



# **Business Year 2010/11**

## **Financial Results**

Investor Relations  
May 2011

**voestalpine AG**  
[www.voestalpine.com](http://www.voestalpine.com)

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## Business concept (1)

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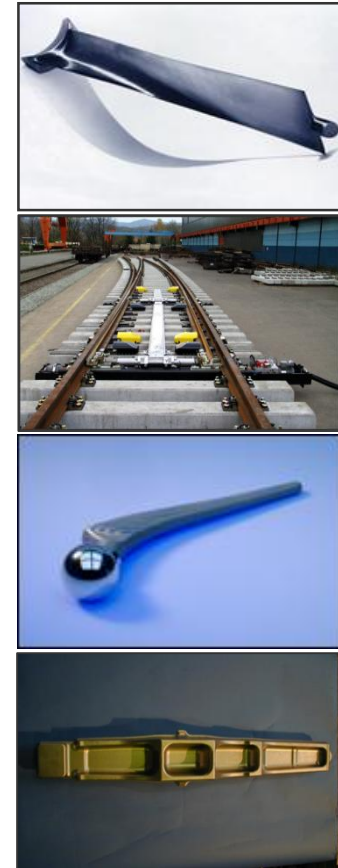
- **Steel** is the base of voestalpine group
- Downstream strategy driving evolution from a pure steel maker to a **processing oriented enterprise**
- Focus on most demanding customer segments in terms of **innovation, technology and quality**
- **Custom made solutions** and **perfect service** as key credentials of success

**No longer a typical steel company**

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## Business concept (2)

- Strategic markets
  - Focus on market segments with utmost **technological** and **quality requirements**, such as energy, automotive, railway and aircraft industry
  - No spot market business, **commodities no option**
- Longest value added chain in the industry
  - **Closer to end customers** than any competitor
- Long term relationships
  - Long term partnerships are key for **innovation** and permanent progression in **technology** and **quality**
  - **Perfect service** is key for long term partnerships

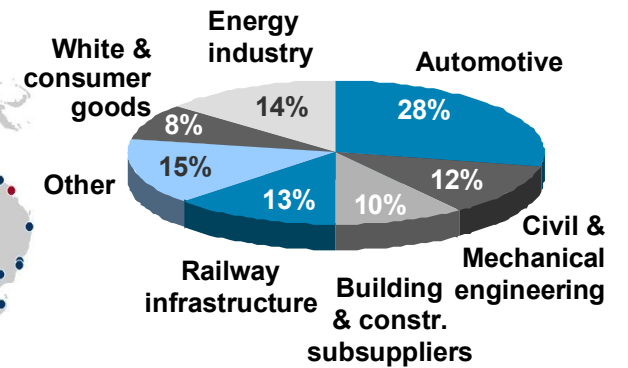
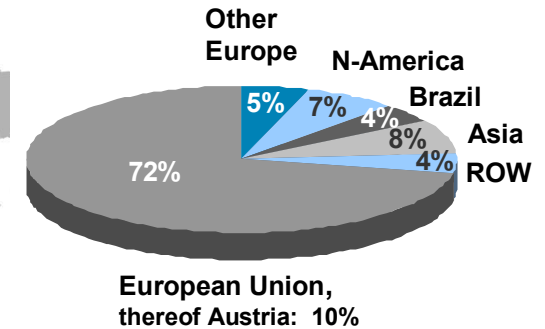
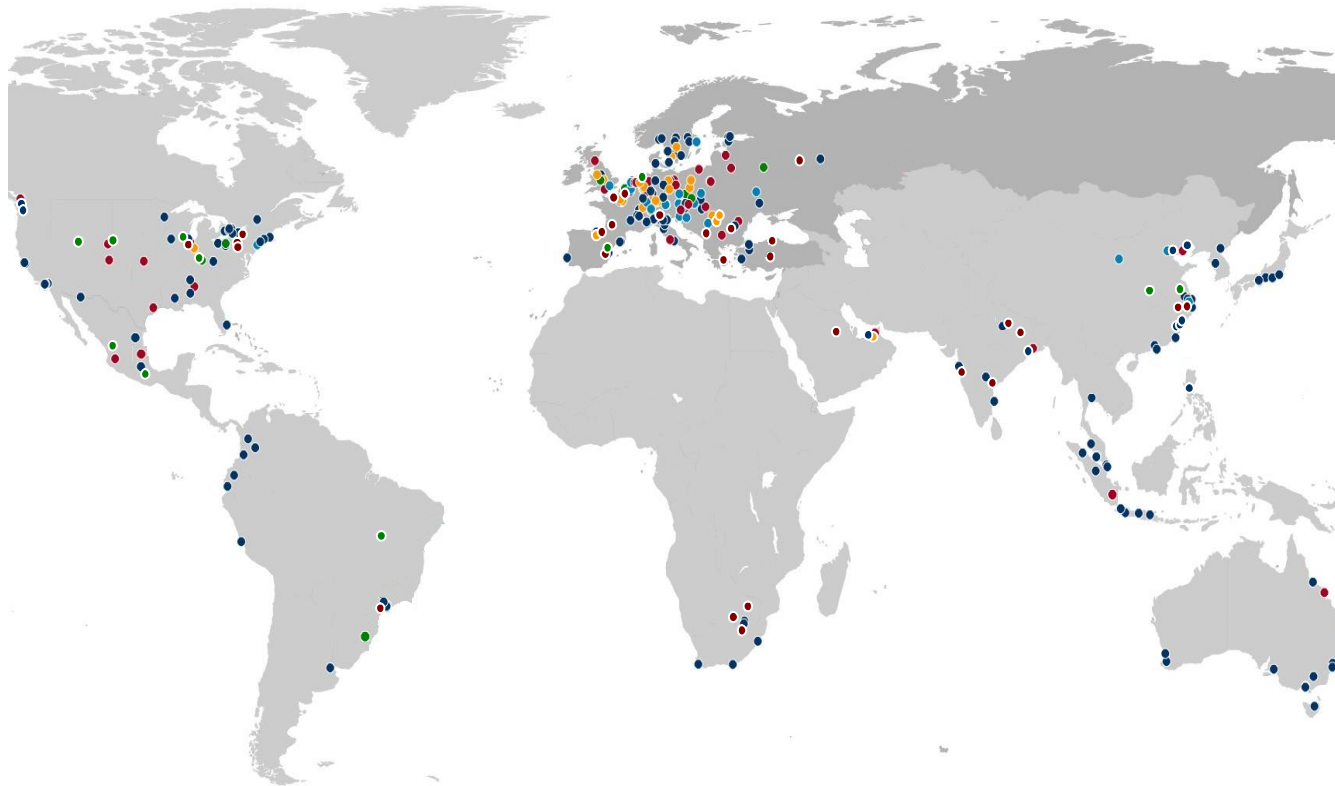


