Letter to Shareholders, 1st – 3rd Quarter 2009/10

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voestalpine Group Key Figures[1]

Q 1 2009/10 vs. Q 2 2009/10 vs. Q 3 2009/10

In millions of euros	Q 1 2009/10 04/01– 06/30/2009	Q 2 2009/10 07/01– 09/30/2009	Q 3 2009/10 10/01– 12/31/2009	Change Q 2 to Q 3 in %
Revenue	2,073.6	2,067.6	2,083.9	0.8
EBITDA	134.9	234.2	295.1	26.0
EBITDA margin	6.5%	11.3%	14.2%	
EBIT	–24.0	70.4	132.0	87.5
EBIT margin	–1.2%	3.4%	6.3%	
Profit before tax	–67.7	29.3	89.6	205.8
Profit for the period from continuing operations	–46.3	29.1	72.7	149.8
Profit for the period[2]	–48.2	28.3	71.5	152.7
Earnings per share (euros)	–0.40	0.05	0.30	
Investments	140.2	136.0	105.1	–22.7
Depreciation	159.0	163.8	163.1	–0.4
Capital employed	8,661.6	8,192.3	7,995.6	–2.4
Equity	4,229.9	4,001.7	4,091.6	2.2
Net financial debt	3,810.0	3,601.8	3,323.5	–7.7
Net financial debt in % of equity	90.1%	90.0%	81.2%	
Employees (excl. temporary personnel and apprentices)	40,120	39,295	38,799	–1.3

Q 1–Q 3 2008/09 vs. Q 1–Q 3 2009/10

In millions of euros	Q 1–Q 3 2008/09 04/01– 12/31/2008	Q 1–Q 3 2009/10 04/01– 12/31/2009	Change in %
Revenue	9,280.1	6,225.1	–32.9
EBITDA	1,510.1	664.2	–56.0
EBITDA margin	16.3%	10.7%	
EBIT	981.8	178.4	–81.8
EBIT margin	10.6%	2.9%	
Profit before tax	764.7	51.2	–93.3
Profit for the period from continuing operations	612.7	55.5	–90.9
Profit for the period[2]	606.1	51.6	–91.5
Earnings per share (euros)	3.36	–0.05	
Investments	750.6	381.3	–49.2
Depreciation	528.3	485.9	–8.0
Capital employed	9,103.6	7,995.6	–12.2
Equity	4,181.3	4,091.6	–2.1
Net financial debt	4,258.0	3,323.5	–21.9
Net financial debt in % of equity	101.8%	81.2%	
Employees (excl. temporary personnel and apprentices)	42,062	38,799	–7.8

[1] According to IFRS all figures after purchase price allocation (ppa). Please refer to the Annual Report 2007/08 for more details.
[2] Before minority interests and interest on hybrid capital.

Ladies and Gentlemen,

"... We can view the crisis as an opportunity, confront it, and take on the challenge with concrete measures and actions: quicker processes, leaner organization, more efficient production, lower costs, more customer intimacy, a more efficient and economical use of resources—whether raw materials, energy, or capital. All this requires more than just superficial headlines. Coping with a crisis means hard, consistent work, day after day, at all levels ..." Do you remember? These were key statements in the letter of the Management Board in the 2008/09 Annual Report, written in June 2009 under the impression of the most challenging economic environment in living memory.

And while others indulged in economic predictions and speculation (is the recession L-shaped, U-shaped, V-shaped, or perhaps W-shaped?) or held out the prospect that the global economy would be subject to inflation-driven—or perhaps deflation-driven—overkill in 2010, our employees and we did just one thing: we simply kept working, just as we had resolved in June 2009: we implemented quicker processes, made the organization leaner, made production more efficient, lowered costs, sought greater customer intimacy, and used resources even more efficiently and economically. This may attract fewer headlines than oversimplified economic and financial forecasts, but it works—better than anything else.

In the course of the 2009/10 business year, we have been able to accomplish a broadly based turnaround, from a (manageable) loss in the first quarter to positive figures in the second quarter to a substantial profit in the third quarter. And this does not just mean profit based on EBITDA and EBIT, but across all reporting categories up to net income (profit for the period)—both for the third quarter and overall for the first nine months.

In conclusion, we would like to quote again from the previously mentioned Annual Report: "Whatever lies before us, we accept the challenge that the crisis poses—together with our employees who are used to fighting for what needs to be done, with our customers who know they can count on us, and our shareholders who understand that we are handling their capital responsibly." There is nothing we can add to that.

Linz, February 25, 2010

The Management Board

Wolfgang Eder	Franz Hirschmanner	Josef Mülner
Robert Ottel	Claus J. Raidl	Wolfgang Spreitzer

Highlights[1]

- The global economic crisis **bottomed out** in the second quarter of 2009; since then increasing **signs** of a **gradual** economic **recovery.**
- **How sustainable** the recovery is remains in doubt due to very **different** regional and industry-specific dynamics.
- After only one loss quarter (first quarter 2009/10), in **the third quarter of 2009/10,** the voestalpine Group is **emerging from the crisis** with a **substantial increase in profit.**
- **After five** consecutive **quarters with declining numbers, the third quarter 2009/10** shows a **slight upward trend in revenue** (from EUR 2,067.6 million **to EUR 2,083.9 million).**
- Consistent crisis management has resulted in an **increase in EBITDA by 26% compared to the second quarter of 2009/10,** from EUR 234.2 million **to EUR 295.1 million; EBIT surges by 87.5%** from EUR 70.4 million **to EUR 132 million.**
- **EBITDA** and **EBIT margins up significantly** in the **third quarter 2009/10 at 14.2%** and **6.3%,** respectively, compared to the second quarter (11.3% and 3.4%, respectively).
- **Profit before tax** and **profit for the period continue to rise significantly** in **the third quarter 2009/10 at EUR 89.6 million** and **EUR 71.5 million** compared to the second quarter (EUR 29.3 million before tax and EUR 28.3 million after tax).
- A **nine-month comparison** to the previous year shows a **decline in revenue** due to the crisis **by 32.9%** from EUR 9,280.1 million **to EUR 6,225.1 million.**
- **In the first three quarters of 2009/10, EBITDA** is down compared to the same period in the previous year by 56% von EUR 1,510.1 million **to EUR 664.2 million;** the **Railway Systems Division demonstrates the most resistance to the crisis,** but **all** other **divisions** are also **strongly positive.**

- While a **nine-month comparison** shows that **EBIT** has **dropped by 81.8% to EUR 178.4 million** from EUR 981.8 million in the previous year, during the course of the year, it **improved from quarter to quarter.**

- After nine months, **EBITDA and EBIT margins** are **at 10.7%** (previous year: 16.3%) and **2.9%** (previous year: 10.6%), respectively.

- The **profit before tax** and the **profit for the period are also back into positive figures,** however, **compared to the previous year** (EUR 764.7 million and EUR 606.1 million, respectively) **still flagging at EUR 51.2 million** and **EUR 51.6 million,** respectively.

- At **EUR 0.30, earnings per share** in the **third quarter** are definitely **positive,** although seen over the **first three quarters of 2009/10,** they are still minimally **negative** at **EUR –0.05** (previous year: EUR 3.36 per share)[2].

- **Significant reduction** of the **gearing ratio** from 88.2% (March 31, 2009) **to 81.2%** and **of the dividend payment despite difficult economic circumstances reflects** the Group's **active liquidity management** and **strong self-financing capability.**

- Compared to the beginning of the crisis in late September 2008, number of **core employees** (excluding temporary personnel and apprentices) **reduced by 8.3%** from 42,325 **to 38,799 employees;** in the course of the third quarter 2009/10, **reduced working hours cut back by 14.7%** to 4,140 employees.

- The **(purely accounting) effects of the purchase price allocation (ppa)** from the acquisition of BÖHLER-UDDEHOLM have an adverse effect on the Group's operating result (EBIT), respectively, on the Special Steel Division in the first three quarters of 2009/10 of EUR 87.3 million so that **EBIT before ppa** is **EUR 265.7 million;** this corresponds to an **EBIT margin before ppa** of **4.3%.**

[1] In the absence of any statements to the contrary, pursuant to IFRS, all stated figures are after purchase price allocation (ppa). For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.

[2] Basis of the calculation is the profit for the period; in the letter to shareholders for the third quarter of the 2008/09 business year, the basis for calculation was the profit for the period from continuing operations at EUR 3.40 per share.

