

## Media Information

August 18, 2011

### voestalpine reports significant increase in revenue and operating result in the first quarter of 2011/12

- Revenues rise by 19.4% to more than EUR 3 billion
- Profit from operations before depreciation (EBITDA) up by almost one third to EUR 463 million
- Profit from operations (EBIT) increases by 56.2% to EUR 317.6 million
- Sales as well as profit before tax and profit for the period continue to climb despite the already very good immediately preceding quarter
- Excellent level of demand in all of the most important customer segments – outstanding capacity utilization
- Outlook for the business year 2011/12 unchanged

	Q1 2011/12	Q1 2010/11	Change
In millions of euros	04/01–06/30/2011	04/01–06/30/2010	in %
Revenue	3,051.5	2,556.1	19.4
EBITDA	462.9	350.9	31.9
EBITDA margin	15.2%	13.7%	
EBIT	317.6	203.3	56.2
EBIT margin	10.4%	8.0%	
Profit before tax (EBT)	271.8	156.5	73.7
Profit for the period <sup>2</sup>	209.6	121.1	73.1
Earnings per share (euros)	1.13	0.60	83.3
Employees (excl. temporary personnel and apprentices)	40,939	39,595	3.4

1) According to IFRS all figures after purchase price allocation (ppa). Please refer to the Annual Report 2010/11 for more details.

2) Before non-controlling interests and interest on hybrid capital.

In the first quarter of 2011/12, the continuing positive economic trend resulted in a further boost in sales and a substantial increase in the operating result compared to the same period in the previous year. The revenue of the voestalpine Group rose from EUR 2,556.1 million to EUR 3,051.5 million, while the profit from operations (EBIT) went up by 56.2% from EUR 203.3 million to EUR 317.6 million. Profit before tax and profit for the period (net income) rose by almost 75.0% compared to the same period of the previous year. Even compared to the already excellent immediately preceding quarter, they rose by 2.0% and 8.0%, respectively.

**Dr. Wolfgang Eder, Chairman of the Management Board and CEO of voestalpine AG:**

“After the first quarter, we see no reason to change our forecast for the business year 2011/12. This means that we are still assuming that we will show a substantial increase in our operating result compared to the previous business year. However, a significant risk factor is that the uneasy financial markets and the discussion surrounding national debt could have a negative effect on the real economy.”

**Market environment**

During the course of the business year 2011/12 thus far, the **economic trend** in the customer industries and sales regions that are most important for the voestalpine Group has **continued to be positive** and the underlying tendency remained **largely unchanged**. The global recovery that is still being driven primarily by the emerging countries has resulted in a commensurate uptrend in Western, Central, and Northern Europe. While the first signals of a recovery in individual customer segments in Eastern Europe are becoming apparent, they are confronted by an economic environment in Southern Europe and in the westernmost part of the continent that continues to be difficult, with additional challenges being posed by budget problems.

While the upswing in the **USA** gained some momentum in the beginning of the year, since the early part of summer, this **trend has begun to wane** due to the problem of public-sector debt that still has not been solved and is the subject of sharp political debate, falling public and consumer spending, and an unemployment rate that continues to be high.

The **positive overall economic environment** led to continuing **high demand in all of the significant customer industries** in the second calendar quarter of 2011. The solid growth of demand that was already noticeable in the past business year has continued unabated in the automobile, bus, and commercial vehicle sectors, the mechanical engineering and consumer goods industries, and the energy sector; in the railway infrastructure segment (with the sole exception of the standard rails segment), the stable environment has also persisted. Meanwhile, the aviation industry has also shifted toward a positive direction; however, the demand situation in the construction and construction supply industries continues to be subdued.

**Operating result again up significantly**

In the first quarter of 2011/12, the voestalpine Group was able to achieve very **significant growth in revenue and operating result** compared to the same period of the previous year due to the economic circumstances that continue to be positive and the increasing savings effects resulting from the efficiency improvement and cost optimization programs that are being implemented.

Even **compared to the immediately preceding quarter** (fourth quarter of 2010/11), revenue saw another increase. Due to preparations for extensive shutdowns to perform expansion and modernization work in the Steel Division, profit from operations (EBIT) was slightly lower than the immediately preceding quarter (EUR 326.6 million), however, both profit before tax (at EUR 271.8 million vs. EUR 266.1 million) and profit for the period / net income (at EUR 209.6 million vs. EUR 194.3 million) surpassed the immediately preceding period.

### The figures in detail

Compared to the same period of the previous year, the Group's **revenue** rose in the first quarter of 2011/12 by EUR 495.4 million (+19.4%) from EUR 2,556.1 million to **EUR 3,051.5 million**.

The development of the operating results reflects the improved economic environment compared to the same period of the previous year even more clearly than the revenue figures. In comparison to the first quarter of 2010/11, a revenue gain of 19.4% resulted in an increase of 31.9% in the **earnings before interest, taxes, depreciation and amortization (EBITDA)**, which went up from EUR 350.9 million to **EUR 462.9 million** and a rise in the **EBITDA margin** from 13.7% to **15.2%**. The Special Steel Division saw the largest gain in EBITDA, both in absolute and relative figures, of EUR 43.5 million, going from EUR 77.1 million to EUR 120.6 million, an increase by more than 50% compared to the previous year. The EBITDA figures in the Railway Systems Division (+32.6% from EUR 91.0 million to EUR 120.7 million) and the Profilform Division (+30.9% from EUR 39.1 million to EUR 51.2 million) also experienced a significant boost. Due to the already high level of EBITDA in the same period of the previous year and the smaller delivery volume due to ongoing investments, the increase in the Steel Division (+16.3% from EUR 134.1 million to EUR 155.9 million) was lower in comparison. The increases in the Automotive Division are at a similar level, with EBITDA surpassing the previous year's reference figure by +17.8% (going from EUR 26.4 million to EUR 31.1 million).