**First choice for high tech steel solutions**

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## Global footprint

Emerging economies driving growth



Mature economies driving technology

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## Structure & position

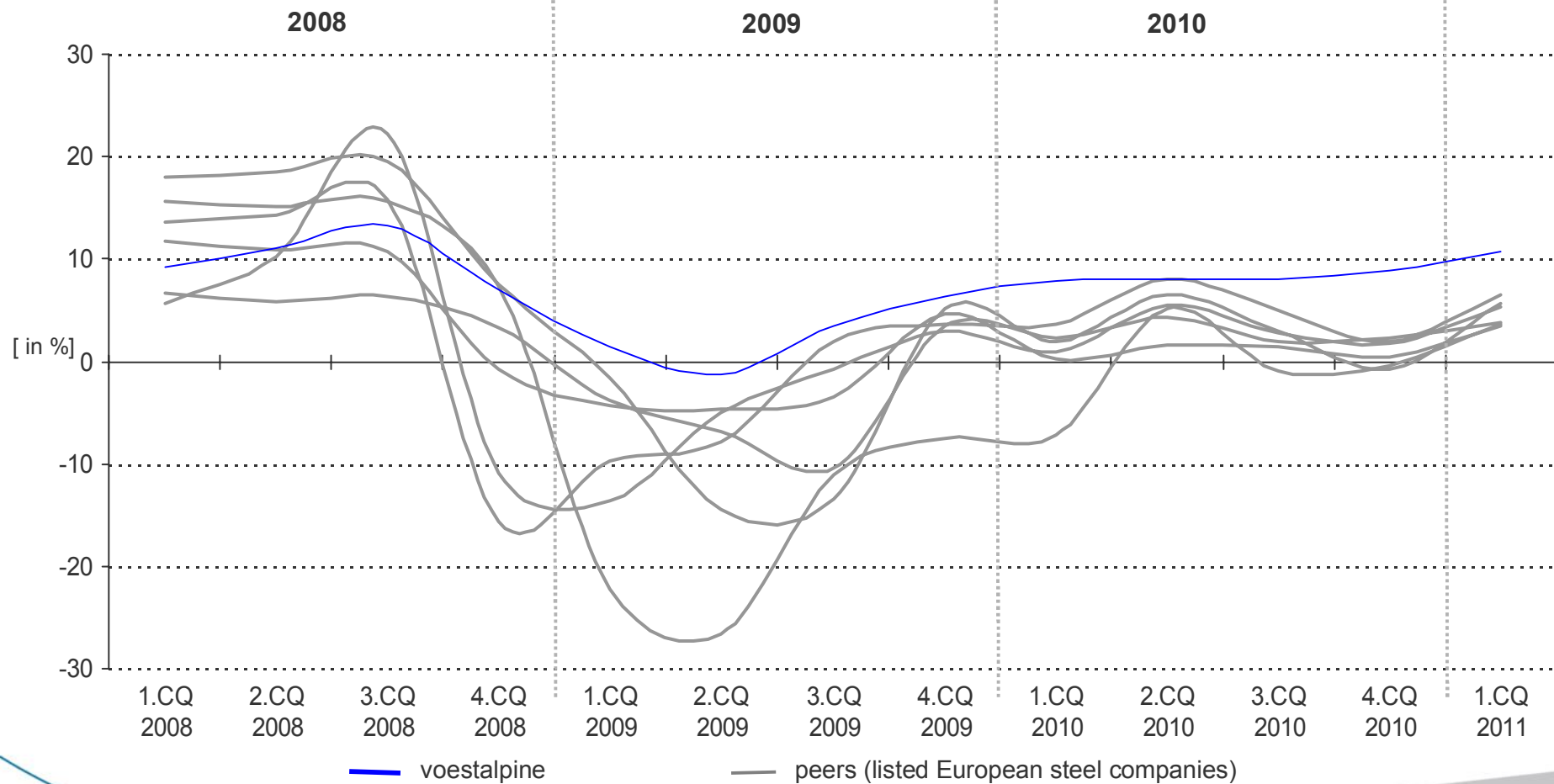
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- Minimum top 3 market position in Europe
- Partial backward integration
- Well balanced, diversified portfolio
- Resilient in economic downturn
- Full leverage in upturn
- Strong commitment to efficiency improvement and cost cutting

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## Profitability vs. Peers (EBIT-margin)