Interim Management Report

Market environment

Even taking a cautious stance, there are many indications that the global economic crisis bottomed out in the second quarter of 2009. By the end of 2009, increasing signs of a gradual economic recovery had taken a more firm hold, and since the summer of 2009, the 2010 forecasts of the growth rates of the major economies have been progressively revised upward.
However, whether these economic uptrends actually indicate a sustainable recovery and how strong it will be is still up in the air. Both the regional and the industry-specific performance of market segments that determine economic well-being continues to be highly differentiated.

The global upswing—just like the boom prior to the economic crisis—is originating primarily in Asia, mainly China and India, as well as in Brazil, the most important South American economy. In contrast, despite the government-backed stimulus programs, unprecedented in the level of their funding, the recovery in the USA and Europe has been substantially delayed and its momentum has been comparatively weak. It should be noted, however, that the quickly implemented government-run incentive programs, such as the ones to stimulate automobile production or the construction industry, did have a direct effect in many countries. In a regional comparison, the market environment in Eastern Europe, including Russia, continues to be very subdued.

Not unlike the individual economic regions, the performance of the major customer industries is also quite dissimilar. Generally speaking, some of the demand during the past months in many industries has been due to the (partial) replenishment of very low inventories. Nevertheless, all in all the inventory situation—apparently driven by rigorous liquidity management policies—continues to be characterized by low inventory levels rather than surpluses.

In the automobile industry, the compact car segment profited the most from the government incentive premiums, but starting in the fall of 2009, an initial slight rebound has been noticeable in the mid-sized, executive, and luxury classes as well. The conventional energy sector (oil, gas) continues to be difficult, as it has been plagued by extreme capacity underutilization and thus very severe competitive and price pressure; however, since early 2010, demand has picked up somewhat. In contrast, the alternative energy sector (in particular, solar and wind energy)—also a beneficiary of state stimulus programs—has all in all defied the crisis with above average demand that is gaining momentum. The market situation in the railway infrastructure sector continues to be stable, although in the past few months, a substantial increase in price-aggressive competition has become noticeable. The performance of the white goods sector has been quite satisfactory, although not spectacular. The market environment in the construction, mechanical engineering, and commercial vehicle industries continues to be challenging, although individual segments are showing the first tentative signs of recovery.

In the footsteps of overall economic developments, global steel production began to recover in the summer of 2009, with China's unabated demand again the driving force. With demand somewhat reenergized, worldwide production capacity that had been temporarily shut down was quickly reactivated, resulting in tougher price competition in several regions—primarily in Europe—toward the end of 2009. The current state of the markets for coal, ore, and coke is driven by strong growth in the emerging markets, which has led to a considerable increase of the spot market prices; as a result, a massive increase of the contract prices, which will be renegotiated beginning in April 2010, can be expected.

Business performance of the voestalpine Group[1]

While the voestalpine Group incurred a significant decline in revenue and operating result in the first nine months of the 2009/10 business year compared to the same period of the previous year due to the ongoing challenging economic circumstances, all reporting categories are now again showing substantial profits.

During the first three quarters of 2009/10, the Group's revenue fell by EUR 3,055 million (–32.9%) from EUR 9,280.1 million to EUR 6,225.1 million. In absolute figures, the greatest decline was recorded by the Steel Division with a plunge of EUR 1,136.0 million (–33.1%), largely due to very weak demand and eroding prices for flat steel especially in the first half of 2009/10 compared to the record figures of the same period of 2008/09. Relatively speaking, the Profilform Division was most strongly affected, with revenues that went down by 44% from EUR 948.6 million to EUR 531.6 million due to continuing weak demand in the construction and construction supply industry as well as in the commercial vehicle sector. The Special Steel Division experienced a significant rollback in deliveries due to both a drastic decrease in actual demand and a massive reduction in inventories that continued for almost 12 months, resulting in revenue that, at EUR 1,707.9 million, was 39.8% lower than in the previous year (EUR 2,834.7 million). The Railway Systems Division proved to be more resistant to the crisis; its 24% decline from EUR 1,872.1 million to EUR 1,423.7 million was reasonably manageable and was largely due to the stable market environment in the railway infrastructure segment, as well as to a recovery of the wire segment. The Automotive Division had the smallest drop in sales revenue both in absolute and relative figures with a reduction by EUR 163.4 million (–23.3%) from EUR 701.8 million to EUR 538.4 million, as direct sales to automobile manufacturers remained almost constant despite the difficult economic environment, thus enabling market share to grow. The lower sales revenue resulted essentially from a decline in deliveries to systems suppliers.

In evaluating the current economic development, a comparison of the third quarter of 2009/10 with the immediately preceding quarter (second quarter of 2009/10) has far more informative value than a nine-month comparison. While all reporting categories showed a trend reversal as early as the second quarter of 2009/10, the turnaround as far as revenue is concerned did not occur until the third quarter of 2009/10 (after five consecutive quarters with declining earn-

[1] In accordance with IFRS, all figures after application of the purchase price allocation (pap). For explanatory remarks on the pap, please refer to the inside cover page of the Annual Report 2007/08.

ings), and even then, at EUR 2,083.9 million, earnings were barely 1% higher than in the quarter immediately preceding it (EUR 2,067.6 million). Furthermore, not all divisions contributed to the increase in sales revenue, with the spectrum of variation ranging from +10.4% (Automotive Division) to +3.3% (Steel Division), +2.8% (Special Steel Division), –0.4% (Profilform Division), and –6.9% (Railway Systems Division) so that it is too early to speak of a uniform trend. The Automotive Division profited primarily from the first signs of recovery in the mid-sized, executive, and luxury classes, which had previously not benefited in any significant way from the government-initiated incentive programs as compared to the compact car segment. As a result of this positive development, the drop in prices throughout the Steel Division (–2.8%) caused by the tense market situation in the heavy plate segment was more than compensated by a volume increase of 9%. In the Special Steel Division, the volume went up by 7.3%, primarily due to the positive developments in the emerging economies, more than offsetting the still declining earnings (–4.2%). Despite price increases, the Profilform Division's sales revenue still dipped slightly compared to the previous quarter due to the economic circumstances in the construction, construction supply, and commercial vehicle industries that continue to be challenging. In the Railway Systems Division, the continuing recovery and improved capacity utilization in the wire and steel segments were not able to fully compensate the declining volume in the rail and seamless tube segments due to seasonal and competitive influences.

The nine-month comparison also shows a substantial decline in the profit from operations before depreciation and amortization (EBITDA). The 32.9% decline in revenue in the first three quarters of 2009/10 resulted in EBITDA that fell from EUR 1,510.1 million to EUR 664.2 million, a drop of 56% compared to the first three quarters of the previous year. Slipping from EUR 327.4 million to EUR 243.6 million, a minus of "only" 25.6%, the Railway Systems Division demonstrated its high degree of stability in this category as well. The Special Steel Division was affected most severely by the downward trend, plummeting by 77.8% from EUR 343.7 million to EUR 76.2 million; in the Profilform Division, EBITDA fell by 74.8% from EUR 143.4 million to EUR 36.2 million, in the Steel Division by 56.6% from EUR 667.4 million to EUR 289.5 million, and in the Automotive Division by 35.3% from EUR 71.7 million to EUR 46.4 million. Despite substantial declines, EBITDA for the first nine months of 2009/10 continued to be solidly positive in all divisions. For the Group as a whole, the EBITDA margin was 10.7% after three quarters (compared to 16.3% in the previous year).

The direct comparison of EBITDA in the second and third quarter of 2009/10 makes it abundantly clear how sustained the effectiveness of the comprehensive and consistently implemented crisis management of the voestalpine Group has been. In a direct comparison to the preceding quarter, the previously described trend reversal and the slight increase in sales revenue of 0.8% resulted in an increase of Group EBITDA by 26% from EUR 234.2 million to EUR 295.1 million, corresponding to a Group EBITDA margin of 14.2% in the third quarter. The Steel Division posted the highest EBITDA, both relatively and as an absolute figure, showing an increase of 54.2% from EUR 100.5 million to EUR 155.0 million. However, the divisions Special Steel, Profilform, and Automotive also made significant contributions to the increase, boosting EBITDA by an average of more than 40%. Viewed individually, EBITDA rose in the Special Steel Division by 43.3% from EUR 26.3 million to EUR 37.7 million, in the Automotive Division by 41.9% from EUR 13.6 million to EUR 19.3 million, and in the Profilform Division by 40.2% from EUR 12.7 million to EUR 17.8 million. Due to the already very high comparative EBITDA figure in the second quarter of 2009/10, declining sales and prices of seamless tubes, lower prices, increasing competition in the rail sector, and seasonal effects, the Railway Systems Division experienced a slight drop of 7.6% from EUR 84.3 million to EUR 77.9 million. However, it should be highlighted that the effect on profits largely correlates with the decline in sales revenue (–6.9%) due to an intentional lowering of the break-even point.