In comparison to the immediately preceding quarter (fourth quarter of 2010/11), EBITDA of the voestalpine Group went down by 7.2% from EUR 498.6 million to EUR 462.9 million, which was primarily due to the previously described special investment measures in the Steel Division.

With an **EBIT** of **EUR 317.6 million**, in the first three months of 2011/12, the voestalpine Group was able to boost its operating result compared to the previous year's figure (EUR 203.3 million) by 56.2%, pushing its **EBIT margin** up from 8.0% to **10.4%**. Compared to the immediately preceding quarter (EUR 326.6 million), EBIT fell slightly in the first quarter of 2011/12 by 2.8%.

Due to an operating result that was up significantly in the first quarter of 2011/12 compared to the same period of the previous year, **profit before tax (EBT)** rose by EUR 115.3 million (+73.7%) from EUR 156.5 million to **EUR 271.8 million**. Taking the tax rate of 22.9% into account, **profit for the period (net income)** came to **EUR 209.6 million** (after EUR 121.1 million in the previous year). Profit before tax and profit for the period are also higher than the comparative figures of the immediately preceding quarter (EUR 266.1 million and EUR 194.3 million, respectively).

**Equity** went up in the first three months of 2011/12 compared to March 31, 2011, by 4.0% from EUR 4,691.1 million to **EUR 4,878.3 million**. The increase is due to the markedly positive profit for the period of EUR 209.6 million. Due to a temporary build-up of working capital as a result of seasonal and operational demands, **net financial debt** went down slightly by 2.5% compared to March 31, 2011, going from EUR 2,713.1 million to **EUR 2,779.6 million**. Thus, as of the end of the first quarter of 2011/12, the voestalpine Group's **gearing ratio** (net financial debt as a percentage of equity) was **57.0%**, putting it below the March 31, 2011, figure (57.8%).

**Crude steel production** in the first quarter of 2011/12 came to **1.99 million tons**.

## Investments

During the first quarter of 2011/12, the investments of the voestalpine Group amounted to EUR 117.0 million. Compared to last year's figure (EUR 80.0 million) that was even lower due to the effects of the crisis, this represents a rise in investment expenditure by 46.3% or EUR 37.0 million. Although those projects that aim to extend our leadership role, both in technology and quality, were consistently pursued, investment expenditure is still significantly lower than the level of depreciation (EUR 145.3 million).

## Antitrust proceedings relative to railway superstructure material

After initiation of antitrust proceedings by the German Federal Cartel Office in connection with the suspicion of conduct in violation of antitrust law on the market for railway superstructure material, a total of six executives in the Railway Systems Division were discharged. Currently, the associated circumstances are being clarified in full cooperation with the appropriate authorities. Furthermore, as a consequence of these proceedings, the Railway Systems Division was comprehensively reorganized both with regard to its organization and its leadership.

## Employees

As of June 30, 2011, the voestalpine Group had **40,939 employees** (excluding temporary employees and apprentices). This represents an increase compared to the previous year (39,595) of 3.4% or

1,344 employees. As of the end of the first quarter of 2011/12, there were an additional 3,998 employees employed as temporary staff; this represents an increase of 27.2% or 854 employees compared to the previous year.

As of June 30, 2011, the voestalpine Group was training **1,301 apprentices** worldwide, only 145 (or 10%) less than in the previous year (1,446).

### Current development

Once again, the current development of the worldwide economy is anything but homogenous. The three basic segments that determine global economic sentiment, the real economy, the capital and financial markets, and the macroeconomic position of the major world economies, have developed very differently during the past twelve months. While the development of the real economy is largely solid, it is facing a highly volatile financial sector whose trend is being determined to a high degree by how quickly the major mature economies on both sides of the Atlantic, some of which have incurred a great deal of debt, are able to get their state finances in order. A stabilizing element of global economic development continues to be the Asian markets—primarily China—and parts of South America. Changes in this area are not anticipated in the short term, i.e., the years 2011 and 2012 will be characterized primarily by efforts to stabilize state finances in the USA and in the mature economies in Europe, combined with the endeavors of the emerging countries to prevent the problems from spilling over into their regions.

With the exception of Southern Europe and the westernmost part of the continent as well as parts of the USA and Japan (due to the earthquake and tsunami), viewed globally, the problems have not yet spread to the real economy. Changes in this regard are not expected for the voestalpine Group through the end of 2011. The indicators from the most important customer industries—the automobile and commercial vehicle industries, the energy industry, mechanical engineering, railway infrastructure, and aviation—have signaled a mostly **stable development of demand** for the coming months, apart from the customary seasonal effects during the summer quarter. Customer inventories are also not demonstrating any critical trends.

However, crude steel production in the Steel Division will again have to be reduced in the second quarter of 2011/12 by about 12% due to the last phase of expansion and extensive renovation of the hot rolling mill as well as the commissioning of the new continuous casting facility 7. Therefore, the **operating result** will be affected by **non-recurring effects** in this period. Against the backdrop of a continuing positive capacity utilization in all five divisions of the Group, however, it can be assumed that the business year 2011/12 will see another **substantial increase in the operating result compared to the previous business year** brought about by additional positive effects from the **efficiency improvement and cost optimization programs** that are being implemented.

Nevertheless, a spreading of the aforementioned debt crisis and the nervousness of the financial markets to the real economy remains a significant risk factor.

**voestalpine Group**

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

*With its highest quality flat steel products, voestalpine is one of Europe's leading partners to the automotive, white goods, and energy industries. Furthermore, voestalpine is the world market leader in turnout technology, tool steel, and special sections as well as number one in Europe in the production of rails.*

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