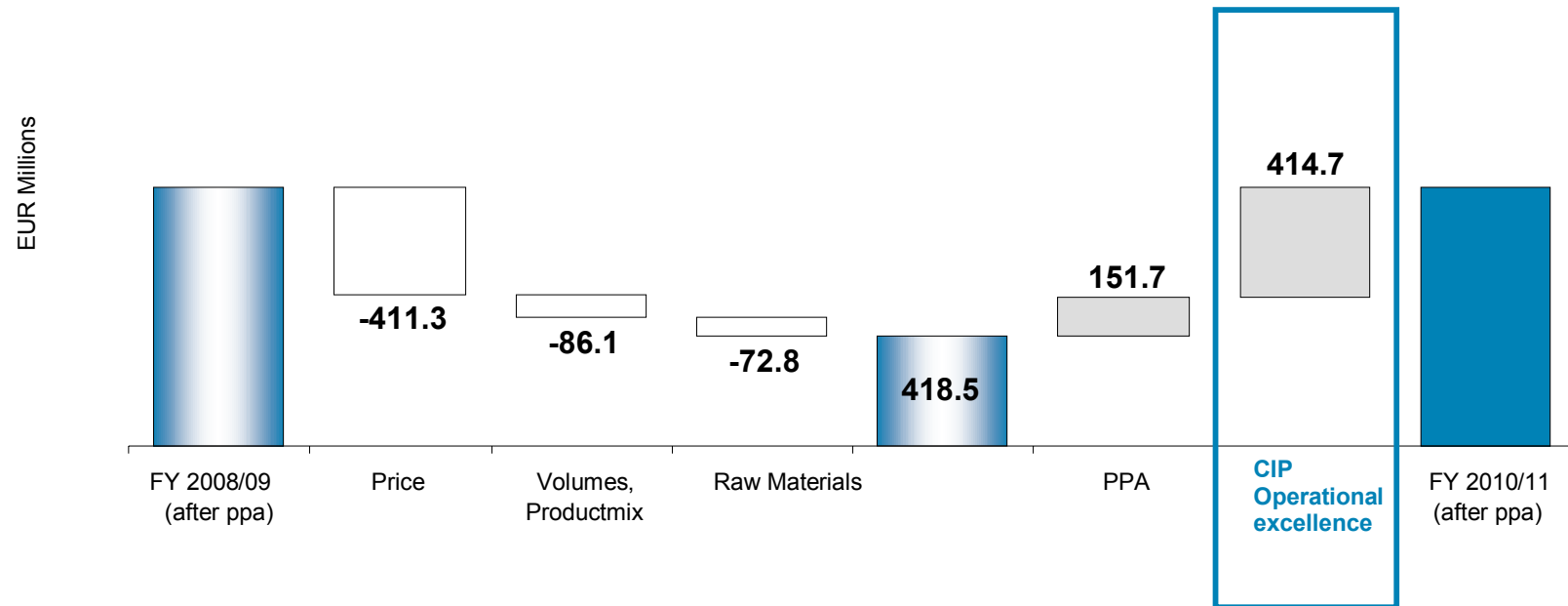


source: Bloomberg respectively as reported

# EBIT development

## FY 2008/09 vs. FY 2010/11

	FY 2008/09		FY 2010/11
Sales	11,724.9		10,953.7
EBIT	988.7	△ -3,8	984.8



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## Key figures FY 2010/11 (after ppa)

FY 2010/11	Steel	Special Steel	Railway Systems	Profilform	Auto- motive	Group 2010/11	Group 2009/10
Sales (€m)	4,175	2,631	2,723	1,139	1,040	<b>10,954</b>	8,550
<i>Share of group sales</i>	<i>36%</i>	<i>22%</i>	<i>23%</i>	<i>10%</i>	<i>9%</i>		
EBITDA (€m)	595	388	422	160	121	<b>1,606</b>	1,004
<b>EBITDA- Margin</b>	14.3%	14.7%	15.5%	14.0%	11.6%	<b>14.7%</b>	<b>11.7%</b>
EBIT (€m)	372	209	309	118	64	<b>985</b>	352
<b>EBIT-Margin</b>	8.9%	7.9%	11.3%	10.4%	6.2%	<b>9.0%</b>	<b>4,1%</b>



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## Business development



- Stable upward trend: 7<sup>th</sup> consecutive quarter with increasing EBIT -
  - Operational profit up 34% in 4Q vs 3Q
  - EBIT-margin of nearly 11% in 4Q 2010/11
- Highest profitability in European steel sector for 9<sup>th</sup> consecutive quarter
- Gearing ratio from 71% down to 58%
- Outperformance driven by
  - clear strategic focus on high tech/high quality products
  - significant exposure to European export countries
  - outstanding utilization rate
  - successful implementation of efficiency-improvement programs

### voestalpine group in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 10/11	2,556	203	8.0
<b>Q2</b> FY 10/11	2,636	211	8.0
<b>Q3</b> FY 10/11	2,745	244	8.9
<b>Q4</b> FY 10/11	<b>3,017</b>	<b>327</b>	<b>10.8</b>
<b>Q1 – Q4</b> FY 10/11	<b>10,954</b>	<b>985</b>	<b>9.0</b>
<b>Q1 – Q4</b> FY 09/10	8,550	352	4.1

# Division Steel

## Business development



- Ambivalent picture in European steel market
  - Varying capacity utilization rates throughout FY 2010/11
  - Inventories on normal level but increasing steel imports recently
- Solid profitability in voestalpine flat steel business
  - Best in class in Europe
  - 100% capacity utilization throughout FY 2010/11
  - Record crude steel production in FY 2010/11
  - Automotive and energy segments pushing demand
  - Price increases offset soaring raw material costs
  - Significant revenue and margin expansion in 4Q 2010/11
- Back to double digit margin in FY 2011/12
  - Earnings further up due to selective order intake
  - 10% extension of crude steel capacity in 2H 2011/12

Division Steel in figures			
	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 10/11	922	81	8.8
<b>Q2</b> FY 10/11	1,014	85	8.4
<b>Q3</b> FY 10/11	1,038	86	8.3
<b>Q4</b> FY 10/11	<b>1,201</b>	<b>120</b>	<b>10.0</b>
<b>Q1 – Q4</b> FY 10/11	<b>4,175</b>	<b>372</b>	<b>8.9</b>
<b>Q1 – Q4</b> FY 09/10	3,099	201	6.5

# Division Special Steel

## Business development



- Strong rebound of special steel, driven by
  - successful implementation of efficiency programme: reduced complexity and streamlined sales network
  - improved demand from automotive, mechanical engineering and oil & gas exploration industries
  - strong momentum in Asia (China, India) and South America (Brazil), larger part of Europe improving as well
- Further room for margin expansion in FY 2011/12
  - Aerospace and energy industries start catching up
  - New momentum for upturn in Eastern Europe

**Division Special Steel**  
in figures (past ppa)

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 10/11	614	37	6.0
<b>Q2</b> FY 10/11	623	39	6.2
<b>Q3</b> FY 10/11	658	51	7.8
<b>Q4</b> FY 10/11	<b>736</b>	<b>82</b>	<b>11.2</b>
<b>Q1 – Q4</b> FY 10/11	<b>2,631</b>	<b>209</b>	<b>7.9</b>
<b>Q1 – Q4</b> FY 09/10	1,895	-103	-5.4