In comparison to an operating result (EBIT) of EUR 981.8 million in the first three quarters of 2008/09, for the same period of 2009/10, the voestalpine Group recorded a result that fell to EUR 178.4 million, a reduction by 81.8%. Considering the economic circumstances, however, this a satisfactory result that corresponds to an EBIT margin of 2.9% (after 10.6% in the previous year).

When reviewing the quarters individually, it becomes clear that a trend reversal began in second quarter of 2009/10 (first quarter of 2009/10: EUR –24 million) with an EBIT of EUR 70.4 million and continued in the third quarter of 2009/10, with EBIT going up by 87.5% to EUR 132.0 million; the EBIT margin rose from the second to the third quarter from 3.4% to 6.3%. As was the case in the second quarter, only the Special Steel Division recorded negative figures in the third quarter of 2009/10 with EUR –22.5 million EUR (penalized by the purely accounting effects of the ppa).

Although the profit before tax and the profit after tax (profit for the period)[1] were already positive in the second quarter of 2009/10, nevertheless, the first half of 2009/10 showed negative figures at EUR –38.4 million and EUR –19.9 million, respectively. Due to the significant improvement of the operating result in the third quarter of 2009/10, the figures both for the before tax result and the profit for the period were positive in the first three quarters of 2009/10, with the Group recording EUR 51.2 million (after EUR 764.7 million in the previous year) as profit before tax and EUR 51.6 million (after EUR 606.1 million in the previous year) as profit after tax (profit for the period).

For the first three months of 2009/10, earnings per share (EPS) were EUR –0.05 per share (previous year: EUR 3.36)[2], respectively, EUR 0.30 per share for the third quarter of 2009/10.

Equity went down in the first three quarters of 2009/10 compared to March 31, 2009 by 4% from EUR 4,262.5 million to EUR 4,091.6 million. This decline is due largely to dividend payments to shareholders and owners of hybrid capital in the amount of EUR 246.8 million. Due to investment expenditure that was lower than depreciation and very significantly decreased working capital (–28.5%) compared to March 31, 2009, net financial debt (in % of equity) was reduced from EUR 3,761.6 million to EUR 3,323.5 million. Thus, as of December 31, 2009, the voestalpine Group's gearing ratio (net financial debt as a percentage of equity) was 81.2%. The substantial reduction of the gearing ratio compared to both March 31, 2009 (88.2%) and September 30 (90.0%) reflects the Group's

[1] Before minority interests and interest on hybrid capital.

[2] Basis of the calculation is the profit for the period; in the letter to shareholders for the third quarter of the 2008/09 business year, the basis for calculation was the profit for the period from continuing operations at EUR 3.40 per share.

strong self-financing capability and its consistent liquidity management despite the challenging economic circumstances and a dividend policy that has been consistently applied.

The Group's crude steel production in the first three quarters of 2009/10 was 4.44 million tons, 22.5% below the previous year's corresponding figure (5.73 million tons). At 3.25 million tons, the Steel Division reported a 16.5% reduction in production, and the Railway Systems Division a reduction in output of 29.6%, down to 852,000 tons. At 45.6%, the Special Steel Division had the most significant reduction of crude steel production (from 630,000 tons to 343,000 tons).

voestalpine Group quarterly performance[1]

In millions of euros	Q1 2009/10 04/01–06/30/2009	Q2 2009/10 07/01–09/30/2009	Q3 2009/10 10/01–12/31/2009	Q1–Q3 2008/09 04/01–12/31/2008	Q1–Q3 2009/10 04/01–12/31/2009	Change in %
Revenue	2,073.6	2,067.6	2,083.9	9,280.1	6,225.1	–32.9
EBITDA	134.9	234.2	295.1	1,510.1	664.2	–56.0
EBITDA margin	6.5%	11.3%	14.2%	16.3%	10.7%	
EBIT	–24.0	70.4	132.0	981.8	178.4	–81.8
EBIT margin	–1.2%	3.4%	6.3%	10.6%	2.9%	
Employees (excl. temporary personnel and apprentices)	40,120	39,295	38,799	42,062	38,799	–7.8

[1] In accordance with IFRS, all figures after application of the purchase price allocation (ppa).
For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.

The development of the crisis July 1, 2008 to December 31, 2009 – the turnaround

In millions of euros	Best quarter since IPO 1995 Q2 2008/09 07/01–09/30/2008	Q3 2008/09 10/01–12/31/2008	Q4 2008/09 01/01–03/31/2009	Most difficult quarter since IPO 1995 Q1 2009/10 04/01–06/30/2009	Q2 2009/10 07/01–09/30/2009	Q3 2009/10 10/01–12/31/2009
Revenue	3,231.2	2,793.9 ▼	2,345.2 ▼	2,073.6 ▼	2,067.6 ■	2,083.9 ▲
EBITDA margin	18.6%	13.1% ▼	9.1% ▼	6.5% ▼	11.3% ▲	14.2% ▲
EBIT margin	13.3%	7.0% ▼	1.5% ▼	–1.2% ▼	3.4% ▲	6.3% ▲
Profit before tax	356.1	105.8 ▼	–36.3 ▼	–67.7 ▼	29.3 ▲	89.6 ▲
Profit for the period	278.5	87.3 ▼	5.5 ▼	–48.2 ▼	28.3 ▲	71.5 ▲
Net financial debt in % of equity	91.6%	101.8% ▲	88.2% ▼	90.1% ▲	90.0% ■	81.2% ▼

Compared to previous quarter: △ Rising □ Constant ▽ Declining

Steel Division

In millions of euros	Q 1 2009/10 04/01– 06/30/2009	Q 2 2009/10 07/01– 09/30/2009	Q 3 2009/10 10/01– 12/31/2009	Q 1–Q 3 2008/09 04/01– 12/31/2008	Q 1–Q 3 2009/10 04/01– 12/31/2009	Change in %
Revenue	760.1	753.3	778.1	3,427.5	2,291.5	–33.1
EBITDA	34.0	100.5	155.0	667.4	289.5	–56.6
EBITDA margin	4.5%	13.3%	19.9%	19.5%	12.6%	
EBIT	–17.3	46.5	98.9	508.4	128.1	–74.8
EBIT margin	–2.3%	6.2%	12.7%	14.8%	5.6%	
Employees (excl. temporary personnel and apprentices)	9,839	9,618	9,530	10,023	9,530	–4.9

Beginning in the summer of 2009, the performance of the *Steel Division* was characterized by a gradual revival of demand in individual customer industries, in particular the automobile industry. This enabled the quality flat steel business segment, the division's largest segment, to fully utilize all production capacity from early September 2009 on to the beginning of the scheduled major overhaul of one of the two small blast furnaces in late November 2009. The fact that inventories were low and, compared to the previous periods, there were only few imports coming into the EU zone was of additional benefit. Nevertheless, there was again significant price pressure toward the end of the third quarter of 2009/10 in short-term business transactions due to the fact that production capacity, which had been temporarily shut down, was being aggressively reactivated in a number of plants.

The market environment continued to be difficult for the heavy plate business segment, which was characterized by massive competitive and price pressure due to an extremely low level of orders worldwide. The first tentative signs of a revival of demand have only become noticeable since early 2010. Due to weak conditions in the energy and mechanical engineering industries, foundry activities also suffered from a significantly declining level of incoming orders. In contrast, the Steel Service Centers have recently performed very satisfactorily, experiencing a substantial uptick in demand toward the end of the year.

A comparison of the figures with the first three quarters of the 2008/09 business year reflects the economic downturn in the flat steel sector that began in the fall of 2008, with sales revenue declining in the first nine months of the 2009/10 business year compared to the previous year by 33.1% from EUR 3,427.5 million to EUR 2,291.5 million. The operating results declined even more markedly with EBITDA falling by 56.6% from EUR 667.4 million to EUR 289.5 million and EBIT plunging by 74.8% from EUR 508.4 million to EUR 128.1 million. The EBITDA and EBIT margins were reduced by 19.5% to 12.6%, respectively, from 14.8% to 5.6%.

