogously from 9.7% to 11.2%.

In the comparison of the last quarter to the immediately preceding one as well, the division's stable development at an excellent level is clear. While revenue dropped by 4.9% from EUR 766.9 million in the first quarter of 2013/14 to EUR 729.6 million in the second quarter of 2013/14 as a result of the aforementioned reasons, earnings performed strongly, thus seamlessly continuing their performance in the immediately preceding quarter. The operating result (EBITDA) even rose slightly by 0.7% from EUR 112.3 million to EUR 113.1 million, and EBIT also experienced a slight gain of 0.8%, going from EUR 83.2 million to EUR 83.8 million. Due to the lower revenue basis, both the EBITDA margin and the EBIT margin rose noticeably in the second quarter of 2013/14 compared to the immediately preceding quarter, with the former going from 14.6% to 15.5% and the latter rising from 10.8% to 11.5%.

As of September 30, 2013, the Metal Engineering Division had 11,834 employees (FTE), an increase of 3.6% compared to the same reporting date in the past business year and a gain of 4.0% compared to the end of the previous business year (11,374 FTE).

Metal Forming Division

In millions of euros	Q1		Q2		H1		
	2012/13[1] 04/01–06/30/2012	2013/14 04/01–06/30/2013	2012/13[1] 07/01–09/30/2012	2013/14 07/01–09/30/2013	2012/13[1] 04/01–09/30/2012	2013/14 04/01–09/30/2013	Change in %
Revenue	611.1	597.9	567.0	567.8	1,178.1	1,165.7	–1.1
EBITDA	68.0	68.5	57.1	61.3	125.1	129.8	3.8
EBITDA margin	11.1%	11.5%	10.1%	10.8%	10.6%	11.1%	
EBIT	45.6	46.1	34.9	39.0	80.5	85.1	5.7
EBIT margin	7.5%	7.7%	6.2%	6.9%	6.8%	7.3%	
Employees (full-time equivalent)	11,272	11,117	11,068	11,185	11,068	11,185	1.1

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

Market environment and business development

The performance of the Metal Forming Division in the second quarter of the current business year continued its development as in the preceding quarters, apart from some impact due to the customary seasonal effects over the summer. The fact that earnings trended up compared to the same period in the previous year despite the challenging economic environment is the result not only of the division's specialization in technological niche products but also to the consistently implemented measures to improve performance.

The Automotive Body Parts business segment is enjoying stable demand at a solid level in Europe. While the premium automobile manufacturers benefited from a positive trend due to booming exports, the mass market automobile manufacturers displayed some stabilizing tendencies in the second quarter of the business year 2013/14 for the first time in quite some time. The successful implementation and the currently ongoing worldwide proliferation of the "phs-ultraform" technology, an innovation that has set new standards in the segment of safety components, has made a substantial contribution to the very good performance of the Metal Forming Division in a European automotive market that is still quite mixed.

Some parts of the Tubes and Sections business segment, such as the construction industry, have continued to suffer from stagnant demand in Europe, however, a positive underlying trend has manifested itself in the construction and agricultural machinery segments. The truck industry in Europe has also made recent gains. The performance of the aerospace business segment is continuing unabated at a high level.

Viewed regionally, overall Europe still remains an economically challenging market environment. Most recently, the markets in North America are showing a lateral movement, although at a solid level. In the first half of 2013/14, apart from some weaknesses in the oil and natural gas segments, Brazil has demonstrated a satisfactory development due to more than adequate domestic demand, which is not least the result of investments undertaken in Brazil by international customers, for instance, in the agricultural machinery and bus industries.

After a brief phase of decline at the beginning of the business year, the performance of the Precision Strip business segment stabilized in the second quarter of 2013/14, although the competitive situation has remained challenging. Particularly Asian competitors are making competition more aggressive on the international markets, in part triggered by the exchange rate policy newly implemented by the Bank of Japan.

For the Material Handling business segment, the first half of the business year 2013/14 was positive both with regard to capacity utilization and the order situation.

Development of the key figures

In the first two quarters of 2013/14, the Metal Forming Division's revenue at EUR 1,165.7 million was just 1.1% under the previous year's figure of EUR 1,178.1 million. The division was even able to grow its operating result somewhat, primarily due to the improved earnings situation in the Tubes & Sections business segment, which was aided by internal optimization measures. Accordingly, the operating result (EBITDA) increased by 3.8% from EUR 125.1 million to EUR 129.8 million, resulting in a margin increase compared to the same period in the previous year from 10.6% to 11.1%. Profit from operations (EBIT) rose even more significantly, increasing from the previous year's figure of EUR 80.5 million by 5.7% to EUR 85.1 million. The EBIT margin rose accordingly from 6.8% to 7.3%.

A comparison of the second quarter of 2013/14 with the immediately preceding quarter shows a downward trend, not a surprising development due to the summer's seasonal effects. All of the major business segments of the Metal Forming Division were affected by the revenue decline caused by summer vacation closures—albeit to differing degrees—with the exception of the Material Handling business segment. Overall, revenue fell compared to the previous year by 5.0% from EUR 597.9 million to EUR 567.8 million The operating result (EBITDA) dipped by 10.5% from EUR 68.5 million to EUR 61.3 million, while the EBITDA margin slipped from 11.5% to 10.8%. EBIT dropped by 15.4% from EUR 46.1 million to EUR 39.0 million, resulting in an EBIT margin in the second quarter of 2013/14 of 6.9% compared to 7.7% in the immediately preceding quarter.

At 11,185, the number of employees (FTE) in the Metal Forming Division at the end of the second quarter of the current business year was almost the same as in the previous year, showing a small plus of 1.1%. Compared to the end of the previous business year (10.853 FTE), the number of employees rose by 3.1%.

Antitrust proceedings relative to railway superstructure material

As already reported in the letter to shareholders for the first quarter of 2013/14, the German Federal Cartel Office (Bundeskartellamt) concluded the monetary penalty proceedings associated with the so-called rail cartel with its decision on July 23, 2013 with regard to the portion of the proceedings concerning the private market. The "private market" portion of the rail cartel case concerns deliveries of rails and railway superstructure material to municipal mass transit agencies as well as industrial customers and construction companies. For this portion of the proceedings, a fine in the amount of EUR 6.4 million was imposed upon the voestalpine Group. Back in July 2012, the German Federal Cartel Office concluded the proceedings relative to violations of antitrust laws by way of agreements for the supply of railway superstructure material that were detrimental to Deutsche Bahn AG (fine in the amount of EUR 8.5 million for the voestalpine Group). Within the scope of the monetary penalty proceedings, fines totaling EUR 14.9 million were imposed on voestalpine companies. Otherwise, voestalpine's status of cooperating witness was confirmed for the major part of both proceedings.
As far as claims for compensatory damages by customers for deliveries by the cartel are concerned, claims by Deutsche Bahn for direct deliveries of rails were resolved in May 2013 by way of payment of damages. Claims for compensatory damages for indirect deliveries of rails to Deutsche Bahn as well as deliveries to municipal mass transit agencies and other private market customers are still unresolved.