# Division Railway Systems

## Business development



- Outstanding performance - only standard rails lagging behind
  - Continued solid business environment in switches and premium rails
  - Excellent performance in seamless tubes, wire and welding consumables business
  - Increased competition in standard rails causing margin pressure
  - Strong railways and welding consumables business worldwide, seamless tubes boom in the US and Near/Mid-East, wire business driven by EU-markets
- Stabilization of double digit margin in FY 2011/12 expected

### Division Railway Systems in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 10/11	668	63	9.4
<b>Q2</b> FY 10/11	668	66	9.9
<b>Q3</b> FY 10/11	696	78	11.2
<b>Q4</b> FY 10/11	<b>691</b>	<b>102</b>	<b>14.7</b>
<b>Q1 – Q4</b> FY 10/11	<b>2,723</b>	<b>309</b>	<b>11.3</b>
<b>Q1 – Q4</b> FY 09/10	2,296	241	10.5

# Division Profilform

## Business development



- Appealing earnings although still space for improvement in some business segments
  - Demand from solar energy, commercial vehicle and agricultural machinery sectors on solid level
  - Increasing order intake in storage technology
  - Construction industry: slight improvement in U.K., Russia still lagging behind
  - Outstanding performance of precision strip segment, demand above pre-crisis level
  - US activities clearly outperforming ROW
- Full capacity utilization and further upturn in profitability in FY 2011/12 expected

### Division Profilform in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 10/11	274	28	10.4
<b>Q2</b> FY 10/11	283	29	10.2
<b>Q3</b> FY 10/11	275	26	9.6
<b>Q4</b> FY 10/11	<b>307</b>	<b>34</b>	<b>11.2</b>
<b>Q1 – Q4</b> FY 10/11	<b>1,139</b>	<b>118</b>	<b>10.4</b>
<b>Q1 – Q4</b> FY 09/10	871	39	4.4

# Division Automotive

## Business development



- Strong recovery of global automotive market in CY 2010
  - China, India, Brazil and North America driving forces of global automotive demand
  - Sales in Europe below pre-crisis level after stop of public incentive programs
  - Strong production-momentum stemming from export-oriented premium car producers, the core segment of Automotive Division
  - Ongoing rebound in demand in commercial vehicle sector
  - Solar energy as successful niche-business
- Target of 8% Ebit-margin within reach in FY 2011/12

### Division Automotive in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 10/11	243	13	5.3
<b>Q2</b> FY 10/11	234	12	5.2
<b>Q3</b> FY 10/11	266	17	6.2
<b>Q4</b> FY 10/11	<b>298</b>	<b>23</b>	<b>7.6</b>
<b>Q1 – Q4</b> FY 10/11	<b>1,040</b>	<b>64</b>	<b>6.2</b>
<b>Q1 – Q4</b> FY 09/10	835	18	2.2



# Financial overview

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## Consolidated overview

		FY 2009/10	FY 2010/11	YoY in %
<b>Sales</b>	€m	8,550	<b>10,954</b>	+ 28.1
<b>EBITDA</b>	€m	1,004	<b>1,606</b>	+ 59.9
<b>% of Sales</b>	%	11.7	<b>14.7</b>	
<b>EBIT</b>	€m	352	<b>985</b>	+ 179.8
<b>% of Sales</b>	%	4.1	<b>9.0</b>	
<b>EBT</b>	€m	183	<b>781</b>	+ 326.1
<b>Net Profit</b>	€m	187	<b>595</b>	+ 218.3
<b>EPS*</b>	€	0.65	<b>3.04</b>	
<b>Investments**</b>	€m	543	<b>423</b>	
<b>Depreciation</b>	€m	652	<b>621</b>	
<b>Employees***</b>		39,406	<b>40,700</b>	