The direct comparison of the third quarter of 2009/10 with the immediately preceding quarter, however, makes the positive trend reversal of the economy clear. The delivery quantities of the Steel Division went up compared to the second quarter of 2009/10 by 9%, although on the average prices were still slightly lower (by 2.8%), which is almost exclusively due to the tense situation in the heavy plate business segment. However, as the delivery quantities more than compensated the lower prices, sales revenue rose by 3.3% from EUR 753.3 million to EUR 778.1

million. Due to comprehensive crisis measures, all reporting categories showed disproportionately high gains in the operating result. EBITDA rose in comparison to the second quarter of 2009/10 by 54.2% from EUR 100.5 million to EUR 155.0 million, with EBIT more than doubling with an increase of 112.7% from EUR 46.5 million to EUR 98.9 million. Against the backdrop of an economic environment that continues to be extremely challenging, the EBITDA and EBIT margins of 19.9% (previous quarter: 13.3%) and 12.7% (previous quarter: 6.2%), respectively, make the specific positioning of the Steel Division compared to the competition evident.

Special Steel Division[1]

In millions of euros				Q 1–Q 3		
	Q 1 2009/10 04/01–06/30/2009	Q 2 2009/10 07/01–09/30/2009	Q 3 2009/10 10/01–12/31/2009	2008/09 04/01–12/31/2008	2009/10 04/01–12/31/2009	Change in %
Revenue	570.8	560.7	576.4	2,834.7	1,707.9	–39.8
EBITDA	12.2	26.3	37.7	343.7	76.2	–77.8
EBITDA margin	2.1%	4.7%	6.5%	12.1%	4.5%	
EBIT	–47.6	–33.2	–22.5	108.0	–103.3	–195.6
EBIT margin	–8.3%	–5.9%	–3.9%	3.8%	–6.0%	
Employees (excl. temporary personnel and apprentices)	14,250	13,884	13,777	15,314	13,777	–10.0

While the first half of the 2009/10 business year was still characterized by a dramatic reduction of inventory along the entire value chain, combined with significant sales losses, there have been increasing signs during the third quarter of 2009/10 that the *Special Steel Division* has emerged from the economic trough. The first noticeable indicators of a market recovery came from Asia, primarily China. Demand in South America, especially Brazil, gained momentum, while the upswing in the USA and in Europe has been lagging behind significantly with a momentum that has been comparatively slow. Viewed by industries, demand for consumer goods has markedly improved in the third quarter of 2009/10. Demand in the mechanical engineering segment continues to be meager nor have the commercial vehicle and ship building industries shown any signs of a sustainable market recovery. Although the Special Steel Division's incoming orders from its major customer industries of energy and aviation declined in the third quarter of 2009/10, it is anticipated that there will be an upturn in the course of the 2010/11 business year.

Due to a decline in sales volume and the fact that alloy prices are hovering at a low level, sales revenue dropped in the first three quarters of 2009/10 compared to the same period of the previous year by 39.8% from EUR 2,834.7 million to EUR 1,707.9 million. EBITDA plunged by 77.8% from EUR 343.7 million to EUR 76.2 million, and EBIT turned from a profit of EUR 108.0 million into a loss of EUR 103.3 million. The EBITDA and

[1] In accordance with IFRS, all figures after application of the purchase price allocation (ppa).
For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.

EBIT margins in the first three quarters of 2009/10 were thus at 4.5% (previous year: 12.1%) and –6% (previous year: 3.8%), respectively.

Compared to the immediately preceding quarter, the Special Steel Division's third quarter of 2009/10 is showing signs of recovery, which is primarily due to an economic revival in the emerging countries. For the first time after five quarters with declining numbers, sales revenue went up slightly by 2.8% from EUR 560.7 million to EUR 576.4 million. The earnings that are still trending downward (–4.2%) were more than compensated by increases in volumes (7.3%). With the help of the package of measures that was implemented as a response to the crisis, EBITDA went up by 43.3% from EUR 26.3 million to EUR 37.7 million and operating losses (EBIT) were curtailed from EUR –33.2 million down to EUR –22.5 million. Thus, the EBITDA margin went up by 4.7% to 6.5%, while the EBIT margin still remained negative; it was reduced from –5.9% to –3.9%.

Railway Systems Division

In millions of euros				Q 1–Q 3		
	Q 1 2009/10 04/01–06/30/2009	Q 2 2009/10 07/01–09/30/2009	Q 3 2009/10 10/01–12/31/2009	2008/09 04/01–12/31/2008	2009/10 04/01–12/31/2009	Change in %
Revenue	481.6	487.9	454.2	1,872.1	1,423.7	–24.0
EBITDA	81.4	84.3	77.9	327.4	243.6	–25.6
EBITDA margin	16.9%	17.3%	17.2%	17.5%	17.1%	
EBIT	56.5	56.5	53.4	261.0	166.4	–36.2
EBIT margin	11.7%	11.6%	11.8%	13.9%	11.7%	
Employees (excl. temporary personnel and apprentices)	8,035	8,023	7,830	8,110	7,830	–3.5

The market environment in the *Railway Systems Division's* railway infrastructure segment continued to be stable in the third quarter of 2009/10, however, there are definite signs pointing to a significant increase in competition in the next few years. This applies both to the rail segment, where price-aggressive competitors are increasingly appearing within the scope of new tenders, and turnout technology, where lower prices for pre-materials (for example, rails) and continuing sharply falling demand in the North American market have resulted in price pressure.

In the wire segment, a significant pick-up in demand due to a normalization of customer inventories has been noticeable since July; this even enabled a slight price increase starting in October 2009. The market environment in the seamless tube business segment took a somewhat more favorable turn in late 2009, although the sustainability of the market recovery is still in doubt. The improvement of the market environment in the wire segment and on the external market for semi-finished products resulted in an increase of the utilization of production facilities in the steel business sector from just above 70% to around 85%.

While the Railway Systems Division's revenue and operating result in the first three quarters of 2009/10 were slightly under those of the same period of the previous year, considering the scope of the economic crisis, they can be considered favorable. Sales revenue came to EUR 1,423.7 million and were thus 24% below last year's figure (EUR 1,872.1 million). Even though EBITDA fell by 25.6% from EUR 327.4 million to EUR 243.6 million and EBIT by 36.2% from EUR 261.0 million to EUR 166.4 million, it was possible to achieve two-digit profit margins. At 17.1%, the EBITDA margin was almost back to last year's level (17.5%) and at 11.7%, the EBIT margin was only slightly below last year's figure of 13.9%.

Despite a burgeoning economic recovery and increasing capacity utilization in the wire and steel segments, due to increasingly aggressive competition, particularly in the rail segment, and some seasonal effects, the Railway Systems Division experienced a decline in revenue in the third quarter of 2009/10 compared to the directly preceding quarter of 6.9% from EUR 487.9 million to EUR 454.2 million. EBITDA and EBIT went down by 7.6% (from EUR 84.3 million to EUR 77.9 million) and 5.5% (from EUR 56.5 million to EUR 53.4 million), respectively, largely analogously to sales revenue so that the margins, with an EBITDA margin of 17.2% and an EBIT margin of 11.8% remained practically the same (previous quarter: 17.3% and 11.6%, respectively). This was made possible, however, only by way of an accelerated adjustment of the cost structure to the earnings structure.

Profilform Division

In millions of euros				Q 1–Q 3		
	Q 1 2009/10 04/01–06/30/2009	Q 2 2009/10 07/01–09/30/2009	Q 3 2009/10 10/01–12/31/2009	2008/09 04/01–12/31/2008	2009/10 04/01–12/31/2009	Change in %
Revenue	173.6	179.4	178.6	948.6	531.6	–44.0
EBITDA	5.7	12.7	17.8	143.4	36.2	–74.8
EBITDA margin	3.3%	7.1%	10.0%	15.1%	6.8%	
EBIT	–2.3	4.7	10.0	119.8	12.4	–89.6
EBIT margin	–1.3%	2.6%	5.6%	12.6%	2.3%	
Employees (excl. temporary personnel and apprentices)	3,319	3,159	3,108	3,681	3,108	–15.6

The moderate growth in demand that has been noticeable since the summer months of 2009 in some of the *Profilform Division's* important customer industries continued in the third quarter and contributed to a stabilization of business performance. This improvement made it possible to pass on the price increases that occurred during this period in the hot wide strip and galvanized strip segments to the customers. There has been a marked uptick in demand from the solar energy sector, which has profited from governmental subsidies and continues to experience a high level of investment, particularly in Southern Europe. Demand in the logistics and storage technology sectors remained stable, however, the lead time overall for major projects is becoming longer. The situation in the construction and construction supply industries and the commercial vehicle sector—all major customer industries for the voestalpine Group—continues to be challenging. Examined from a regional perspective, while demand in Western Europe, the USA, and Brazil was stable or trending up slightly, the market environment in Eastern Europe, particularly in Russia, continues to be weak. Although the utilization of production capacity in the third quarter of 2009/10 has improved, the continuing volatile and short-term nature of incoming orders is still making sustained production difficult and placing additional demands on the flexibility of the sector's employees.