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 in the annual financial statements 2012/13 in the amount of EUR 204.4 million were mainly reduced by the amount paid to compensate Deutsche Bahn for direct rail deliveries, and by the fine for deliveries of turnouts to customers in Germany as of September 30, 2013. The remaining provisions are still considered to be appropriate.

Closure of TSTG Schienen Technik GmbH & Co KG

As already set forth in the Annual Report 2012/13, the negotiations with employee representatives regarding the reconciliation of interests and a social compensation plan for the remaining approximately 350 employees, which were initiated after the resolution by the Management Board in March 2012 to close the rail production of TSTG Schienen Technik GmbH & Co KG in Duisburg, were successfully completed on May 16, 2013. The final closure will take place as scheduled toward the end of the 2013 calendar year after all still remaining orders have been completed (regarding provisions formed for the closure, please see the section "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

In the course of implementing the voestalpine Group's value-added growth strategy, investment activity was markedly expanded over the past few quarters. From a long-term perspective, this involves consistently enhancing the claim to leadership in technology and quality within the Group's core segments. In this context, the investment volume of the voestalpine Group rose during the first six months of the current business year by 44.2% over the previous year, going from EUR 301.1 million to EUR 434.1 million. Specifically, the Steel Division reported the sharpest increase, while investments in the Metal Engineering Division declined slightly, due to the heavy level of expenditures during the summer of the previous year that were connected to the (scheduled) blast furnace repair.

Investments doubled from EUR 111.4 million in the first half of 2012/13 to EUR 226.1 million in the current business year; over 50% of the Group investment volume is attributed to the Steel Division. Its current principle investment plans affect both the metallurgical business segment as well as the further processing of hot slabs into high-quality steel strips and heavy plate. Currently, the cowpers are being replaced on main blast furnace A; at the same time, the preparatory phase to install the coal injection system is running on all three blast furnaces at the Linz (Austria) site. To further increase the proportion of the most sophisticated steel grades, over the next three years the Group will invest in additional secondary metallurgy systems (vacuum system, ladle furnace) and in a new continuous casting plant. The construction of the new continuous annealing line II for the production of premium quality electric strip is currently on the verge of completion (run-up phase slated for the start of the business year 2014/15), as is the new heavy plate/rolling stand for the production of ultra high-strength heavy plate (scheduled completion date in the second half of 2014). These investments are intended first and foremost to enhance the product mix. Additionally, in the first half of 2013/14, the Group also invested in cold rolling mill 2, and in the electrolytic galvanizing facility, so that both aggregates operate with state-of-the-art technology.

Investments in the Special Steel Division in the first six months of the business year 2013/14 equaled EUR 74.8 million, which places them 73.5% above the level of the previous year (EUR 43.1 million). In the process, a series of investments that were initiated over the past few years reached completion in the first six months of 2013/14; they are currently in the run-up phase. Thus, the expansion in capacity for producing powder-metallurgical steels at the Kapfenberg (Austria) site is one example, as is the duo rolling stand for production of premium quality special steel plates at the Mürzzuschlag (Austria) site. The configuration of the new rolling stand makes it possible not only to expand capacities but also achieve a dramatic improvement in quality. Furthermore, the build-out of the heat treatment of drop forgings reached its successful completion over the course of the four-year expansion program for the steel plant at the Wetzlar (Germany) site. In all essential sales regions of the Special Steel Division, projects are currently underway for the expansion of service activities, such as heat treatment, pre-processing, and coating. In this regard, the focus is placed on the most recently acquired companies during the course of the 2013 calendar year.

In the Metal Engineering Division, the investment expenditures in the first half of the business year 2013/14 equaled EUR 59.5 million and thus 27.4% below the previous year's figure of EUR 82.0 million. In addition to these ongoing investments, most recently, the division's most significant future project at this time was contracted; the new construction of the wire rolling mill at the Leoben/Donawitz (Austria) site, using today's best available technology to replace the existing rolling mill that dates from the late 70s—will set a new benchmark for the industry in Europe. The operational launch is scheduled for 2016. Currently at the same site, the second blast furnace is also being equipped with a new throat stopper that, on the one hand, will minimize dust emissions considerably and, on the other hand, will generate a marked increase in cost-effectiveness. Furthermore, the Group is currently implementing largely routine scheduled maintenance and renovation investments.

With an addition of 15.2%, to EUR 70.3 million, the Metal Forming Division markedly expanded its investment activity in the first half of the

2013/14 business year, compared to the previous year's figure of EUR 61.0 million. The main focus of attention here was on the implementation of the internationalization strategy founded on the new "phs-ultraform" production segment (press-hardened steels based on new technology). The buildings and systems required for this are currently being completed in the USA, South Africa, and China; the initial components will be shipped to automotive customers during this business year. As part of the consistent implementation of this strategy in Europe as well, currently the construction of two additional phs facilities is underway in Germany (Schwäbisch Gmünd). Beside the expansion efforts in the automotive business segment, investments are also being implemented as scheduled as part of the accelerated internationalization of the Tubes & Sections business segment, with a focus on China. The production of special sections there is expected to commence at the start of the business year 2014/15. In the Precision Strip business segment, the second phase of expansion was completed at the Kematen (Austria) site over the course of the first half of the business year.

Acquisitions

voestalpine AG has continued to consistently implement its internationalization strategy "voestalpine 2020" in the first half of the business year 2013/14.
The Italian company Trafilerie di Cittadella S.p.A./FILEUR, which was taken over in the first quarter of the current business year, has now been fully integrated into the Metal Engineering Division. Thus, voestalpine Böhler Welding Group GmbH holds 90% of the shares in this special company that manufactures top quality seamless flux cored wire, which is particularly suited for welding high-strength, low-temperature, and heat-resistant steel. In 2012, Trafilerie di Cittadella S.p.A./FILEUR, which has 60 employees, generated annual revenue of EUR 13.7 million.
The second major acquisition in the current business year (described in detail in the letter to shareholders for the first quarter), Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd. (Shenzhen) were taken over by the Special Steel Division. The companies have already been successfully integrated into the voestalpine Group. The division acquired these production and service sites in China, which have a workforce of about 100 employees, within the scope of an asset deal. This acquisition has further solidified voestalpine's distribution network in China and has enhanced the Group's local presence in the segment of sophisticated special materials, which are used in oil and natural gas production, energy and power plant technology as well as in the aerospace industry.