\* Undiluted EPS, based on average number of shares

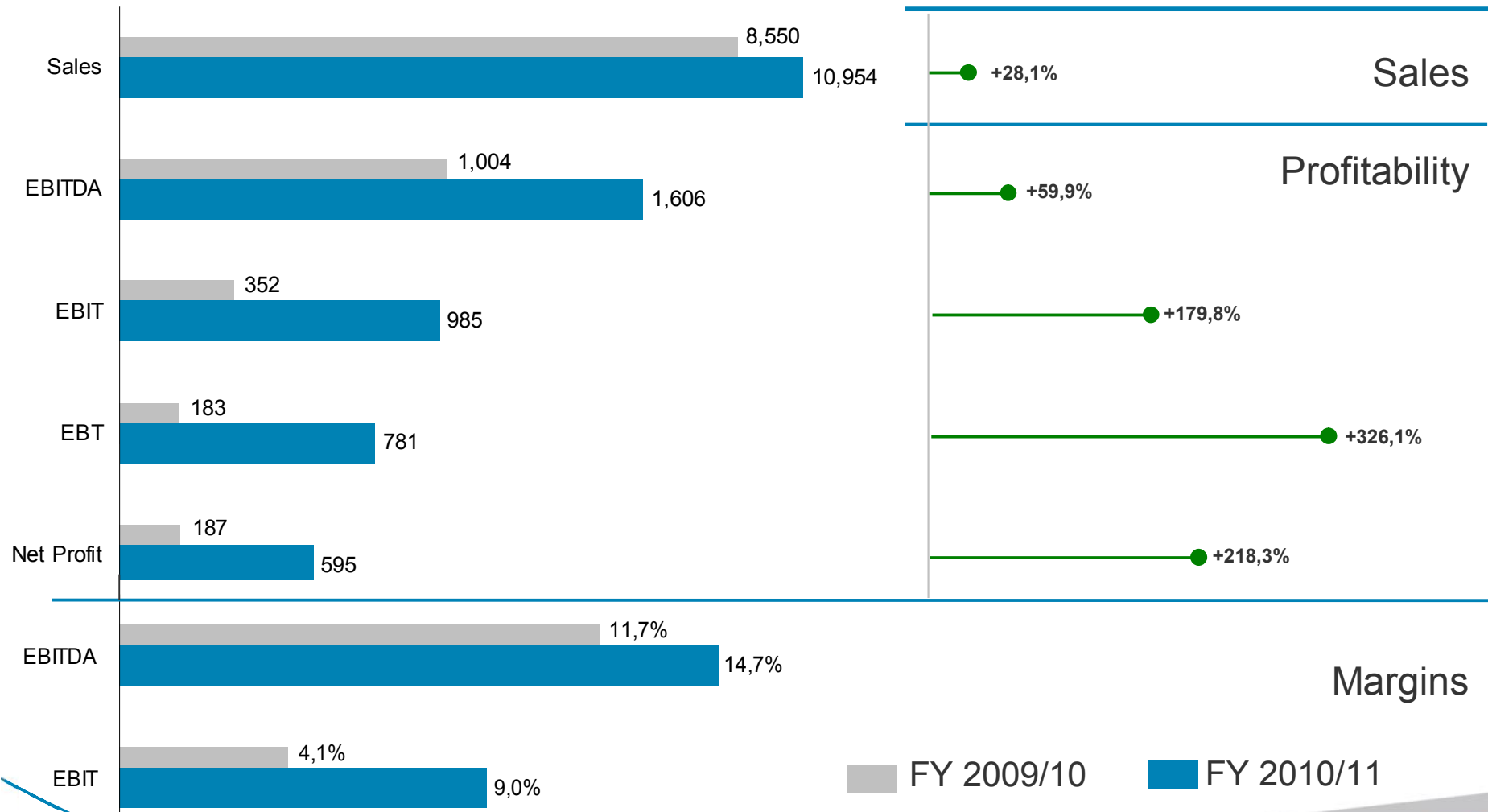
\*\* Fixed assets and acquisitions

\*\*\* Per 31.03.2011, excluding trainees & temps



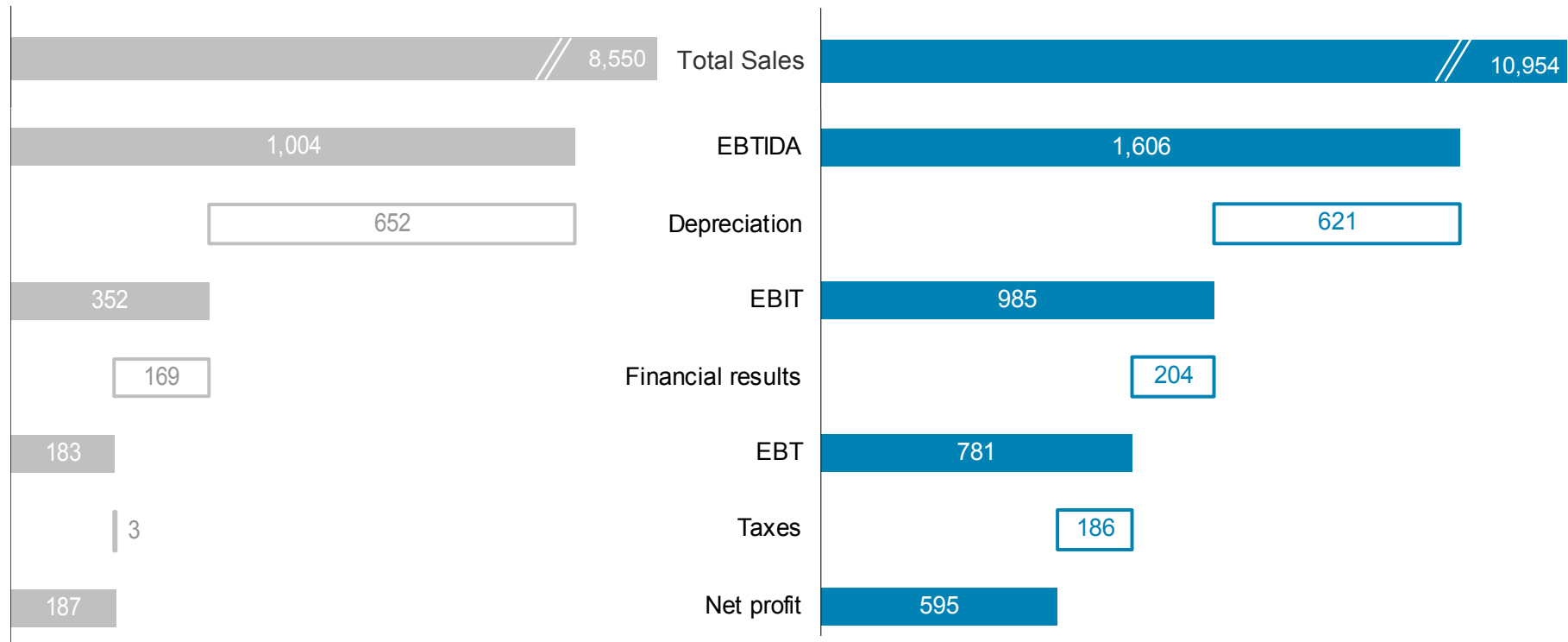
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## Key financial metrics