Due to the crisis, the Profilform Division recorded a decline in revenue of 44% in the first nine months of 2009/10 from EUR 948.6 million to EUR 531.6 million; while this was the most marked drop in sales revenue of all the divisions, the result figures are positive due to crisis management measures that were quickly implemented. For the first three quarters of 2009/10, the division reported EBITDA of EUR 36.2 million (previous year: EUR 143.4 million) and EBIT of EUR 12.4 million (previous year: EUR 119.8 million). This reduced the EBITDA margin compared to the previous year by 15.1% to 6.8%; the EBIT margin fell from 12.6% to 2.3%.

Despite increasing demand for standard and special sections during the third quarter of 2009/10, due to seasonal influences, revenue was EUR 178.6 million, remaining at the same level as the directly preceding quarter (EUR 179.4 million). Nevertheless, the division was able to improve EBITDA by 40.2% from EUR 12.7 million to EUR 17.8 million and EBIT by 112.8% from EUR 4.7 million to EUR 10.0 million in the third quarter of 2009/10 compared to the directly preceding quarter, as comprehensive cost adjustment measures have taken full effect. Thus, the EBITDA margin in the third quarter of 2009/10 was 10% (previous quarter: 7.1%), and the EBIT margin was 5.6% (previous quarter: 2.6%).

Automotive Division

In millions of euros				Q1–Q3		
	Q 1 2009/10 04/01–06/30/2009	Q 2 2009/10 07/01–09/30/2009	Q 3 2009/10 10/01–12/31/2009	2008/09 04/01–12/31/2008	2009/10 04/01–12/31/2009	Change in %
Revenue	175.4	172.5	190.5	701.8	538.4	–23.3
EBITDA	13.5	13.6	19.3	71.7	46.4	–35.3
EBITDA margin	7.7%	7.9%	10.1%	10.2%	8.6%	
EBIT	0.2	0.8	6.7	33.2	7.7	–76.8
EBIT margin	0.1%	0.5%	3.5%	4.7%	1.4%	
Employees (excl. temporary personnel and apprentices)	4,015	3,967	3,915	4,247	3,915	–7.8

The Western European premium manufacturers—the main customers of the *Automotive Division*—have been experiencing the first tentative signs of a recovery since last summer in the compact car segment and since the fall of 2009 in the mid-sized, executive, and luxury classes as well. This was reflected in an increasing normalization of production processes. While during the last few months of the 2008 calendar year reduced working hours and extended Christmas closures were common among automobile manufacturers, at the end of 2009, production kept going until right before Christmas, just like prior to the economic crisis. Overall, sales numbers in Europe in the third quarter of 2009/10 are slightly higher than in the previous year, although they are still about 20% below the numbers prior to the economic crisis. Eastern Europe was more significantly affected by declining production numbers than the Western European manufacturers.

In the first three quarters of the 2009/10 business year, the Automotive Division was able to keep its direct sales to the automobile manufacturers constant despite the challenging environment and thus gained market share. The decline in sales revenue compared to the same period of the previous year results largely from a reduced volume of deliveries to systems suppliers.

The sales revenue in the first three quarters of 2009/10 was at EUR 538.4 million, that is, 23.3% below the previous year's comparative figure (EUR 701.8 million). EBITDA fell by 35.3% from EUR 71.7 million to EUR 46.4 million, with the EBITDA margin dropping by 10.2% to 8.6%. The operating result (EBIT) plunged by 76.8% from EUR 33.2 million to EUR 7.7 million, resulting in an EBIT margin of 1.4% (previous year: 4.7%).

The revival of demand that emerged in the third quarter of 2009/10 is reflected in the comparison to the directly preceding quarter. Compared to the second quarter, revenue went up by 10.4% from EUR 172.5 million to EUR 190.5 million. As the crisis management measures to adjust the cost structure to the earnings structure were continued, the improvement of the results was even more marked. EBITDA rose by 41.9% from EUR 13.6 million to EUR 19.3 million, and the operating result (EBIT) climbed even more significantly from EUR 0.8 million to EUR 6.7 million. Thus, the Automotive Division has an EBITDA margin of 10.1% in the third quarter, and an EBIT margin of 3.5%.

Business transactions with associated companies or parties

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

Investments

In the first three quarters of the 2009/10 business year, the investments of the voestalpine Group amounted to EUR 381.3 million. The considerable reduction by 49.2% compared to the previous year (EUR 750.6 million) is due to the very restrictive investment policy instituted as a reaction to the global economic and financial crisis. As a consequence of eliminating, resizing, and postponing projects or extending completion deadlines, in the first three quarters of 2009/10, the Group's investments were lower than depreciation, as had been the case in the previous quarters. However, it should be emphasized that those investment projects focused on the expansion of the Group's leadership role in both technology and quality are still being vigorously pursued.

Investment activity during the first nine months of the 2009/10 business year across the five divisions was as follows:

At EUR 196.0 million (–40.9% compared to EUR 331.6 million in the previous year), around 51.4% of all Group investments during the first three quarters of 2009/10 were accounted for by the *Steel Division.* The focus was the realization—albeit according to a deferred schedule—of the still outstanding projects under the investment program "L6 – Part 1." Within the scope of this program the expansion of the company's own power plant at the Linz location has reached the final phase; the scheduled start-up is planned for the early part of the 2010/11 business year. The major repair of one of the two small blast furnaces was begun in late November 2009 on schedule and will be completed by early March 2010. The last pending project of the program "Linz 2010 – Phase 2"—the hot-dip galvanizing plant 5—will begin operation in the next several weeks.

In the first nine months of the 2009/10 business year, the investment expenditure of the *Special Steel Division* amounted to EUR 107.9 million (previous year: EUR 184.6 million) The 41.5% decline is primarily due to the deferment of the completion deadline for the expansion and modernization projects in the open die forging segment at the Kapfenberg (Austria), Hagfors (Sweden), and Wetzlar (Germany) locations to the 2011/12 business year. The first stage of the new cold rolling center in Kematen (Austria) is progressing on schedule; start-up of operations is planned for the next business year. The realization of the second stage—construction of a new strip steel production facility—is planned for the medium term and depends on the economic recovery of the relevant customer industries.

At EUR 41.8 million the *Railway Systems Division* reported investment expenditures for the first three quarters of 2009/10 that were more severely reduced compared to the previous year (EUR 143.2 million) than any of the other divisions (–70.8%). Both the deliberate adjustment of investments due to the crisis in order to boost free cash flow and the completion of a number of major investment projects in the last business year resulted in this significant reduction. Nevertheless, the implementation and/or preparation for a third sawing and drilling line in the rail finishing line, investment projects in the steel plant to raise degasification capacity and thus to increase crude steel capacity, as well as a major blast furnace repair in the coming business year (all at the Donawitz/Austria location) are on schedule.

The investment volume of the *Profilform Division* came to EUR 14.8 million (previous year: EUR 38.6 million). Just as in the *Auto-*

motive Division (from EUR 47.1 million to EUR 16.8 million), the significant decrease in the first nine months of the current business year is a result of the fact that projects involving the expansion of production capacity have largely been frozen and the only investments being made are ones that are associated with existing orders and are absolutely necessary.

Acquisitions and Divestments

The sale of the Italian company Euroweld S.r.l., which is active in the production of laser-welded blanks, as of April 1, 2009, as well as the closure of the British site of the voestalpine Polynorm Group (both Automotive Division) was already reported on in the two preceding letters to shareholders for the first quarter and the first half of 2009/10. There were no further acquisitions or divestments during the 2009/10 business year.

Employees[1]

As of December 31, 2009, the voestalpine Group had 38,799 core employees worldwide (not including apprentices). Compared to December 31, 2008 (42,062), this corresponds to a decrease by 7.8% or 3,263 employees. In addition to the reduction of core staff, the number of leased personnel was reduced by 445 employees.

Furthermore, as of December 31, 2009, 4,140 employees were still on reduced working hours; compared to September 30, 2009 (4,851 employees), 711 employees have been able to resume their regular working hours due to improved capacity utilization. As of December 31, 2009, the Special Steel Division had the highest number of employees on reduced working hours (2,284), followed by the Automotive Division (872) and the Profilform Division (852).

In consideration of all measures that were taken, both with regard to core and leasing employees, the number of staff has been reduced due to the economic crisis as compared to December 31, 2008 by 11.3%; compared to the number of employees at the very beginning of the crisis in September 2008, the total reduction comes to 15.5%.

In the interest of securing the future of the company in the long term, the voestalpine Group continues to adhere to its apprenticeship program, both with regard to quantity and quality, despite the crisis. As of December 31, 2009, 1,718 apprentices were being trained, only 49 less than in the previous year.