Employees

As of the reporting date of September 30, 2013, the voestalpine Group had 47,744 employees (full-time equivalent, FTE) worldwide. This corresponds to an increase of 3.5% compared to the second quarter of the previous business year or 3.0% compared to the end of the past business year and constitutes a new record in the number of employees. The Group is continuing the positive trend in employee numbers with regard to temporary staff and apprentices as well. Both of these categories also reported new record figures: as of this reporting date, there were 4,505 temporary employees, an increase of 18.1% compared to the end of the business year 2012/13. The number of apprentices currently in training is 1,615, which represents an increase of 265 apprentices compared to the reporting date at the end of the previous business year—a gain of 19.6%.

Research & development

The current voestalpine image campaign once again demonstrates the invaluable significance of the Research & Development field to the entire Group. The most dedicated and best-educated employees confront complex specifications placed on materials, products, and processes, and they work on developing the best—and typically cross-divisional—solutions for the customers.

In the automotive segment, focus is placed on the development of multiphase steels—the AHSS HD (Advanced High Strength Steels High Ductility) steels. These steels make it possible to achieve forming properties that are up to 60% better when compared to previous comparable products; in the cold forming process, they facilitate a substantial upward "spike in strength." These higher-strength AHSS HD steels are primarily applied to the strength-related areas of doors and hatches as well as the visible exterior skin components, such as sidewalls.

In the current research project to increase steam power plants' level of efficiency, eight companies from three divisions of the voestalpine Group are developing improved materials and components, which are designed for use in state-of-the-art plants with dramatically higher loads. In addition to the high-temperature steels and nickel-based alloys that are designed for use at temperatures exceeding 700 °C, they are also optimizing components—such as turbine housings, generator shafts, pipe conduits, and turbine shafts—that will accommodate these most rigorous demands. Currently, 600 MW generator shafts and low pressure shafts are being manufactured for the first time.

As part of a CleanSky project, the collaboration between two companies in the Special Steel Division and an airplane engine manufacturer succeeded in applying the findings from computer-based forging and heat-treatment simulations to the actual design and optimization of engine disks from nickel-based alloys within a practical setting. The distribution of mechanical properties in the forging component is modeled in advance and then made available to the customer so that the forging geometry and the process control can be optimized to such a degree that turbine disks with customized distribution of mechanical properties can be forged and shipped—in a manner consistent with lightweight construction.

Furthermore, the development of DOBAIN®, the fissure-proof type of bainitic rail steel, is proceeding highly favorably: it is currently being tested throughout Europe in various test railway segments, upon customer request. A likewise newly developed type of rail steel for the tram segment, with superior welding and wear-resistance properties, has already been placed in the market successfully.

Intensive research activities in the Tubular business segment, involving the material development for a new generation of high-tensile, sour-gas-resistant steels for oilfield pipes, have yielded the first customer orders, which have also been successfully filled in the meantime. The Connection Testing Center in Kindberg (Austria) was commissioned in October 2013. Here, the thread development of gas-tight pipe threaded connections are designed to the highest specifications and in the process, its use under combined loads is simulated.

The new development of a strip-powder combination for electro-slag welding has made it possible for the Welding business segment to achieve, for the first time, an overlay welding to protect system components from chemical and thermal stresses by using only one layer (previously, two layers were needed).

Environment

In the first six months of the current business year, attention was mainly centered on topics that are already familiar from earlier reporting and that continue to be of decisive importance to the future for the European steel industry in the area of the environment: CO_2 emissions trading, the Steel Roadmap, Life Cycle Assessment (LCA), and the revision to the IED (Industrial Emissions Directive).
Now that the EU Commission has finished evaluating all national allocation plans of the member states with regard to CO_2 emissions trading, it is becoming obvious that in general, the cost-free

allocations as envisioned under the Emissions Trading Guideline are being substantially exceeded, a circumstance that consequently entails the overall diminution of the allocation volume by an across-the-board "correction factor." This results in a significantly higher load on the "productive industry." For voestalpine, this means an approximately 50% increase in procurement needs, to a total of nearly 30 million certificates in the period from 2013 to 2020.
As presented by EUROFER, the European steel association, the "Low Carbon Steel Roadmap"—which demonstrates the significant role played by steel, both in regard to climate protection and its potential to lower CO_2 emissions—has so far failed to generate the political response hoped for. The European steel association nonetheless continues to endeavor to insert this roadmap into the discussion of "2030 goals." EUROFER has therefore presented this "Low Carbon Steel Roadmap" in September 2013 to the General Directorate on Climate of the EU Commission for further discussion. It is true that the challenges with regard to equal opportunities in international competition were addressed; however, the meeting was concluded without any concrete results. In the knowledge that, given these circumstances, only new technological solutions will facilitate, at least to some extent, the low carbon goal sought for in Europe, voestalpine is relying both on the use of the best available technologies and on active research efforts in environmental technologies in order to develop a lower CO_2-output steel production process as well as a process for energy recovery. Europe certainly needs a future-oriented and innovation-driven climate policy, but on the basis of both technological and economically achievable goals. To attain consensus on this fundamental position, it will be necessary to enter into further negotiations at the European level.
In the first half of the current business year, a series of environmental activities were launched once again on a Group-wide basis. The focus was placed on the areas of air purification, water management, energy efficiency, and noise reduction as well as waste and recycling management. With regard to air purification, the largest voestalpine site in Linz replaced its existing dust extraction and filtration system with a new, more efficient system in order to achieve dust mitigation in the scrap yard/flame cutting system area. Also in Linz, in the area around both smaller blast furnaces, at the points on the transport conveyors where coke is transferred, application of a wetting agent has recently been begun in order to further minimize diffuse dust emissions.
At Villares Metals S.A. (Brazil), a new filter system to reduce dust emissions from the electro-slag remelting process was installed in order to optimize air purity. Buderus Edelstahl GmbH (Germany) recently replaced an old shot blasting system with a more efficient aggregate and additionally installed a dry dust extraction system. Furthermore, at the scale hoisting equipment in the open-die forging area, a dust suction system was installed for the transfer points. voestalpine Edelstahl GmbH (Austria) implemented the most diverse array of measures to increase energy efficiency, including the installation of additional measurement gauges to monitor energy. To prevent and to reduce noise, new sound insulation and noise tunnels, among other things, were realized by the Special Steel Division at the Kapfenberg, Villares, and Wetzlar sites.
In the environmental management systems, the new Steel Service Center in Romania successfully obtained its initial certification in accordance with ISO 14001. In recognition of its unique environmental efforts, voestalpine Tubulars GmbH & Co. KG was awarded the EMAS Environmental Award for its Environmental Statement 2012 from the Austrian Federal Ministry of Agriculture, Forestry, Environment, and Water Management.