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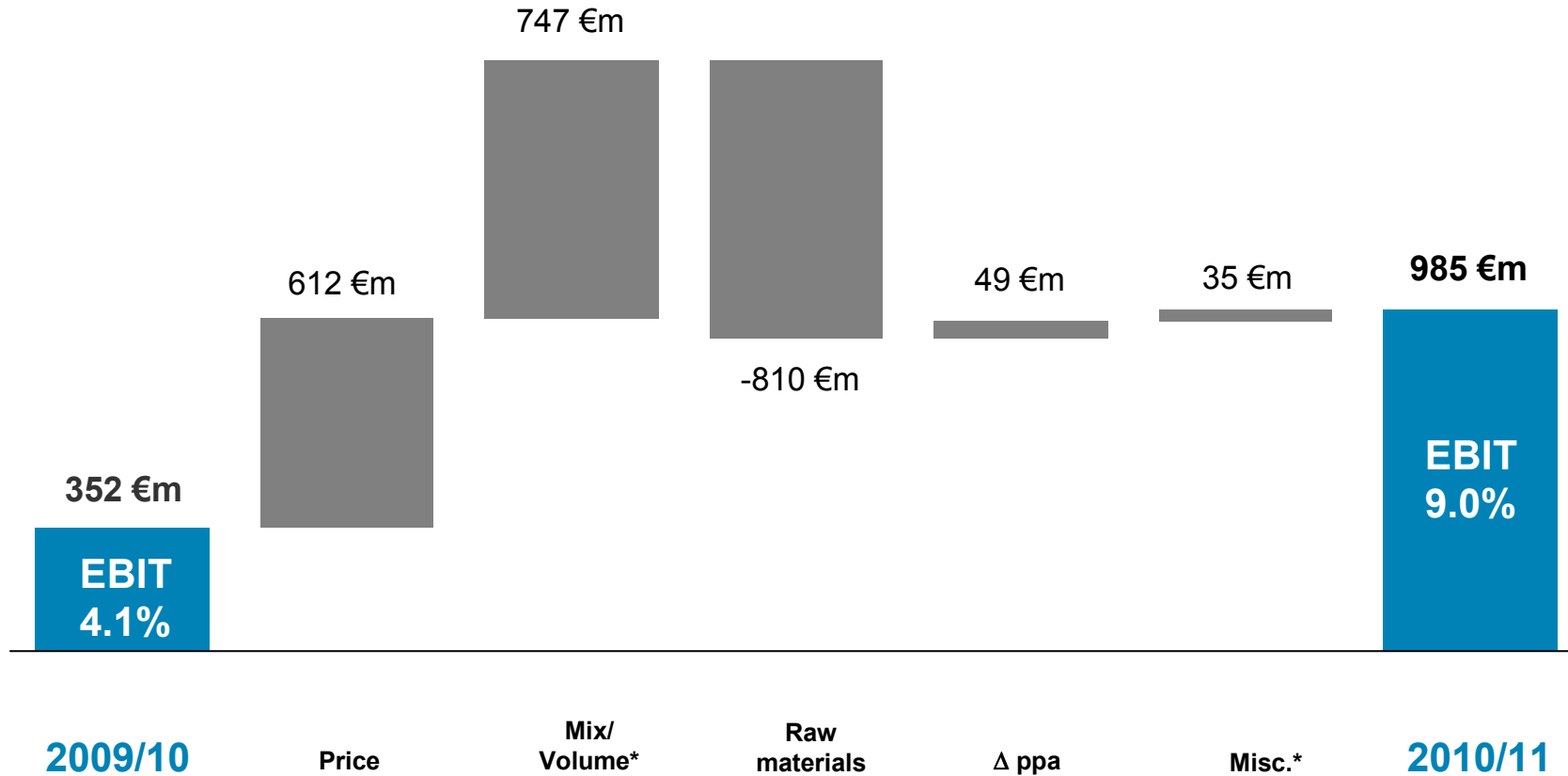
## Income statement



■ FY 2009/10    ■ FY 2010/11

# EBIT development

## 2009/10 vs. 2010/11



\* Savings are included in these items

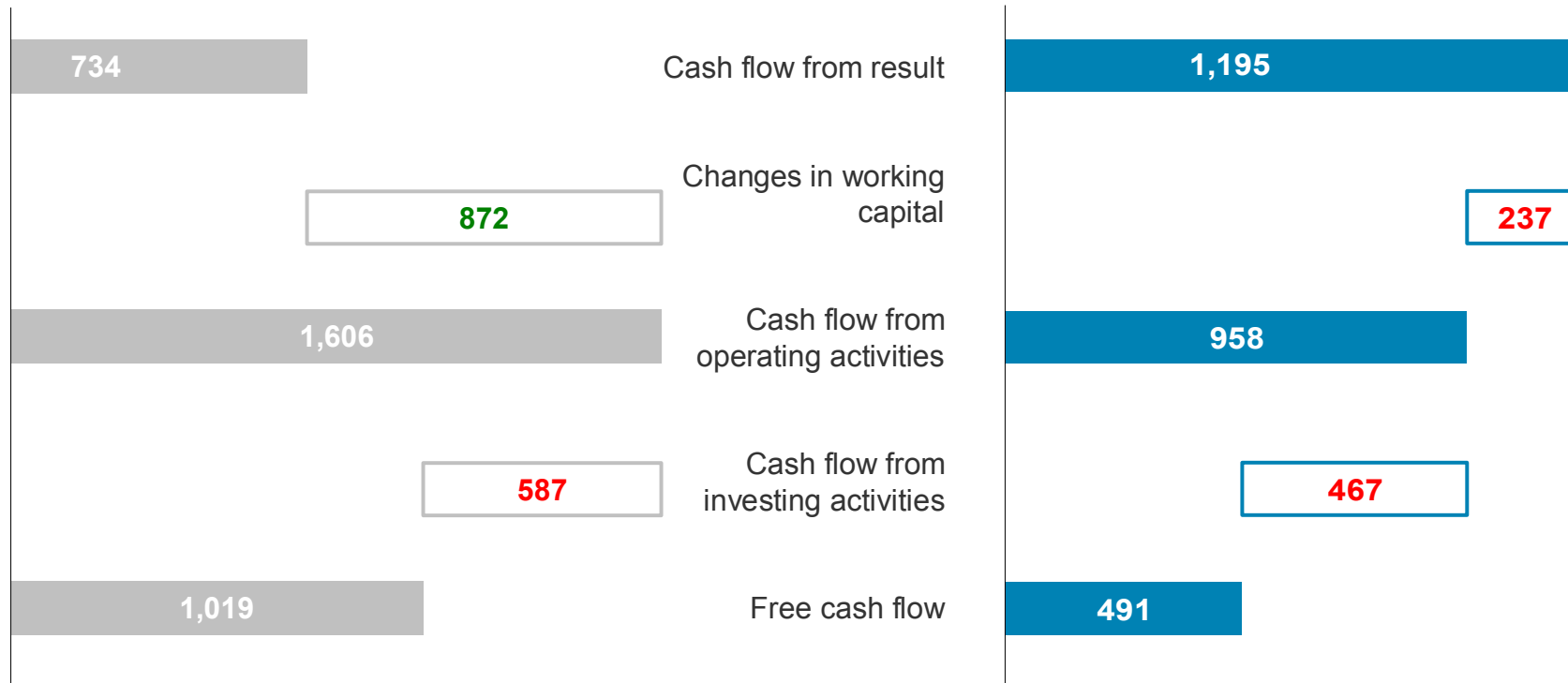
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## Cash flow 2009/10 vs. 2010/11