Environment

With the publication of the EU's Climate and Energy package on June 5, 2009, the future direction for an ambitious reduction in CO_2 emissions throughout the European Union to 2020 and beyond has been set. As an industry that is part of the "carbon leakage" segment, the steel sector is set to be allocated free emission certificates according to strict benchmarks for up to a total of 100% based on sectoral allocation options; adjustments based on the results of the next World Climate Conferences are possible. No concrete measures can be derived from the World Climate Conference held in Copenhagen in December 2009. From the perspective of European industry, the participants neglected in particular to persuade the major non-European CO_2-emitting nations to accept the same or at least similar CO_2 reduction levels to which the European Union has already committed itself. This will mean a significant deterioration of the competitive situation for European industry with regard to CO_2 costs unless it is possible to reach agreement on an appropriate global adjustment at the next climate conferences. The setting of a future course that was anticipated for Copenhagen has been postponed to the next conference at the end of 2010 in Cancún, Mexico; this means that with regard to future investments, there is a state of uncertainty concerning the regulatory framework, making reliable planning impossible.

The benchmark system recommended by voestalpine AG jointly with the European steel association EUROFER and its member companies is currently being negotiated with the European Commission. The basis for this benchmark system is a comprehensive collection of data regarding all plants and facilities of the European steel industry that will be affected by CO_2 certificate trading from 2013 on.

On June 1, 2007, the EU chemicals regulation REACH became effective; its effects have already been described in detail in previous reports.

The preregistration of chemical substances required pursuant to REACH was completed by the voestalpine Group on schedule by December 1, 2008; 28 Group companies carried out about 1,000 preregistrations with the European Chemicals Agency, which is headquartered in Helsinki. As was the case with preregistration, the timely execution of the (final) registrations by no later than December 1, 2010 will be coordinated Group-wide. According to the current status, the voestalpine Group will ultimately have about 30 chemical substances to be registered by seven Group companies.

Regarding the remaining environmental focal points, for example the implementation of the new EU Water Framework Directive and other environmentally relevant measures in the areas of energy and raw materials efficiency, as well as a reduction of air and water emissions, we refer to the details in recent letters to shareholders and annual reports.

Research and Development

From numerous ongoing activities in the area of research and development, the following projects represent current key priorities:

The Group project "Welding of high strength steels" is utilizing the know-how of all five divisions. This is a comprehensive R&D package that will open up new dimensions in this technologically extremely sophisticated segment based on an overall optimization of steel grades, welding processes, and welding filler materials.

Within the scope of the international project INNOTRACK, which was supported by funding under the 6th framework program of the European Union and which has already been completed at the end of 2009, a guideline coordinated between the railway industry and railway operators was created to enable optimal deployment of high-strength rail grades. Much of this guideline is based on the Railway Systems Division's long-standing strategy with regard to rail grades.

In the Steel Division, new coating systems have been successfully launched on the market in the past few months. For example, "colofer city" combines classic color shades with high-grade coating systems to create effective color compositions for a variety of applications, primarily in upmarket architectural design.

On October 1, 2009, the "synergy platform," the Group-wide researcher conference of the voestalpine Group, was held, with about 200 research and development employees from all five divisions. The focus of the event was on the development of long-term key R&D priorities, as well as lectures by speakers from outside the company on energy, mobility, and the environment.

The events during the "Long Night of Research" *("Lange Nacht der Forschung")* in November 2009 reflect the importance that the voestalpine Group places on research and development and its communication to the interested public. The voestalpine Group was the only Austrian company that participated in three federal states in the largest industrial exhibition of Austrian research and development, presenting extensive programs and connecting with thousands of interested visitors in Vienna, Linz, and Krems.

Outlook

The post-crisis economic recovery that began in China during the summer of 2009 has also been underway in Europe since the fall of 2009, albeit, for the time being, with much diminished momentum. With over two thirds of revenue being generated in Europe, this remains the voestalpine Group's most important market region. As explained at the beginning of this letter to shareholders, the speed and extent of the upward trend vary greatly, as the picture is extremely differentiated, both according to countries and economic sectors. While recovery has been slow in Western, Southern, Central, and Eastern Europe, positive economic signs have been increasingly encouraging in the German-speaking countries, the Benelux countries, and Northern Europe.

The situation in the most important customer industries is similarly uneven. In the automobile industry, the revival of demand continued, primarily in the premium segment, although prices have been highly competitive. In the energy segment, solar and wind energy have been booming (not least due to massive government subsidies) and the first positive signs of increased demand are becoming noticeable in the conventional energy segment as well, although the generator segment continues to stagnate. In the machine manufacturing and commercial vehicle industries, the upward trend has been limited only to a low-level consolidation. All in all, performance in the European construction and construction supply industries continues to be merely average, although trends differ significantly depending on region and sector. For example, demand in the railway infrastructure segment is stable at quite a good level in the EU-15 member states, while in Central and Eastern Europe, it has fallen sharply in the past several quarters. The market in the home appliance segment shows a similar east-west gradient. The aviation industry overall will stay under the influence of a weak market environment for quite some time, not just in Europe, but worldwide.

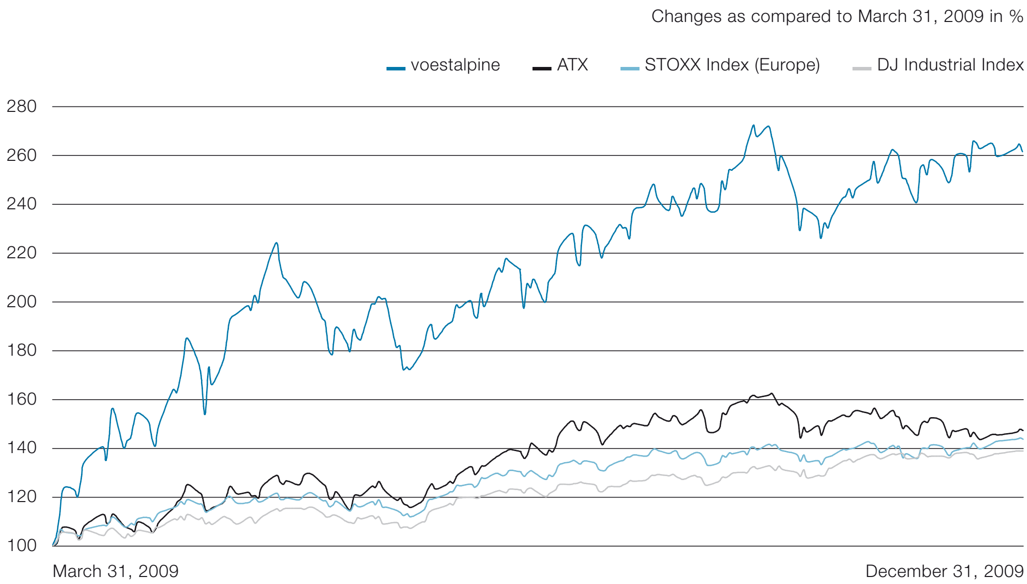
Compared to the outlook in the last quarterly report, the economic situation in Europe has improved in individual segments and regions, however, it is still too early to speak of a broad or sustainable recovery. Nevertheless, throughout 2010, the recovery should gradually gain momentum and the danger of a broad-based economic setback lessen. This development is being driven by increasing economic consolidation in Western Europe on one hand, and on the other, by the regained economic momentum in Asia and South America, as well as an economic uptick in the USA. The majority of the Central and Eastern European countries, however, will be able to follow this trend only with some delay, due to the structural deficits in their economies. The falling rate of exchange of the euro vis-à-vis the US dollar and some other currencies helps exports and is beneficial for an economic recovery in Europe.

Against this backdrop, continuously improving capacity utilization is anticipated for all five divisions of the voestalpine Group, to the extent that they are not already working at full capacity (such as the Steel Division). Driven by the expected massive price increases for coal and ore, significant increases in earnings along the Group's entire value chain are being anticipated for 2010.

The voestalpine Group should be able to conclude the 2009/10 business year with a clearly positive operating result (EBIT), as well as a positive result after tax (net income).

Investor Relations

Price development in the 2009/10 business year



Price development of the voestalpine share

Toward the end of the 2008/09 business year, which was very critical from a capital market perspective, the performance of the voestalpine share appeared to have bottomed out, after many months of losing ground. Although the underlying economic conditions continued to be challenging, over the course of the 2009/10 business year, the share price made continuous gains. The positive mood vis-à-vis the cyclical figures continued in the third quarter of this business year, albeit with a few setbacks. Additionally, investors obviously rewarded the much more crisis resistant performance of the voestalpine Group's results compared to the competition. While the share price on March 31, 2009 was still at EUR 9.85, nine months later, the closing price was EUR 25.70, an increase in value of 161%.