Outlook

The "Outlook" section of the letter to shareholders for the first quarter of 2013/14 contains the following assessment that summarizes the company's outlook up to the end of the calendar year: "The performance of the voestalpine Group up to the end of 2013 is expected to be stable overall, with the exception of some moderate seasonal effects."
The reality of the past months confirmed this assessment very precisely. The economic trend over

the summer was indeed largely stable, albeit still at only a modest level in a number of industrial segments. The Group's slightly weaker performance with regard to revenue and profit compared to the first quarter of the business year is the result of seasonal effects (and a non-recurring effect totaling EUR 10 million in the Steel Division).
Current expectations for the rest of 2013 and for early 2014 are not expected to differ significantly from earlier expectations: a continuation of the development of recent months with—viewed positively—continuing stabilization at a moderate level. Not only has the broad upward trend needed for a substantial economic recovery not established itself, but the needed momentum is not strong enough.
Exports will remain the driving force of the automobile industry in Europe as a revival of demand within the EU in the short term is not expected because consumers are still demonstrating cautious buying patterns due to lingering doubts regarding an economic recovery. Uncertainty with regard to scope and speed of the paradigm shift with regard to energy, but also as far as the oil price is concerned, has been slowing down investment activity in the energy sector for the past year and a half—not only in Europe. The third major industrial sector that determines economic prosperity, the construction sector, is not expected to contribute to an economic recovery in any meaningful way—at least in Europe—although some regions may see a slight revival in 2014.

The economic momentum that is still in short supply in the major industrial sectors (automotive, energy, and construction) cannot be fully compensated by the significantly better trend in a number of niche segments, such as the white goods and consumer goods industries, the construction machinery and agricultural machinery segments, railway infrastructure, the aviation industry and—to some degree—the general mechanical engineering industry. Nevertheless, the prospects of growing global economic momentum in the course of 2014 seem to be sound, especially considering the noticeable successes of restructuring measures with regard to budget management in a number of European countries, the stabilization of growth in China at just above 7%, and a marked economic upswing in North America. In recent months, another element of uncertainty has been introduced by the difficult—and becoming more so—dynamics between the exchange rates of the major global currencies and the unexpectedly low inflation in some regions.

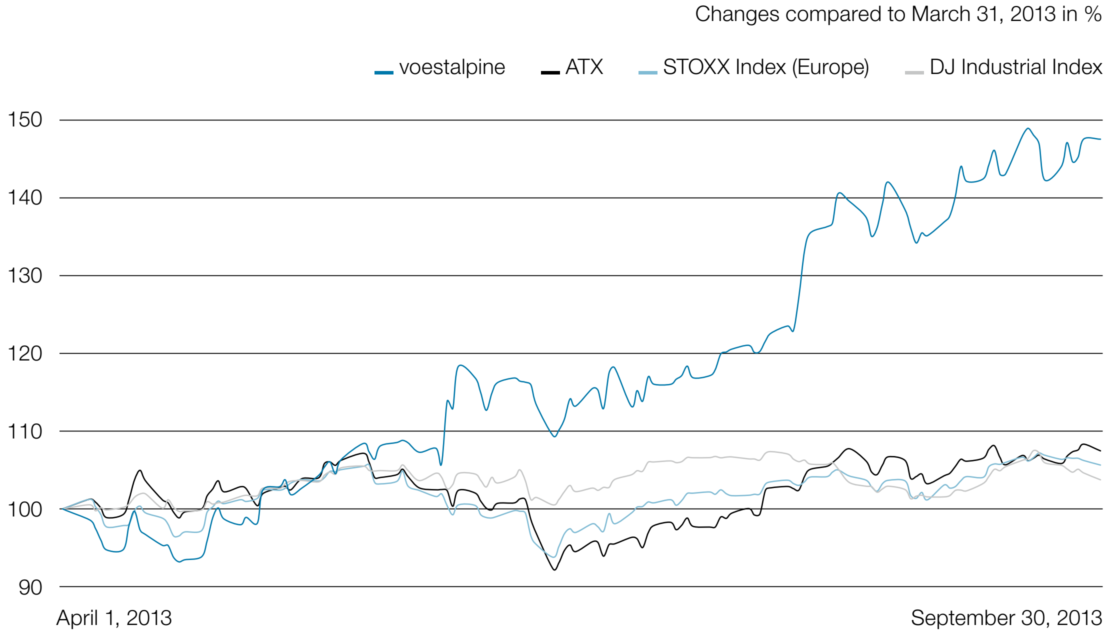
The development of the voestalpine Group should continue at a stable level during the second half of the business year 2013/14.
This means the following expectations for the individual divisions:

- Steel Division: solidly full capacity utilization, however, at price levels that continue to be subdued
- Special Steel Division: almost full capacity utilization at slightly more volatile prices
- Metal Engineering Division: stable, full capacity utilization at steady prices
- Metal Forming Division: largely full capacity utilization at reliably consistent prices

Against this backdrop and the overall economy that is anticipated to improve in the first months of the 2014 calendar year, the results for the second half of the business year should be slightly higher than those for the first six months. From today's vantage point, it can be expected that the results (EBITDA, EBIT) generated by the voestalpine Group in the business year 2013/14 will be at about the same level as the previous year's figures.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

While sentiment at the beginning of the first half of 2013/14 was still cautious, subsequently, the mood on the stock markets improved—encouraged by the still low key interest rates set by the central banks in Europe and the USA and the slightly improved growth prospects for the global economy. Even in this more positive climate, the performance of the voestalpine share stood out significantly among the shares of most other industrial corporations on the market. The reason for this was that, on one hand, after a lengthy phase of reduced activity on the part of investors, companies that are more sensitive to the economic climate drew increased attention, and on the other hand, because voestalpine demonstrated a positive—and stable—earnings performance in a market environment that remains challenging. Particularly after the results for the business year 2012/13 and for the first quarter of 2013/14 were published, the voestalpine share bucked the trend and showed significant gains.

