Letter to Shareholders
1st Quarter 2014/15

ONE STEP AHEAD.

voestalpine Group Key Figures

Q 1 2013/14 vs. Q 1 2014/15

In millions of euros	**Q 1 2013/14**[1] 04/01–06/30/2013	**Q 1 2014/15** 04/01–06/30/2014	Change in %
Revenue	2,895.3	2,826.7	–2.4
EBITDA	363.5	363.7	0.1
EBITDA margin	12.6%	12.9%	
EBIT	221.6	218.4	–1.4
EBIT margin	7.7%	7.7%	
Profit before tax (EBT)	175.0	192.9	10.2
Profit for the period[2]	137.6	154.4	12.2
EPS – Earnings/share (euros)	0.68	0.77	13.2
Investments in tangible and intangible assets and interests	175.0	184.4	5.4
Depreciation	141.9	145.3	2.4
Capital employed	8,326.6	8,718.7[3]	4.7
Equity	5,159.9	5,416.4	5.0
Net financial debt	2,262.6	2,422.3	7.1
Net financial debt in % of equity (gearing)	43.8%	44.7%	
Employees (full-time equivalent)	46,548	47,463	2.0

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."
[2] Before deduction of non-controlling interests and interest on hybrid capital.
[3] Without disposal group.

Ladies and Gentlemen:

In the next months, Europe will be facing an exciting and suspenseful time, in both the political and economic arenas. A newly elected European Parliament must rise to the challenge of installing a Commission that is not only aware of the problems but is also solution-oriented. The individual interests—particularly of the large EU member states—have become significantly more powerful in recent years, and the new Commission must be able to stand up to these interests better than the outgoing Commission did. In an environment that is becoming ever more complex and challenging from a geopolitical perspective, this is the only way to be able to position Europe successfully within the interplay of global forces—both politically and economically—for the long term.

From an economic perspective, with the definition of environmental and climate policy objectives for the period up to 2030, fundamental decisions will need to be made in the coming fall that will definitively impact the competitive position of European industry for decades. Energy, climate, and environmental policy that is affordable on a global scale and that no longer ignores technical and economic feasibility criteria—these are the essential requirements to maintain Europe as a competitive location for business and industry at least to the extent that it currently still exists. Everyone in the political arena—both at the European and the national level—must be clear about one thing: it is not enough to secure the Euro in the long term, to rehabilitate national budgets, and to implement a new order for banks and financial markets. Even if all of these measures are of existential importance, the decisive factor will ultimately be whether we will be able to provide the manufacturing industries in Europe, which have such long value chains, with long-term, sustainable prospects and to make them the backbone of our economy that can provide jobs and broad-based prosperity. There is no longer a great deal of time to build the confidence necessary for this process. The cautious stance adopted by companies in many European countries with regard to capital investment speaks a very clear language.

The coming fall will see the last phase of the changing of the guard in the operational management of the divisions in the voestalpine Group. At the conclusion of a three-and-a-half-year process, which has been both controlled and consistent, all fourteen of the executive positions in the Group's four divisions will be filled by a new generation of managers. Beginning as of October 1, 2014, together with the CEO and CFO, the four Divisional Heads will form the six-member Management Board of voestalpine AG.

We would like to thank all of the participants in this process that proceeded so professionally and without any sign of heckling from the sidelines: the Supervisory Board of our company, the Works Council, and not last, those colleagues who loyally and constructively relinquished their positions in the individual divisions to the next generation.

This smooth transition of operational responsibility to the next generation gives our business partners and shareholders, but also our employees, the certainty that in the future, the name "voestalpine" will continue to be synonymous with top quality, state-of-the-art technology, consummate professionalism, and the utmost commitment. And furthermore, as this new generation takes the helm at the conclusion of this orderly process, we have created the necessary prerequisites to evolve today's motto of "One Step Ahead" to "One Significant Step Ahead" in the future.