		2009/10	2010/11
Cash flow from result	€m	734	1,195
Changes in working capital	€m	872	-237
Cash flow from operating activities	€m	1,606	958
Cash flow from investing activities	€m	-587	-467
Free cash flow	€m	1,019	491

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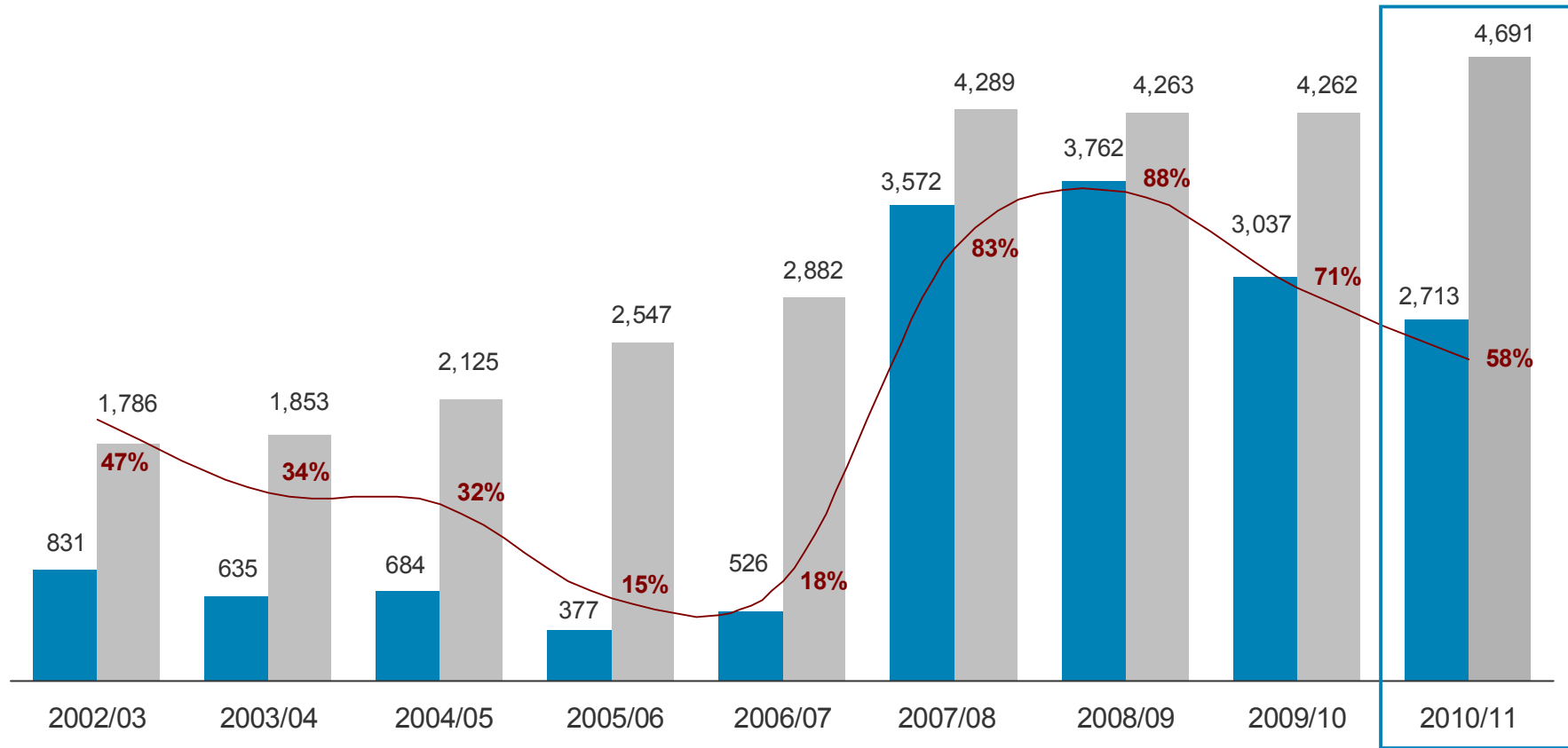
## Cash flow