Bonds

Convertible bond (2005–2010)

The still outstanding convertible bonds, which had been issued in July 2005, were called on December 4, 2009, effective January 29, 2010. All convertible bonds still outstanding at the time they were called were converted to voestalpine AG shares. As a result of 933,865 no-par value bearer shares being issued to creditors of the convertible bond 2005 – 2010 as of January 29, 2010, the company's share capital went up from EUR 305,435,379.34 to EUR 307,132,044.75 (i.e., by about 0.56%); after this increase, share capital is divided into 169,049,163 no-par value shares.

Hybrid bond (2007–2014)

The hybrid bond issued by voestalpine AG in October 2007 was able to significantly recover from its downward trend toward the end of the 2008/09 business year, gaining 24.5% in the first nine months of the 2009/10 business year and rising to 95.77 (% of the face value).

Corporate bond (2009–2013)

The value of the corporate bond that had been issued very successfully by voestalpine AG in March 2009 under the most difficult market conditions continued to gain in the third quarter of 2009/10. In addition to its price appreciation as of the end of March 2009 to 104 (% of the face value), an additional gain of 7 percentage points was achieved. As of December 31, 2009, the corporate bond had risen to 110.99 (% of the face value).

Shareholder structure

Compared to the ownership structure set forth in the letter to shareholders for the first quarter of 2009/10, there were no major changes in the course of the business year so that we refer to the ownership structure details as presented therein. The next update will be made in the 2009/10 Annual Report that will be published on June 1, 2010.

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

■ Berenberg, Hamburg ■ BHF-BANK, Frankfurt ■ Credit Suisse, London ■ Cheuvreux, Vienna/Paris ■ Citigroup, London ■ Deutsche Bank, Frankfurt/London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ JP Morgan, London ■ Merrill Lynch, London ■ Morgan Stanley, London ■ Nomura, London ■ Nord LB, Hannover ■ Raiffeisen Centrobank, Vienna ■ Sal. Oppenheim, Frankfurt ■ Steubing AG, Frankfurt ■ UBS, London ■ UniCredit, Vienna.

Share Information

Share capital (as of 12/31/2009)	EUR 305,435,379.34 divided into 168,115,298 no par value shares
	Treasury stock as of December 31, 2009: 658,285 share
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 2009 to December 2009	EUR 26.77
Share price low April 2009 to December 2009	EUR 10.23
Share price as of December 31, 2009	EUR 25.70
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of December 31, 2009*	EUR 4,303,645,234.10

* Based on total number of shares minus repurchased shares.

Business year 2008/09

Earnings per share	EUR 3.41
Divided per share	EUR 1.05
Book value per share	EUR 25.06

Financial calendar 2010/11

Annual Report 2009/10	June 1, 2010
Annual General Meeting	July 7, 2010
Ex-dividend date	July 12, 2010
Dividend payment date	July 19, 2010
Letter to shareholders for the first quarter of 2010/11	August 19, 2010
Letter to shareholders for the second quarter of 2010/11	November 18, 2010

voestalpine AG

Financial data 12/31/2009

According to International Financial Reporting Standards (IFRS)

Consolidated balance sheet

Assets

	03/31/2009	12/31/2009
A. Non-current assets		
Property, plant and equipment	4,378.3	4,415.1
Goodwill	1,420.9	1,419.6
Other intangible assets	596.7	498.1
Investments in associates	129.1	119.5
Other financial assets	141.5	144.8
Deferred tax assets	409.0	439.4
	7,075.5	**7,036.5**
B. Current assets		
Inventories	2,909.7	2,294.4
Trade and other receivables	1,785.5	1,317.2
Other financial assets	218.0	237.7
Cash and cash equivalents	857.8	742.5
	5,771.0	**4,591.8**
Total assets	**12,846.5**	**11,628.3**

In millions of euros

Equity and liabilities

	03/31/2009	12/31/2009
A. Equity		
Share capital	305.0	305.4
Capital reserves	402.1	397.3
Hybrid capital	992.1	992.1
Retained earnings and other reserves	2,486.7	2,325.4
Equity attributable to equity holders of the parent	**4,185.9**	**4,020.2**
Minority interest	76.6	71.4
	4,262.5	**4,091.6**
B. Non-current liabilities		
Pensions and other employee obligations	854.6	845.9
Provisions	58.2	55.1
Deferred tax liabilities	312.1	285.5
Financial liabilities	3,500.5	3,100.0
	4,725.4	**4,286.5**
C. Current liabilities		
Provisions	396.7	362.2
Tax liabilities	117.5	98.2
Financial liabilities	1,445.0	1,287.8
Trade and other payables	1,899.4	1,502.0
	3,858.6	**3,250.2**
Total equity and liabilities	**12,846.5**	**11,628.3**

In millions of euros

Consolidated cash flow statement

	04/01–12/31/2008	04/01–12/31/2009
Operating activities		
Profit for the period	606.1	51.6
Adjustments	504.7	404.4
Changes in working capital	–449.8	738.9
Cash flows from operating activities	**661.0**	**1,194.9**
Cash flows from investing activities	**–979.9**	**–477.9**
Cash flows from financing activities	**412.5**	**–841.3**
Net decrease/increase in cash and cash equivalents	**93.6**	**–124.3**
Cash and cash equivalents, beginning of period	331.9	857.7
Net exchange differences	10.2	9.1
Cash and cash equivalents, end of period	**435.7**	**742.5**

In millions of euros

Consolidated income statement

	04/01–12/31/2008	04/01–12/31/2009	10/01–12/31/2008	10/01–12/31/2009
Revenue	9,280.1	6,225.1	2,793.9	2,083.9
Cost of sales	–7,113.2	–5,074.6	–2,255.7	–1,637.8
Gross profit	**2,166.9**	**1,150.5**	**538.2**	**446.1**
Other operating income	285.9	278.0	110.9	100.6
Distribution costs	–770.5	–640.2	–246.2	–215.1
Administrative expenses	–414.8	–366.6	–125.1	–128.5
Other operating expenses	–285.7	–243.3	–81.6	–71.1
Profit from operations (EBIT)	**981.8**	**178.4**	**196.2**	**132.0**
Share of profit of associates	26.1	10.6	6.2	4.1
Finance income	67.4	76.4	29.6	18.5
Finance costs	–310.6	–214.2	–126.2	–65.0
Profit before tax (EBT)	**764.7**	**51.2**	**105.8**	**89.6**
Income tax expense	–152.0	4.3	–15.2	–16.9
Profit for the period from continuing operations	**612.7**	**55.5**	**90.6**	**72.7**
Discontinued operations	–6.6	–3.9	–3.3	–1.2
Profit for the period	**606.1**	**51.6**	**87.3**	**71.5**
Attributable to:				
Equity holders of the parent	543.7	–8.2	68.6	50.7
Minority interest	9.0	5.8	0.9	2.8
Share planned for hybrid capital owners	53.4	54.0	17.8	18.0
Basic earnings per share (euros)	**3.36**	**–0.05**		
Diluted earnings per share (euros)	**3.33**	**–0.05**		

In millions of euros

Statement of comprehensive income

	04/01–12/31/2008			04/01–12/31/2009		
	Group	Minority	Total	Group	Minority	Total
Profit for the period	**597.6**	**8.5**	**606.1**	**46.5**	**5.1**	**51.6**
Other comprehensive income						
Hedge accounting	20.4	0.1	20.5	–19.9	–	–19.9
Deferred tax on hedge accounting	–4.8	–	–4.8	5.0	–	5.0
Translation reserves	–45.3	–1.6	–46.9	43.7	2.5	46.2
Subtotal	**–29.7**	**–1.5**	**–31.2**	**28.8**	**2.5**	**31.3**
Total comprehensive income	**567.9**	**7.0**	**574.9**	**75.3**	**7.6**	**82.9**

In millions of euros

Changes in equity

	Q 1–3 2008/09			Q 1–3 2009/10		
	Group	Minority	Total	Group	Minority	Total
Equity as of April 1st	**4,035.4**	**253.9**	**4,289.3**	**4,185.9**	**76.6**	**4,262.5**
Total comprehensive income	567.9	7.0	574.9	75.3	7.6	82.9
Dividends to shareholders	–341.5	–5.8	–347.3	–175.5	–8.0	–183.5
Capital increase	2.9	–	2.9	4.0	–	4.0
Own shares acquired/disposed	85.3	–	85.3	4.1	–	4.1
Purchase of minority interest	–159.6	–176.3	–335.9	–	–	–
Dividends to hybrid capital owners	–71.3	–	–71.3	–71.3	–	–71.3
Stock options	–2.0	–0.1	–2.1	–	–	–
Other changes	–18.1	3.6	–14.5	–2.3	–4.8	–7.1
Equity as of December 31st	**4,099.0**	**82.3**	**4,181.3**	**4,020.2**	**71.4**	**4,091.6**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of December 31, 2009 for the first three quarters of the 2009/10 business year were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the 2008/09 business year with three exceptions; amendments to IAS 1 Presentation of Financial Statements as well IAS 23 Borrowing Costs, and the new standard IFRS 8 Operating Segments are being applied for the first time. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2009, 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). In the totaling of rounded amounts and percentages, calculation differences may occur as a result of using automatic calculation programs.