Linz, August 4, 2014

The Management Board

W. Eder | Franz Rotter

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

Highlights

- Improvement in demand on European markets supports the upward economic trend in the European Union
- Continuing strong economic development in North America
- After somewhat weaker start to the year, China returns most recently to stable development at a solid level
- Structural weaknesses and restrictive financial policy dampen growth in Brazil
- In a year-to-year comparison, revenue slightly down due to lower pre-material costs and closure of standard rail production in Duisburg
- At EUR 363.7 million, EBITDA remains at previous year's level (previous year: EUR 363.5 million); due to lower revenue, EBITDA margin improves from 12.6% to 12.9%
- At EUR 218.4 million, EBIT slightly below previous year's figure of EUR 221.6 million, with a stable margin of 7.7%
- Profit before tax (EUR 192.9 million) and profit for the period (EUR 154.4 million) rise considerably in a year-to-year comparison (first quarter 2013/14: EUR 175.0 million and EUR 137.6 million) due to an improved financial result and a lower tax rate
- At 44.7%, gearing ratio (net financial debt in percent of equity) decreases compared to March 31, 2014 (46.0%, retroactively adjusted) as a result of continuing build-up of equity
- Start of construction phase of the HBI project in Texas after successful completion of all approval processes

Interim Management Report

Report on the Group's business performance and the economic situation

The development of the global economy was inconsistent in the early part of the business year 2014/15, with the major trends being the slowdown in growth rates in the emerging markets on one hand and on the other, a development in the mature economies that was somewhat better than anticipated.

Long stretches of the last business year were marked by a more optimistic mood in Europe but unsatisfactory real numbers, and the new business year began with a continuation of the positive trend that has prevailed since the beginning of the 2014 calendar year. In recent months, the major economic indicators have been stable for the most part. Besides sustained strong exports, most recently demand in Europe has risen. The primary reason is improved consumer confidence, with a secondary reason being an increase in capital investments due to rising industry production and the underinvestment that characterized the last few years.

The clear commitment of the European Central Bank to strengthen the European economy by implementing an action plan to incentivize the granting of loans as well as the historical step of cutting the interest rate for deposits to a negative level (−0.1%) are also having a positive impact on the economic climate in Europe.

On the other hand, the latest escalations in the conflict involving the Ukraine are creating uncertainty, but at the moment, they are mainly affecting the Russian economy. However, negative consequences for the European economy overall represent an increasing risk as far as further developments are concerned.

In North America, especially in the USA, the first quarter of the business year 2014/15 had a very strong start. This trend is in part due to catch-up effects from the previous quarter due to the unusually harsh winter. The economic indicators for the USA are continuing to show growth both with regard to consumer confidence and business confidence. In June, the influential Purchasing Manager Index (PMI) showed the strongest growth in more than four years, leading to the conclusion that a sustained, positive overall trend will dominate the summer months.

Brazil, the most important South American economy for voestalpine, has still not be able to return to the growth rates it had enjoyed in past years. It is anticipated that its GDP growth in 2014 will be less than 2%. In addition to the country's structural weaknesses, the recent more restrictive financial policy, which is dampening the already weak sentiment, is responsible for this development.

The 2014 calendar year began somewhat weakly for the Chinese economy compared to the growth rates it had experienced in the past. It was not until the end of the first half of the year that economic indicators became more robust. The reason for this subdued development were the efforts of the central government to achieve a better balance in the country's economic structure and to gradually reduce state investment programs. Overall, however, the Chinese economy is expected to grow by 7% in 2014.

Against this macroeconomic backdrop, the operating performance of the individual divisions of the voestalpine Group in the first quarter of the business year 2014/15 was quite satisfactory.
The Steel Division, a primarily European player, profited from improved demand from the automotive sector and the initial recovery stages in the pipeline sector, while demand in the other market segments was largely stable.
The Special Steel Division benefited mainly from the prospering markets in the USA and Asia—particularly China. In contrast, this division's European markets continued to be subdued.
The broad-based positioning of the Metal Engineering Division and the continuing good development of all its business units enabled the division to again post a very satisfactory quarterly result.
In the Automotive Parts business segment, the Metal Forming Division continued its very good performance, however, compared to the previous quarter, results for the Tubes & Sections business segment were slightly down as the inventory effects diminished. Overall, however, the division continues to perform at a very solid level.