In the first half of 2013/14, the voestalpine share gained almost half of its value of EUR 23.96 as of March 31, 2013, climbing to EUR 35.35 as of September 30, 2013, while in the same period, the benchmark indices Stoxx (Europe) and the Dow Jones Industrial Index generated only about a 5% increase and the Austrian ATX Index a 7.5% increase.

Bonds

Hybrid bond (2007–2014, 2013–2019)

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 will be in October 2014. During its first two years, the hybrid bond traded under its initial offering price due to the generally difficult financial and economic situation. It reached its lowest price at 75 (% of the face value) in the spring of 2009. Subsequently, the bond's price performed very positively, especially from early 2010 on, closing as of the September 30, 2010 at around 105 (% of the face value).

In order to optimize its financing portfolio, in February 2013, voestalpine AG offered all existing holders of the hybrid bond 2007 the opportunity to exchange their holdings for a new hybrid bond 2013 with a volume of up to EUR 500 million on a 1:1 basis. As more than 70% of the investors took advantage of this offer, allocation of the new bonds had to be curtailed accordingly. The coupon rate of the (new) hybrid bond 2013 is fixed at 7.125% until October 31, 2014, then it is set at 6% until October 31, 2019. Demand for this security was so high that the price rose as of the end of September 2013 to around 109 (% 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 and subsequently stabilized at a high level. As of the end of September 2013, the price of this bond was at about 107.5 (% 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. Issue of the bond and the start of official trading was on October 5, 2012 on the Luxembourg Stock Exchange. Once again, 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 September 2013, 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
- Banco Espirito Santo de Investimento, Lisbon
- 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 Cheuvreux, Frankfurt
- MainFirst, Frankfurt
- Morgan Stanley, London
- Nomura, London
- Raiffeisen Centrobank, Vienna
- Société Générale, Paris
- 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 September 30, 2013	28,597 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 2013 to September 2013	EUR 35.68
Share price low April 2013 to September 2013	EUR 22.34
Share price as of September 30, 2013	EUR 35.35
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of September 30, 2013*	EUR 6,094,204,905.27

* Based on total number of shares minus repurchased shares.

Business year 2012/13	
Earnings per share	EUR 2.61
Dividend per share	EUR 0.90
Book value per share	EUR 29.06

Financial calendar 2013/14	
Letter to shareholders for the third quarter of 2013/14	February 11, 2014
Annual Report 2013/14	June 4, 2014
Annual General Shareholders' Meeting	July 2, 2014
Ex-dividend date	July 7, 2014
Dividend payment date	July 14, 2014
Letter to shareholders for the first quarter of 2014/15	August 5, 2014
Letter to shareholders for the second quarter of 2014/15	November 6, 2014

voestalpine AG

Financial data as of 09/30/2013

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2013	09/30/2013
A. Non-current assets		
Property, plant and equipment	4,580.6	4,640.9
Goodwill	1,470.2	1,468.9
Other intangible assets	320.9	326.9
Investments in associates	156.4	134.7
Other financial assets	109.2	95.9
Deferred tax assets	343.6	316.3
	6,980.9	**6,983.6**
B. Current assets		
Inventories	2,876.9	2,935.2
Trade and other receivables	1,655.5	1,613.6
Other financial assets	473.3	438.4
Cash and cash equivalents	1,092.7	576.8
	6,098.4	**5,564.0**
Total assets	**13,079.3**	**12,547.6**

In millions of euros

Equity and liabilities

	03/31/2013	09/30/2013
A. Equity		
Share capital	313.3	313.3
Capital reserves	472.5	467.0
Hybrid capital	993.2	993.2
Retained earnings and other reserves	3,228.9	3,218.9
Equity attributable to equity holders of the parent	**5,007.9**	**4,992.4**
Non-controlling interests	67.3	69.9
	5,075.2	**5,062.3**
B. Non-current liabilities		
Pensions and other employee obligations	1,004.6	981.8
Provisions	113.8	127.3
Deferred tax liabilities	189.6	186.4
Financial liabilities	2,558.8	2,703.5
	3,866.8	**3,999.0**
C. Current liabilities		
Provisions	612.2	534.2
Tax liabilities	60.8	70.9
Financial liabilities	1,324.6	716.4
Trade and other payables	2,139.7	2,164.8
	4,137.3	**3,486.3**
Total equity and liabilities	**13,079.3**	**12,547.6**

In millions of euros

Consolidated statement of cash flows

	04/01–09/30/2012	04/01–09/30/2013
Operating activities		
Profit for the period	269.5	240.0
Adjustments	311.9	310.4
Changes in working capital	22.8	–111.8
Cash flows from operating activities	**604.2**	**438.6**
Cash flows from investing activities	**–470.9**	**–352.2**
Cash flows from financing activities	**–192.7**	**–590.6**
Net decrease/increase in cash and cash equivalents	**–59.4**	**–504.2**
Cash and cash equivalents, beginning of period	677.2	1,092.7
Net exchange differences	–1.1	–11.7
Cash and cash equivalents, end of period	**616.7**	**576.8**

In millions of euros

Consolidated income statement

	04/01–09/30/2012[1]	04/01–09/30/2013	07/01–09/30/2012[1]	07/01–09/30/2013
Revenue	5,932.8	5,723.6	2,882.2	2,787.5
Cost of sales	–4,733.0	–4,534.7	–2,299.7	–2,216.9
Gross profit	**1,199.8**	**1,188.9**	**582.5**	**570.6**
Other operating income	144.2	133.2	60.6	64.1
Distribution costs	–489.3	–488.3	–239.2	–239.3
Administrative expenses	–293.1	–297.3	–141.5	–146.6
Other operating expenses	–126.2	–136.0	–55.0	–71.6
EBIT	**435.4**	**400.5**	**207.4**	**177.2**
Share of profit of associates	8.6	4.4	3.5	1.0
Finance income	35.9	18.0	15.5	6.3
Finance costs	–132.1	–102.5	–63.7	–44.0
Profit before tax (EBT)	**347.8**	**320.4**	**162.7**	**140.5**
Income tax expense	–78.3	–80.4	–38.1	–39.1
Profit for the period	**269.5**	**240.0**	**124.6**	**101.4**
Attributable to:				
Equity holders of the parent	230.0	200.6	104.8	81.5
Non-controlling interests	3.5	3.4	1.8	1.9
Share planned for hybrid capital owners	36.0	36.0	18.0	18.0
Diluted and basic earnings per share (euros)	**1.36**	**1.16**	**0.62**	**0.47**