Unless otherwise stated, comparative information relates to the first three quarters of the 2008/09 business year (balance sheet date: December 31, 2008).

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

Scope of consolidation/ acquisitions

At the end of 2008/09 business year, a majority stake in Rene Prinsen Spoorwegmaterialen B.V., which had been previously at-equity consolidated, was acquired. This company was fully consolidated as of April 1, 2009.

In the first quarter of the 2009/10 business year, voestalpine Euroweld S.r.l. was sold to the previous minority owner Stola S.p.A. and was therefore withdrawn from the scope of consolidation.

Thus, the changes made in the scope of consolidation during the reporting period were as follows:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2009	**320**	**2**	**15**
Acquisitions	1		
Change in consolidation method			
Additions	2		
Disposals			–2
Reorganizations	–13		
Divestments or disposals	–4		
As of December 31, 2009	**306**	**2**	**13**
Of which foreign companies	250	0	5

Notes on the balance sheet

In the first three quarters of the 2009/10 business year, depreciations amounting to EUR 485.9 million exceeded investments amounting to EUR 381.3 million. This led to a slight decrease in non-current assets. Predominantly as a result of quantity, inventories have decreased by EUR 615.3 million in comparison to March 31, 2009.

voestalpine AG has increased its share capital from EUR 305,042,462.76 to EUR 305,435,379.34, by issuing 216,266 ordinary no-par value bearer shares to creditors of the convertible bond 2005/2010. Effective December 22, 2009, voestalpine AG's share capital is EUR 305,435,379.34 (168,115,298 shares). The Company held 658,285 of its own shares on the balance sheet date. In the first three quarters of the 2009/10 business year, the Company sold 237,041 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 1,000,000,000. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are paid. The first call option is after seven years, at which time voestalpine AG (but not the bond holders) may either call the bond at par or extend it at a higher, but variable, coupon rate. This hybrid bond is recognized as a component of equity under IAS 32.

As of the end of the reporting period, equity was EUR 4,091.6 million. For the 2008/09 business year, a dividend per share of EUR 1.05 was decided upon at the Annual General Meeting on July 1, 2009. Therefore, voestalpine AG distributed dividends amounting to EUR 175.5 million to its shareholders during the current business year. Interest for hybrid capital amounting to EUR 71.3 million was also distributed as a dividend.

Trade payables decreased from EUR 850.0 million to EUR 714.2 million.

Notes on the income statement

Revenue for the period from April 1 to December 31, 2009 totaled EUR 6,225.1 million, declining vis-à-vis the comparable figure for the preceding year (EUR 9,280.1 million) by 32.9%. Profit from operations (EBIT) reached EUR 178.4 million for the same period compared to EUR 981.8 million for the first nine months of the 2008/09 business year. EBIT equaled EUR 132.0 million for the third quarter of 2009/10 or 32.7% less than in the third quarter of 2008/09 (EUR 196.2 million). After consideration of the financial result and taxes, profit for the period amounts to EUR 51.6 million compared to EUR 606.1 million for the first three quarters of the preceding year.

Basic (undiluted) earnings per share are calculated as follows:

	04/01–12/31/2008	04/01–12/31/2009
Profit attributable to equity holders of the parent	543.7	–8.2
Profit from continuing operations attributable to equity holders of the parent	550.3	–4.3
Weighted average number of issued ordinary shares (millions)	162.0	167.2
Basic (undiluted) earnings per share (euros)	**3.36**	**–0.05**
Basic (undiluted) earnings per share of continuing operations (euros)	**3.40**	**–0.03**

Diluted earnings per share are depicted as follows:

	04/01–12/31/2008	04/01–12/31/2009
Diluted earnings per share (euros)	**3.33**	**–0.05**
Diluted earnings per share of continuing operations (euros)	**3.37**	**–0.03**

Operating segments

The following charts contain information on the operating segments of the voestalpine Group for the first three quarters of the 2009/10 business year and 2008/09 business year, respectively:

1st – 3rd quarter 2009/10

	Steel Division 04/01–12/31/2009	**Special Steel Division** 04/01–12/31/2009	**Railway Systems Division** 04/01–12/31/2009
Segment revenue	2,291.5	1,707.9	1,423.7
of which revenue with third parties	2,036.4	1,704.7	1,415.2
of which revenue with other segments	255.1	3.2	8.5
EBITDA	289.5	76.2	243.6
Profit from operations (EBIT)	128.1	–103.3	166.4
EBIT margin	5.6%	–6.0%	11.7%
Segment assets	3,363.6	4,606.0	1,767.5
Employees (excl. temporary personnel and apprentices)	9,530	13,777	7,830

1st – 3rd quarter 2008/09

	Steel Division 04/01–12/31/2008	**Special Steel Division** 04/01–12/31/2008	**Railway Systems Division** 04/01–12/31/2008
Segment revenue	3,427.5	2,834.7	1,872.1
of which revenue with third parties	2,939.6	2,831.2	1,863.7
of which revenue with other segments	487.9	3.5	8.4
EBITDA	667.4	343.7	327.4
Profit from operations (EBIT)	508.4	108.0	261.0
EBIT margin	14.8%	3.8%	13.9%
Segment assets	4,193.6	5,092.0	1,921.8
Employees (excl. temporary personnel and apprentices)	10,023	15,314	8,110

	Profilform Division 04/01–12/31/2009	**Automotive Division** 04/01–12/31/2009	**Other** 04/01–12/31/2009	**Reconciliation** 04/01–12/31/2009	**Total Group** 04/01–12/31/2009
	531.6	538.4	64.9	–332.9	6,225.1
	528.3	536.7	3.8	0.0	6,225.1
	3.3	1.7	61.1	–332.9	0.0
	36.2	46.4	–65.8	38.1	664.2
	12.4	7.7	–71.0	38.1	178.4
	2.3%	1.4%			2.9%
	559.5	842.7	8,442.8	–7,953.8	11,628.3
	3,108	3,915	639	0	38,799

In millions of euros

	Profilform Division 04/01–12/31/2008	**Automotive Division** 04/01–12/31/2008	**Other** 04/01–12/31/2008	**Reconciliation** 04/01–12/31/2008	**Total Group** 04/01–12/31/2008
	948.6	701.8	76.3	–580.9	9,280.1
	943.1	699.6	2.9	0.0	9,280.1
	5.5	2.2	73.4	–580.9	0.0
	143.4	71.7	–46.4	2.9	1,510.1
	119.8	33.2	–51.6	3.0	981.8
	12.6%	4.7%			10.6%
	695.1	998.6	8,174.9	–8,070.6	13,005.4
	3,681	4,247	687	0	42,062

In millions of euros

Notes on the cash flow statement

The change in the economic situation led to a 58.9% decrease in cash flow before capital changes from EUR 1,110.8 million to EUR 456.0 million. The significant decline in working capital resulted in cash flows from operating activities of EUR 1,194.9 million; in comparison to the first three quarters of the preceding year (EUR 661.0 million), this represents an increase of 80.8%. After the deduction of EUR 477.9 million in cash flows from investing activities and taking into account the cash flows from financing activities amounting to EUR –841.3 million (mainly loan repayments and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –124.3 million.

Seasonality and cyclicality

We refer to explanations of seasonality and cyclicality in the Interim Management Report.

Business transactions with associated companies or parties

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

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

Events after the balance sheet date

Effective January 29, 2010, voestalpine AG increased its share capital from EUR 305.4 million to EUR 307.1 million by issuing 933.865 ordinary no-par value bearer shares to creditors of the convertible bond 2005/2010 that was called on December 4, 2009. All convertible bonds outstanding at the time the bond was called have been converted into shares.

Effective January 29, 2010, voestalpine AG's share capital is EUR 307,132,044.75 and is divided into 169,049,163 ordinary no-par value bearer shares.

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