Report on the financial key performance indicators of the voestalpine Group

At EUR 2,826.7 million, the voestalpine Group maintained the revenue in the first quarter at a practically constant level in a year-to-year comparison. The slight decline by 2.4% compared to the previous year (EUR 2,895.3 million) is due mainly to structural changes in the Metal Engineering Division, first and foremost, to the closure of standard rail production in Duisburg, which has resulted in commensurately lower revenue. The development of revenue in the other divisions was quite stable, although the Steel Division and the Special Steel Division faced slightly falling revenue due to the generally deflationary market environment (dropping raw materials costs); the Metal Forming Division, on the other hand, was able to increase revenue somewhat.
In a year-to-year comparison, the operating result (EBITDA) of the first quarter remained constant, with the previous year's figure of EUR 363.5 million being surpassed by EUR 0.2 million. Based on this year's figure of EUR 363.7 million, the EBITDA margin in the first quarter of 2014/15 was 12.9% (previous year: 12.6%).
Due to increased depreciation and amortization, profit from operations (EBIT) declined slightly (−1.4%) and is at EUR 218.4 million in the quarter under review (previous year: EUR 221.6 million) At 7.7%, the EBIT margin remained precisely the same as in the first quarter of the previous year.
As a result of a drop in gross debt, combined with lower financing costs and a more favorable development of invested liquidity reserves, profit before tax increased significantly to EUR 192.9 million in the first quarter of the business year 2014/15, compared to EUR 175.0 million in the first quarter of the previous year, a plus of 10.2%. Due to a slightly lower tax rate, profit for the period grew by 12.2% to currently EUR 154.4 million (previous year: EUR 137.6 million). In a year-to-year comparison, earnings per share rose by 13.2% from EUR 0.68 to EUR 0.77.
Building on these results, equity rose as of June 30, 2014 in a year-to-year comparison by 5.0% to EUR 5,416.4 million. Compared to the closing date for the previous business year of March 31, 2014 (EUR 5,261.0 million), this still corresponds to an increase of 3.0%.
Net financial debt increased in a year-to-year comparison by 7.1% to EUR 2,422.3 million, however, it remained constant compared to the closing date for the previous business year (EUR 2,421.4 million; adjusted retroactively). Therefore, the gearing ratio (net financial debt in percent of equity) fell in the course of the first quarter of the business year from 46.0% (adjusted retroactively) as of March 31, 2014 to currently 44.7%.
As of June 30, 2014, the voestalpine Group had 47,463 employees (FTE), an increase of 2.0% compared to the previous year's figure of 46,548 employees (FTE).

Quarterly development of the voestalpine Group

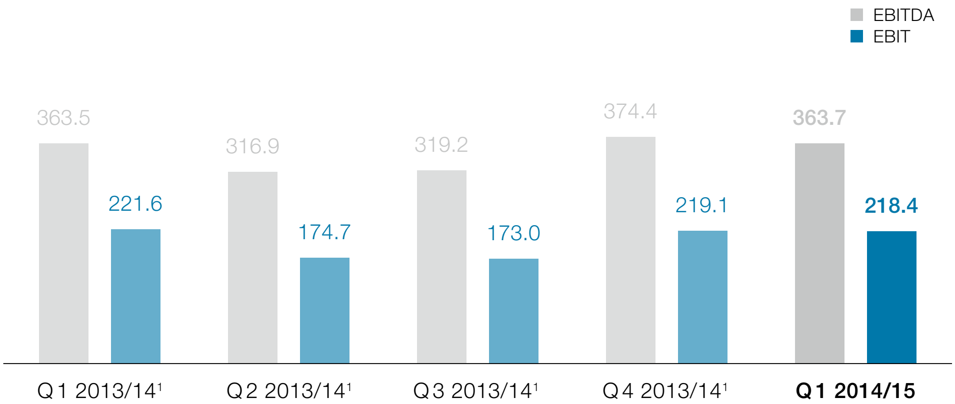
In millions of euros	Q 1 2013/14[1] 04/01–06/30/2013	Q 2 2013/14[1] 07/01–09/30/2013	Q 3 2013/14[1] 10/01–12/31/2013	Q 4 2013/14[1] 01/01–03/31/2014	Q 1 2014/15 04/01–06/30/2014
Revenue	2,895.3	2,748.1	2,625.4	2,808.4	2,826.7
EBITDA	363.5	316.9	319.2	374.4	363.7
EBITDA margin	12.6%	11.5%	12.2%	13.3%	12.9%
EBIT	221.6	174.7	173.0	219.1	218.4
EBIT margin	7.7%	6.4%	6.6%	7.8%	7.7%
Profit before tax	175.0	137.1	132.2	196.5	192.9
Profit for the period[2]	137.6	100.8	111.3	171.7	154.4
Employees (full-time equivalent)	46,548	47,126	46,460	47,485	47,463