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

In millions of euros

Statement of comprehensive income

	04/01–09/30/2012[1]	04/01–09/30/2013	07/01–09/30/2012[1]	07/01–09/30/2013
Profit for the period	**269.5**	**240.0**	**124.6**	**101.4**
Other comprehensive income				
Hedge accounting	–8.0	–1.5	–7.9	–4.7
Currency translation	–2.5	–79.3	–5.3	–21.8
Share of result of associates	0.7	–0.6	–0.2	–0.4
Other comprehensive income for the period, net of income tax	**–9.8**	**–81.4**	**–13.4**	**–26.9**
Total comprehensive income for the period	**259.7**	**158.6**	**111.2**	**74.5**
Attributable to:				
Equity holders of the parent	220.2	121.3	91.8	55.1
Non-controlling interests	3.5	1.3	1.4	1.4
Share planned for hybrid capital owners	36.0	36.0	18.0	18.0
Total comprehensive income for the period	**259.7**	**158.6**	**111.2**	**74.5**

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

In millions of euros

Consolidated statement of changes in equity

	H1 2012/13			H1 2013/14		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**4,765.9**	**70.4**	**4,836.3**	**5,007.9**	**67.3**	**5,075.2**
Total comprehensive income for the period	256.2	3.5	259.7	157.3	1.3	158.6
Dividends to shareholders	–135.1	–7.3	–142.4	–155.2	–6.3	–161.5
Own shares acquired/disposed	3.7	–	3.7	1.6	–	1.6
Dividends to hybrid capital owners	–65.2	–	–65.2	–17.8	–	–17.8
Other changes	–12.0	5.1	–6.9	–1.4	7.6	6.2
Equity as of September 30	**4,813.5**	**71.7**	**4,885.2**	**4,992.4**	**69.9**	**5,062.3**

In millions of euros

voestalpine AG
Notes

These interim consolidated financial statements of voestalpine AG as of September 30, 2013 for the first half of the business year 2013/14 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 2012/13 with the following exceptions:

New and revised Standards adopted for the first time in the business year 2013/14

Standard	Content	Effective date[1]
IFRS 13	Fair Value Measurement	January 1, 2013
IFRS 7, amendments	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IAS 12, amendments	Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 1, 2013
IAS 1, amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	July 1, 2012
IAS 19, amendments	Employee Benefits	January 1, 2013
Various Standards	Annual Improvements to International Financial Reporting Standards, 2009-2011 Cycle (Exception: amendments related to IAS 32 have been early adopted in the business year 2012/13)	January 1, 2013

[1] These Standards are applicable to reporting periods beginning on or after the effective date.

IFRS 13 defines the concept of fair value, provides a framework for measuring fair value in a single Standard, and prescribes the disclosures related to the measurement of fair value. There are additional notes and disclosures in the interim consolidated financial statements of voestalpine AG as a result of the first-time application of IFRS 13.

New provisions governing disclosures for offsetting financial instruments in the statement of financial position are added as a result of the amendments to IFRS 7. This change had no impact on the interim consolidated financial statements of voestalpine AG as of September 30, 2013.

The amendments to IAS 1 require that the items of other comprehensive income are grouped according to whether they will be recycled later into the income statement or not. The presentation of the statement of comprehensive income was adjusted accordingly.

The corridor method is eliminated and finance costs are determined on a net basis as a result of the amendments to IAS 19. Furthermore, past service cost is to be recognized immediately through profit or loss in the future and additional disclosures are required in relation to defined benefit plans. In the voestalpine Group, actuarial gains and losses from severance and pension obligations have already been recognized directly in equity in the year in which they are incurred. The amendments to IAS 19 result in a change in the accounting treatment of expected return on plan assets of voestalpine AG. Until March 31, 2013, the expected return on plan assets was reported based on the underlying contracts with the pension funds in EBIT or in financial income in the voestalpine Group; now it is recognized in full under net financial income.

The relevant line items were retroactively adjusted for the first half of the business year 2012/13 to reflect the following adjustments due to the amendments to IAS 19:

Adjustments to the income statement	**04/01–09/30/2012**
Cost of sales	–2.2
Distribution costs	–0.8
Administrative expenses	–2.1
Other operating expenses	–0.2
Total	**–5.3**

In millions of euros

The application of the other new standards does 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, 2013, on which these interim consolidated financial statements are based.

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 half of the business year 2012/13 (reporting date: September 30, 2012).

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

Scope of consolidated financial statements/acquisitions

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, 2013	**291**	**2**	**12**
Acquisitions	1		
Change in consolidation method			
Additions	6		1
Disposals			
Reorganizations	–1		–1
Divestments or disposals	–1		–1
As of September 30, 2013	**296**	**2**	**11**
Of which foreign companies	236	0	6

The following entities were deconsolidated during the first half of the business year 2013/14:

Name of entity
Full consolidation in the business year 2012/13
Stratford Joists Limited
Reorganization
EIFELER POLITEC GMBH
Equity method in the business year 2012/13
VA Intertrading Aktiengesellschaft
Reorganization
Industrie-Logistik-Linz GmbH & Co KG

The following entities were included in the interim consolidated financial statements for the first time during the first half of the business year 2013/14:

Name of entity	Interest in %
Full consolidation	
Bohler Pacific Pte. Ltd.	100.000%
Caseli GmbH	100.000%
voestalpine Funding International GmbH	100.000%
voestalpine Texas LLC	100.000%
voestalpine Texas Holding LLC	100.000%
V 54-Fonds	97.227%
Trafilerie di Cittadella S.p.A.	90.000%
Equity method	
Industrie-Logistik-Linz GmbH	37.000%

Additions to the scope of consolidated financial statements of fully consolidated entities include one acquisition, two start-ups, and the consolidation of four previously non-consolidated entities—including a fund of funds (additions resulting from the change in the consolidation method) that was fully consolidated as of April 1, 2013. The effect on the interim consolidated financial statements is to be considered immaterial.