■ FY 2009/10   ■ FY 2010/11

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## Gearing ratio



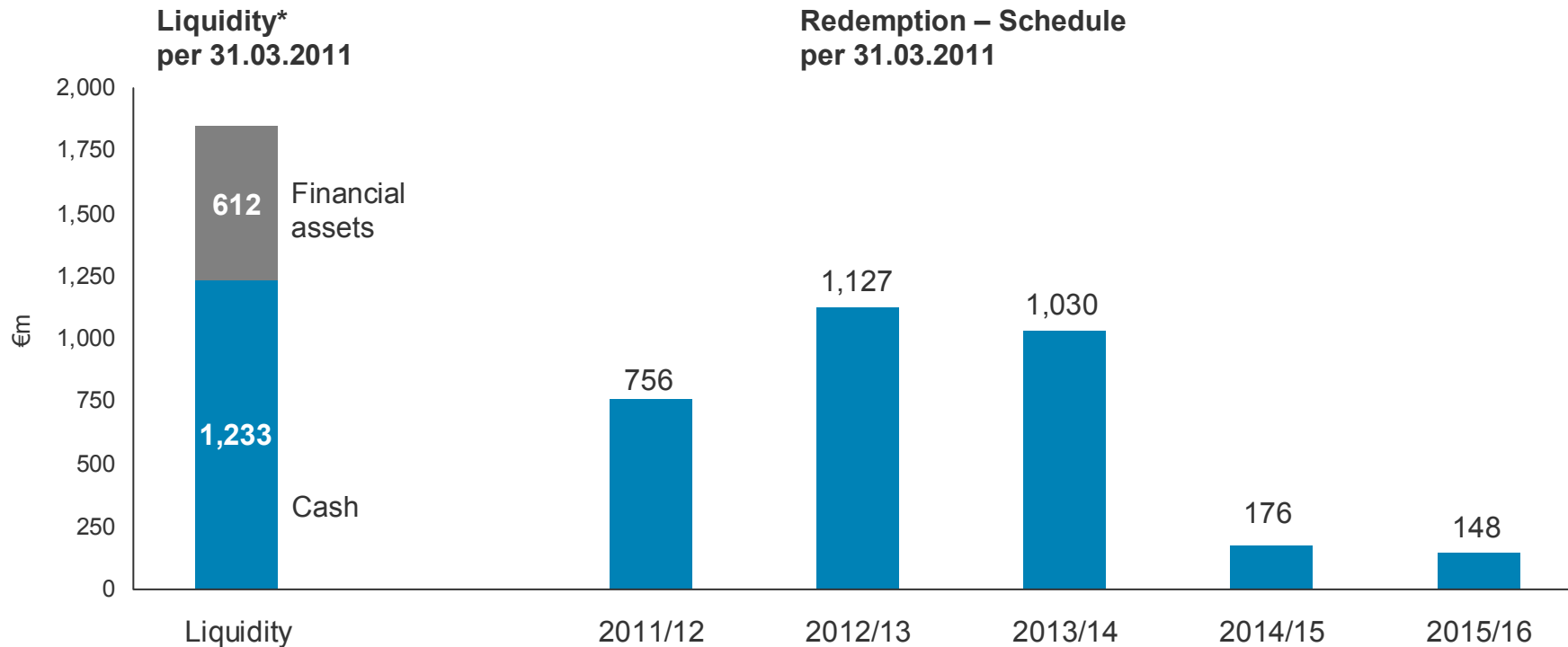
Net Debt (€m)

Equity (€m)

Gearing-Ratio (%)

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## Development liquidity

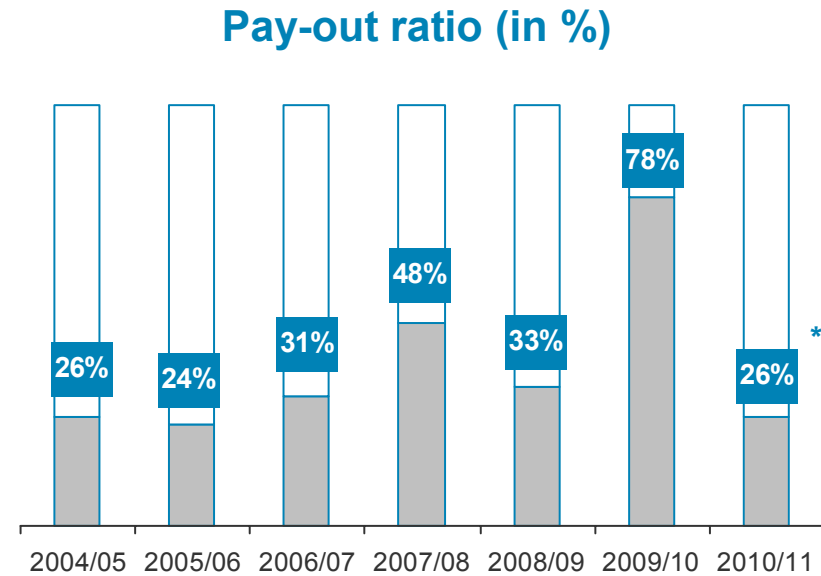
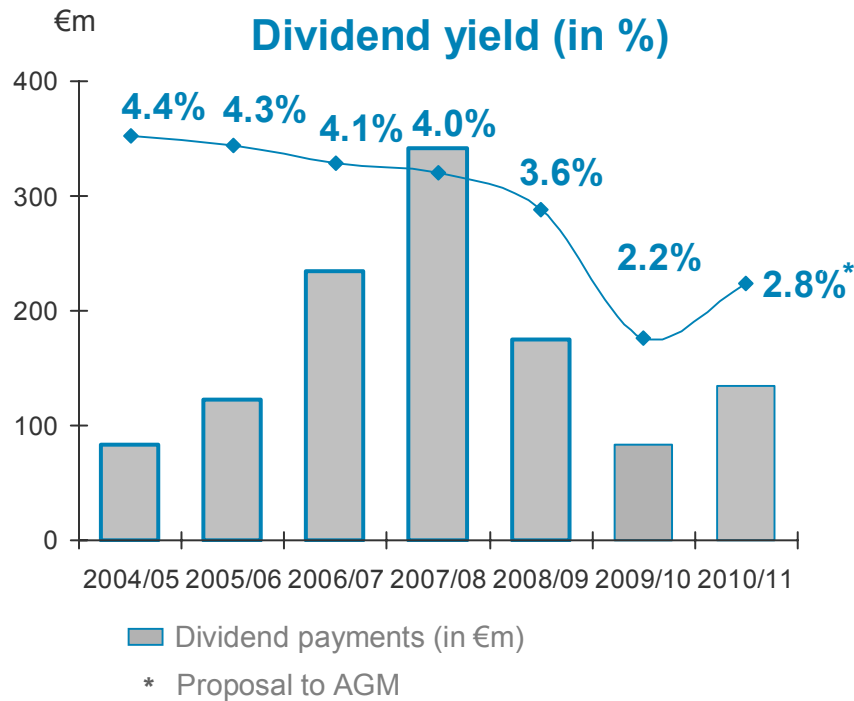


**Comfortable liquidity position and balanced maturity profile**

\*) Not included: undrawn committed lines and other instruments

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## Dividend policy



**Continuous Dividend payment since IPO 1995**



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## Outlook

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- No downturn of global economy in 2011 expected; stable development on high level in Asia and South America, further upturn in Europe, US ??
- However, major risks remain: Fragile banking sector, public debt in the US and some European countries, political instability in several regions...
- Raw material prices close to or already above peak, declining volatility
- Full utilization of production capacities in all divisions at least until end of CY 2011
- Positive effects from further implementation of cost-cutting and efficiency-improvement programs

**Further revenues & earnings improvement in Business Year 2011/12 expected**



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