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

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

Quarterly development of the voestalpine Group

In millions of euros



[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

Steel Division

In millions of euros	Q1 2013/14[1] 04/01–06/30/2013	Q1 2014/15 04/01–06/30/2014	Change in %
Revenue	989.8	975.0	–1.5
EBITDA	113.9	114.1	0.2
EBITDA margin	11.5%	11.7%	
EBIT	57.9	56.8	–1.9
EBIT margin	5.8%	5.8%	
Employees (full-time equivalent)	10,805	11,035	2.1

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

Market environment and business development

In the first quarter of the business year 2014/15, crude steel production worldwide continued to grow with a 3.5% year-to-year increase. At +4.7%, the largest growth rates were again in Asia, although even the saturated economies in North America (+2.2%) and Europe (+1.8%) increased their production quantities.
The reason for this development in Europe was an increase in demand from practically all industry sectors that require steel, especially the automotive and construction industries. The European steel industry reacted to this situation by promptly increasing production quantities, without, however, even beginning to eliminate the pressing problem of overcapacity. On the contrary, by taking this step, it a priori thwarted any opportunity to improve its profitability, which has been insufficient for some years.

In the past business quarter, the voestalpine Steel Division maintained the comparatively good profitability level of the first three months of the previous year. It profited particularly from the previously mentioned positive development of the European automotive industry, but also from the revival of the energy market (heavy plate for pipelines), which is showing a recovery trend after the extremely difficult business year 2013/14, as major pipeline projects were contracted ("South-Stream I" in Europe/Russia, "Rota 3" in Brazil).

Building on an already solid level, the European automobile manufacturers recorded rising production figures over the entire quarter. This time, this was not based solely on export successes—as in the recent past—but also on increasing demand in Europe.
The other important market segments for the Steel Division, the white goods and consumer goods industries as well as the mechanical engineering sector, are performing at a stable and solid level. The construction industry, which is of secondary importance for the voestalpine Group, was able to make gains since the beginning of the calendar year—in part due to favorable weather conditions—however, it continues to linger at a very low level.
Overall, the division's level of orders is higher than average and the already outstanding capacity utilization is ensured for the entire second half of the calendar year.

Financial key performance indicators

In a deflationary macroeconomic industry environment with falling raw materials costs and resulting dropping product costs and prices, the Steel Division was able to keep its revenue largely constant in the first quarter of the business year 2014/15. In a year-to-year comparison, it shows an only marginal decline by 1.5% to EUR 975.0 million from EUR 989.8 million in the first quarter of the previous year. The division was able to practically balance out the downward price trend

in the last twelve months by making improvements in the product mix and in the cost structure. The situation with regard to production quantity remained mostly unchanged: with complete utilization of production capacity, the delivered quantities were also slightly up (+2.0% in a year-to-year comparison).
At EUR 114.1 million, the operating result (EBITDA) remained almost constant compared to the previous year (EUR 113.9 million). The EBITDA margin rose slightly from 11.5% to 11.7%. Profit from operations (EBIT) also demonstrated a largely stable development, with a year-to-year decline of only 1.9%, going from EUR 57.9 million in the previous year to EUR 56.8 million in the quarter under review. The stability of the margins despite the challenging market environment highlights the division's outstanding strategic position and its focus on market segments with the highest technological and qualitative requirements.
As of the reporting date of June 30, 2014, the voestalpine Steel Division had 11,035 employees (FTE), an increase by 2.1% compared to the previous year's figure (10,805 employees, FTE).