In accordance with IFRS 3, the acquired companies are included in the interim consolidated financial statements at the fair value of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired. In accordance with IFRS 3, property, plant and equipment, intangible assets, inventories, and provisions shall be considered provisional due to uncertainties.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first half of the business year 2013/14, EUR 5.3 million (2012/13: EUR 14.9 million) was paid or provisions for the payment thereof made for the acquisition of non-controlling interests. Non-controlling interests amounting to EUR 2.9 million (2012/13: EUR 7.7 million) were derecognized, and the remaining amount of EUR 2.4 million (2012/13: EUR 7.2 million) was charged directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are disclosed in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. Where the risks and rewards have not been transferred, the non-controlling interest continues to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Open put options, which are charged against equity, had a fair value of EUR 0.6 million (March 31, 2013: EUR 10.0 million) as of September 30, 2013.

In the first quarter of the current business year, the Metal Engineering Division acquired the Italian company Trafilerie di Cittadella S.p.A. voestalpine Böhler Welding Group GmbH thus holds 90% of the shares of this company specialized in the manufacture of high-quality seamless flux cored wire, which is especially suited for welding high-strength, cryogenic, and high-temperature steels. Trafilerie di Cittadella S.p.A. generated annual revenue of EUR 13.7 million with 60 employees in 2012. The Special Steel Division acquired Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd. (Shenzhen)—representing the second acquisition during this business year. In detail, within the framework of an asset deal, the division acquired the corresponding production and service sites in China, which employ a total of around 100 employees. These acquisitions have expanded the distribution network in China and strengthened the regional presence in the field of sophisticated special materials for oil and gas production, the energy and fuel sector as well as the aviation industry.

These two acquisitions had the following effects on the interim consolidated financial statements:

	Recognized values	Fair value adjustments	Carrying amounts
Non-current assets	16.4	5.1	11.3
Current assets	13.3	0.0	13.3
Non-current provisions and liabilities	–3.2	–0.6	–2.6
Current provisions and liabilities	–9.8	0.0	–9.8
Net assets	**16.7**	**4.5**	**12.2**
Increase in non-controlling interests	–0.5		
Goodwill/badwill	0.0		
Costs of acquisition	**16.2**		
Net cash outflow	**16.2**		

In millions of euros

Since their initial consolidation, these two acquisitions have contributed revenue of EUR 7.5 million to consolidated revenue. Their share of the Group's profit for the period was EUR –0.4 million for the same period. The consolidated revenue would have been EUR 2.9 million higher and the Group's profit for the period would have been EUR 0.2 million higher if the two acquisitions had been consolidated as of April 1, 2013.

Fair values were applied for trade receivables in the amount of EUR 2.9 million and other receivables in the amount of EUR 0.3 million as part of the acquisition of Trafilerie di Cittadella S.p.A. The expected uncollectable receivables are immaterial.

Notes on the consolidated statement of financial position

In the first half of the business year 2013/14, investments amounting to EUR 434.1 million exceeded depreciations that amounted to EUR 286.4 million. Nevertheless, non-current assets have only increased from EUR 6,980.9 million to EUR 6,983.6 million mainly due to negative exchange rate effects. Inventories have increased by EUR 58.3 million in comparison to March 31, 2013, due primarily to higher inventory volumes. The balance of cash and cash equivalents decreased from EUR 1,092.7 million to EUR 576.8 million mainly due to the repayment of borrowed funds.

VA Intertrading Aktiengesellschaft has been recognized under other current financial investments (previously recognized according to the equity method) as the prerequisites for the application of IFRS 5 provisions are met; however, as these are immaterial it is not appropriate to present them separately in the consolidated statement of financial position.

As of September 30, 2013, voestalpine AG's share capital amounted to EUR 313,309,235.65 (March 31, 2013: EUR 313,309.235.65) and is divided into 172,449,163 shares (March 31, 2013: 172.449.163). The Company held 28,597 of its own shares as of the reporting date. In the first half of the business year 2013/14, the Company sold 62,032 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. In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinate undated bond (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond to exchange the bond for a new hybrid bond in a 1:1 ratio. The outstanding nominal value of the hybrid bond 2007 as a result of this exchange is thus EUR 500 million. The nominal value of the hybrid bond 2007 and the hybrid bond 2013 is again EUR 1 billion in total. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issues are recognized as part of equity. Accordingly, coupon payments are also presented as dividend payments.

Profit for the period amounting to EUR 240.0 million has contributed to the increase in equity. For the business year 2012/13, a dividend per share of EUR 0.90 was decided upon at the Annual General Meeting on July 3, 2013. Therefore, voestalpine AG distributed dividends amounting to EUR 155.2 million to its shareholders during the current business year. Interest for hybrid capital 2007 amounting to EUR 17.8 million (distributed on October 31, 2013) was also deducted from equity in the form of a dividend. Therefore, due to negative currency conversion effects amounting to EUR 79.3 million, overall equity remained almost unchanged in comparison to March 31, 2013.

Despite non-current loans developed according to our redemption schedule and loan repayments before maturity, non-current financial liabilities increased to EUR 2,703.5 million due to new loans.

Notes on the consolidated income statement

Revenue for the period from April 1 to September 30, 2013, in the amount of EUR 5,723.6 million decreased by 3.5% compared to the same period of the preceding year (EUR 5,932.8 million). EBIT reached EUR 400.5 million for the same period compared to EUR 435.4 million for the first six months of the business year 2012/13. EBIT equaled EUR 177.2 million for the second quarter of 2013/14, compared to EUR 207.4 million for the second quarter of 2012/13. After consideration of the financial result and taxes, profit for the period amounted to EUR 240.0 million compared to EUR 269.5 million for the first half of the preceding year.

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

	04/01–09/30/2012	04/01–09/30/2013
Profit attributable to equity holders of the parent (in millions of euros)	230.0	200.6
Weighted average number of issued ordinary shares (millions)	168.8	172.4
Diluted and basic (undiluted) earnings per share (euros)	**1.36**	**1.16**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first half of the business year 2013/14 and business year 2012/13, respectively[1]:

First half of 2013/14

	Steel Division 04/01–09/30/2013	Special Steel Division 04/01–09/30/2013
Segment revenue	1,928.3	1,325.9
of which revenue with third parties	1,790.2	1,301.7
of which revenue with other segments	138.1	24.2
EBITDA	197.9	176.3
EBIT	84.8	109.8
EBIT margin	4.4%	8.3%
Segment assets	3,723.9	3,864.6
Employees (full-time equivalent)	11,026	12,898

First half of 2012/13[1]

	Steel Division 04/01–09/30/2012	Special Steel Division 04/01–09/30/2012
Segment revenue	1,979.6	1,422.1
of which revenue with third parties	1,846.5	1,395.0
of which revenue with other segments	133.1	27.1
EBITDA	236.6	194.6
EBIT	123.2	122.1
EBIT margin	6.2%	8.6%
Segment assets	3,719.0	3,919.3
Employees (full-time equivalent)	10.591	12.322

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised); see adjustments to the income statement.