Special Steel Division

In millions of euros	Q1 2013/14 04/01–06/30/2013	Q1 2014/15 04/01–06/30/2014	Change in %
Revenue	682.8	675.9	–1.0
EBITDA	98.5	96.1	–2.4
EBITDA margin	14.4%	14.2%	
EBIT	65.0	61.3	–5.7
EBIT margin	9.5%	9.1%	
Employees (full-time equivalent)	12,884	12,958	0.6

Market environment and business development

In the first quarter of 2014/15, the Special Steel Division's market environment largely continued to see the same trend as in the last quarter of the previous year, i.e., continuing challenging market environment in Europe, subdued growth in Brazil, and a mostly satisfactory development in both North America and Asia.
The cautious revival of demand that appeared toward the end of the last business year—after weak demand in the summer and fall months—was driven in the individual sectors primarily by increased deliveries to the automotive industry. However, there were no positive impulses to be seen from the power plant and energy engineering industries, which continue to linger in a deep crisis, especially in Europe. Generally, the mechanical engineering sector did not live up to expectations at the beginning of the year, but the oil and natural gas exploration sectors and the aviation industry showed a solid development as anticipated.
Against this backdrop, the economic circumstances in the High Performance Metals business segment were stable with regard to the tool steel product segment. In the special materials segment, the division has profited from continuing exploration activity by the oil and natural gas industries and the stable development in the

aviation sector. Due to the lack of investment in the power plant sector, there was no recovery in the order situation for open-die forgings, and there is no sign that this will change during the remainder of the business year.
The Value-Added Services business segment profited increasingly from investments undertaken in recent years in coating and heat treatment services and in mechanical processing. The comprehensive package of high-quality steel combined with sophisticated services that the division offers is ensuring its position as a global premium supplier. The run-up phase at new coating centers in Canada and China (see chapter "Investments") and the integration of two new sales companies in India is progressing on schedule.

Financial key performance indicators

At EUR 675.9 million, in the first quarter of the business year 2014/15, the revenue of the Special Steel Division was 1.0% below the previous year's figure of EUR 682.8 million. Due to ongoing efficiency improvement and cost optimization measures, the effects of lower revenue on profits stayed within narrow limits. At EUR 96.1 million, the operating result (EBITDA) is 2.4% below the figure in the same period of the previous business year (EUR 98.5 million), while the EBITDA margin remained nearly the same at 14.2% (previous year: 14.4%). Profit from operations (EBIT) was at EUR 61.3 million in the first quarter of the business year 2014/15, EUR 3.7 million or 5.7% below the previous year's figure of EUR 65.0 million; thereby the EBIT margin fell slightly from 9.5% in the previous year to 9.1%.
As of June 30, 2014, the Special Steel Division had 12,958 employees (FTE). The increase of 74 employees (+0.6%) in comparison to the previous year (12,884 employees) was primarily from personnel hired in China to enable voestalpine to keep up with the positive market development.

Metal Engineering Division

In millions of euros	Q1 2013/14[1] 04/01–06/30/2013	Q1 2014/15 04/01–06/30/2014	Change in %
Revenue	723.3	679.3	–6.1
EBITDA	107.9	106.7	–1.1
EBITDA margin	14.9%	15.7%	
EBIT	80.0	79.6	–0.5
EBIT margin	11.1%	11.7%	
Employees (full-time equivalent)	10,952	11,250	2.7

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

Market environment and business development

The development of the Metal Engineering Division in the first quarter of the current business year continued overall at the same high level, with all of the business segments in the highly diversified division performing equally well.
The Rail Technology business segment continued to enjoy a high level of demand in the past quarter. As a result, its capacity at all of its production sites was fully utilized, a development that—from today's vantage point—is expected to continue at least until the end of the calendar year. Viewed regionally, the product portfolio is currently

changing to provide a better fit for the European market, a trend that can more than compensate the slightly reduced demand on individual international markets.

The Turnout Systems business segment also experienced unchanged strong demand in all regions worldwide, with particularly strong momentum coming from North America, the MENA region, and Southeast Asia. However, the level of incoming orders from Europe and Australia also rose. After a period of several years when investments were cautious in many European countries due to tense budget situations after the worldwide economic crisis, investment in maintenance of existing rail networks has been increasing. Furthermore, the accelerated development of the signal technology segment has resulted in growing economies of scale.

The Wire Technology business segment is continuing to perform very well, with the development being driven by high demand for special drawn wire by the European automotive industry.

The Seamless Tube business segment, which has demonstrated strong performance for many quarters, continued this trend in the first quarter of the business year, building on an excellent and stable level of demand from all the most important oil- and natural gas-producing regions for OCTG tubes (oil country tubular goods) used in oil and natural gas exploration.

Performance in the Welding Consumables business segment was somewhat more moderate than in the other business segments, but it is still satisfactory. The main reason for this development has been the fact that the weak market in Europe, which has been an ongoing trend in recent quarters, remained at that level in the first quarter of the business year 2014/15. However, performance was solid overall in North America, the MENA region, China, and Southeast Asia.

Financial key performance indicators

While the revenue of the Metal Engineering Division in the first quarter of 2014/15 declined markedly in comparison to the previous year's figure, profitability remained at a high level. The primary reason for lower revenues was the scheduled closure of production of standard rails in Duisburg in the last business year; as a result, only a small remaining quantity of previously produced rails was delivered in the first quarter of 2014/15. Therefore, revenue dropped from EUR 723.3 million in the first quarter of 2013/14 to EUR 679.3 million in the quarter under review. EBITDA decreased only slightly from EUR 107.9 million to EUR 106.7 million, a decline of 1.1%, with the EBITDA margin increasing from 14.9% to 15.7% due to lower revenue. At EUR 79.6 million, EBIT remained practically unchanged compared to the previous year (EUR 80.0 million), resulting in an improvement of the EBIT margin from 11.1% to 11.7%.

As of the end of June 2014, the Metal Engineering Division had 11,250 employees (FTE); the number rose by 2.7% compared to the same reporting date in the previous year (10,952 employees) primarily due to acquisitions.

Metal Forming Division

In millions of euros	Q1 2013/14 04/01–06/30/2013	Q1 2014/15 04/01–06/30/2014	Change in %
Revenue	597.9	601.9	0.7
EBITDA	68.5	68.9	0.6
EBITDA margin	11.5%	11.5%	
EBIT	46.1	44.8	–2.8
EBIT margin	7.7%	7.4%	
Employees (full-time equivalent)	11,117	11,423	2.7

Market environment and business development

Business performance of the Metal Forming Division in the first quarter of 2014/15 lagged somewhat behind the very good results of the immediately preceding quarter; however, compared to the previous year (first quarter of 2013/14), the division demonstrated a stable trend.

The Automotive Body Parts business segment maintained the positive trend of the last quarters, due primarily to increasing sales and production figures for compact and sub-compact cars in Europe; the German premium automobile manufacturers in particular had been enjoying full capacity utilization for quite some time as a result of their strong exports. The prospects for the next months continue to be favorable; because of the current level of orders, a number of automobile manufacturers has announced that they will shorten their usual production closures during the summer.

At the beginning of this business year, the Tubes & Sections business segment faced a sharply differing environment both regionally and with regard to market segments. Demand continues to be excellent in both the segment of precision tube components, which are marketed globally for the automotive safety sector, and also for special parts for the aviation industry produced in the USA. Construction activity for both industrial and commercial projects has developed quite dynamically on the British market and in some Central European countries like the Czech Republic and Poland. Demand in Germany was moderate, particularly in the construction and mechanical engineering industries. Due to higher truck sales in advance of the introduction of the Euro 6 environmental standard as of January 2014, sales in this customer segment since then have been increasingly restrained. The political conflicts involving the Ukraine has a dampening effect on sales of tubes and sections in Eastern Europe. In connection with the start-up of the new tube and section plant in Shanghai, tapping the Chinese market has been a challenging proposition. Recently, incoming orders in the Tubes & Sections business segment have been rising slightly so that at least a stable level of demand can be expected for the next months.

In the Precision Strip business segment, the market has been stable for its main products of bimetal and special strip steel. However, due to new capacity that has opened up globally, price pressure here has recently again increased. In the Warehouse & Rack Solutions business segment, project activity continues to be robust; the excellent order situation practically guarantees high capacity utilization and solid results for the entire business year 2014/15.