	Metal Engineering Division 04/01–09/30/2013	**Metal Forming Division** 04/01–09/30/2013	**Other** 04/01–09/30/2013	**Reconciliation** 04/01–09/30/2013	**Total Goup** 04/01–09/30/2013
	1,496.5	1,165.7	742.9	–935.7	5,723.6
	1,477.4	1,150.7	3.6	0.0	5,723.6
	19.1	15.0	739.3	–935.7	0.0
	225.4	129.8	–39.3	–3.2	686.9
	167.0	85.1	–43.1	–3.1	400.5
	11.2%	7.3%			7.0%
	2,535.8	1,953.1	9,498.9	–9,028.7	12,547.6
	11,834	11,185	801	0	47,744

In millions of euros

	Metal Engineering Division 04/01–09/30/2012	**Metal Forming Division** 04/01–09/30/2012	**Other** 04/01–09/30/2012	**Reconciliation** 04/01–09/30/2012	**Total Goup** 04/01–09/30/2012
	1,545.9	1,178.1	785.5	–978.4	5,932.8
	1,527.2	1,162.1	2.0	0.0	5,932.8
	18.7	16.0	783.5	–978.4	0.0
	205.5	125.1	–37.8	0.5	724.5
	150.1	80.5	–41.0	0.5	435.4
	9.7%	6.8%			7.3%
	2,525.7	1,906.1	9,508.9	–8,994.0	12,585.0
	11.426	11.068	708	0	46.115

In millions of euros

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

EBITDA

	04/01–09/30/2012	04/01–09/30/2013
Net exchange differences incl. result from valuation of derivatives	1.6	–3.5
Consolidation	–1.5	0.3
Other	0.4	0.0
EBITDA – Total reconciliation	**0.5**	**–3.2**

In millions of euros

EBIT

	04/01–09/30/2012	04/01–09/30/2013
Net exchange differences incl. result from valuation of derivatives	1.6	–3.5
Consolidation	–1.5	0.4
Other	0.4	0.0
EBIT – Total reconciliation	**0.5**	**–3.1**

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

Cash flow before capital changes in the amount of EUR 550.4 million remained approximately constant compared to the first half of the business year 2012/13 (EUR 581.4 million). Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 438.6 million in comparison to EUR 604.2 million in the first half of the preceding year; this represents a significant decrease. After the deduction of EUR 352.2 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR –590.6 million (mainly the repayment of borrowed funds and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –504.2 million.

Notes on financial instruments

The following table presents the carrying amounts and fair values for each class of financial assets and liabilities:

	09/30/2012		09/30/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	2,329.7	2,329.7	2,208.5	2,208.5
Financial assets measured at fair value	583.6	583.6	500.3	500.3
	2,913.3	**2,913.3**	**2,708.8**	**2,708.8**
Liabilities				
Financial liabilities measured at amortized cost	5,834.9	5,842.8	5,572.0	5,595.3
Financial liabilities measured at fair value	41.7	41.7	17.2	17.2
	5,876.6	**5,884.5**	**5,589.2**	**5,612.5**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These fair value measurements are based on a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels are defined as follows:

Inputs

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
09/30/2012				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		22.9		22.9
Fair value option (securities)	493.9			493.9
Other			66.8	66.8
	493.9	**22.9**	**66.8**	**583.6**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		41.7		41.7
	0.0	**41.7**	**0.0**	**41.7**
09/30/2013				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		8.6		8.6
Fair value option (securities)	429.3			429.3
Other			62.4	62.4
	429.3	**8.6**	**62.4**	**500.3**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		17.2		17.2
	0.0	**17.2**	**0.0**	**17.2**

In millions of euros

The underlying assets of the fund of funds initially consolidated in the business year 2013/14 are reported as part of the "fair value option."

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). Input for the calculation of fair values are observable currency exchange rates and raw materials prices as well as interest rates. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is represented as follows:

Level 3 – Financial assets measured at fair value through profit or loss

	04/01–09/30/2012	04/01–09/30/2013
Opening balance	**66.9**	**63.7**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	–0.1	0.0
Additions	0.2	0.3
Disposals	–0.2	–1.6
Closing balance	**66.8**	**62.4**

In millions of euros

Level 3 contains other investments that are measured at fair value in accordance with IAS 39. As the fair value cannot be reliably determined for all other investments, amortized costs serve as an approximation. The costs (in the current reporting period as well as in the previous year) either correspond to the fair value, or the deviations are immaterial. The underlying fair value calculation provided for the purpose of comparison is based on valuation methods that are oriented on market value or net present value, with carrying amount multiples of comparable listed entities and any available budget plans serving as input factors.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

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 six months of the current business year.

Antitrust proceedings relative to railway superstructure material

The provisions recognized 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 2012/13 in the amount of EUR 204.4 million were mainly reduced by the amount paid in the first quarter of 2013/14 to compensate Deutsche Bahn for direct rail deliveries. On July 23, 2013, the German Federal Cartel Office (Bundeskartellamt) imposed a fine of EUR 6.4 million on voestalpine for supplying turnouts to customers in Germany in connection with the part of its antitrust proceedings pertaining to the "private market" (see Interim Management Report), which was paid in the second quarter of 2013/14 and also deducted from the provisions. The remaining provisions are still considered to be appropriate.

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, 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 have occurred after the reporting period.

Statement in accordance with Sec. 87 (1) of the Stock Exchange Act (Börsegesetz, BörseG)

The Management Board of voestalpine AG confirms to the best of its knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of important events that have occurred during the first six months of the business year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the business year and of the major related party transactions to be disclosed.

Linz, November 4, 2013

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer	Robert Ottel	Franz Rotter
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

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Owner and media proprietor: voestalpine AG, voestalpine Strasse 1, 4020 Linz
Senior editor and editorial staff: voestalpine AG, Corporate Communications
T. +43/50304/15-2090, F. +43/50304/55-8981, presse@voestalpine.com, www.voestalpine.com
Design and implementation: gugler* brand, St. Pölten

voestalpine AG
voestalpine Strasse 1
4020 Linz, Austria
T. +43/50304/15-0
F. +43/50304/55+Ext.
www.voestalpine.com

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