Financial key performance indicators

Comparing the figures in the same quarter of the previous year, in the first quarter of 2014/15, the performance of the Metal Forming Division was stable. Despite earnings that declined due to lower pre-material costs, revenue in the first quarter of 2014/15 improved by 0.7%, going from EUR 597.9 million in the first quarter of 2013/14 to EUR 601.9 million in the quarter under review. At EUR 68.9 million, the operating result (EBITDA) remained constant compared to the previous year (EUR 68.5 million). Thus, the EBITDA margin in the first quarter of 2014/15 also remained precisely the same as in the first quarter of 2013/14, at 11.5%. While earnings in the Tubes & Sections business segment were slightly below the previous year's figure, the Automotive Body Parts business segment saw an increase. In a year-to-year comparison, profit from operations (EBIT) fell by 2.8% from EUR 46.1 million to EUR 44.8 million, resulting in an EBIT margin of 7.4% (previous year: 7.7%).
As of the reporting date of June 30, 2014, the number of employees (FTE) was at 11,423, which is a gain of 2.7% compared to the same reporting date in the business year 2013/14 (11,117 employees). This rise in the number of staff was due primarily to the build-up of capacity as part of the internationalization strategy.

Business transactions with associated companies or parties

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

Investments

In the first quarter of the business year 2014/15, investment activity of the voestalpine Group remained at a very high level; at EUR 184.4 million, it was even 5.4% higher than the previous year's figure of EUR 175.0 million. With the exception of the Special Steel Division, investment volume grew in all divisions. Percentage-wise, the Metal Forming Division saw the strongest expansion due to its accelerated internationalization strategy.
In the first quarter of 2014/15, the investments undertaken by the Steel Division increased by 12.4% from EUR 73.9 million in the previous year to EUR 83.1 million. The Steel Division's projects concentrated on cost optimization in the production process and on the improvement of its product mix. Important projects with regard to the improvement of cost efficiency were the installation of coal injection systems in all three blast furnaces in Linz, Austria, as well as the construction of a direct reduction plant in Texas, USA. While the work on the coal injection systems is already at an advanced stage (commissioning is expected for the fall of 2014), construction of the direct reduction plant is currently starting, now that the permit and approval procedures and preliminary work have been successfully completed. With regard to further quality improvement of the Steel Division's product portfolio, the following two projects should be especially highlighted: completion of the continuous annealing line II – "Kontiglühe II" – (production of electrical sheet steel) in the early part of the business year and the construction of a new heavy plate rolling stand, which is scheduled for operational launch in the first half of the 2015 calendar year.
The Special Steel Division's investments in the first three months of the 2014/15 business year equaled EUR 25.8 million, which places them 29.3% under the level of the previous year (EUR 36.5 million). In Shanghai, China, another

coating center (a greenfield project) was put into operation at the beginning of the business year, another step in the international growth of the Value-Added Services business segment. For the Eifeler Group, which specializes in top-quality, innovative coatings for components, this is already the second site expansion after its takeover by voestalpine in the business year 2012/13; the same coating technology has been already successfully implemented in Canada last year. Furthermore, in other strategic sales regions of the Special Steel Division, ongoing investments are being made specifically in the expansion of service activities, such as heat treatment, preprocessing, and coating.

At EUR 33.7 million, the Metal Engineering Division's investments in the first quarter of 2014/15 were 10.5% higher than the previous year's figure (EUR 30.5 million). The investment in a new wire rod mill at the Donawitz site in Austria, is currently its most important project. Construction is on schedule, and the first wire coils will be produced in the spring of 2016 at what will then be the most modern plant of this type in Europe. In addition to the construction of the rolling mill, a new walking beam furnace will be built. A new walking beam furnace will also be in use in the future in the Rail Technology business segment; it fulfills the toughest requirements as far as energy efficiency is concerned and furthermore, it will enable yet another improvement in product quality.

With an increase of 24.5% from EUR 32.3 million to EUR 40.2 million, the Metal Forming Division saw the greatest rise in investment activity percentage-wise within the voestalpine Group, with investments being focused on an accelerated implementation of the internationalization strategy. In China, investments in the Tubes & Sections business segment and in the Automotive business segment were completed on schedule, and the facilities are currently in the run-up phase. Another project focused on the new product segment "phs-ultraform" is in the preparatory phase at the Shenyang site in China. The new facilities that will deliver components to automotive customers in the USA and South Africa are also on schedule and in the run-up phase.

Employees

As of the reporting date June 30, 2014, the voestalpine Group had 47,463 employees (FTE, full time equivalent) worldwide, a slight increase by around 2.0% compared to the comparative figure on the previous year's reporting date (46,548). Temporary staff was up to 4,455 employees, a plus of 4.5% compared to the first quarter of the business year 2013/14 (BY 2012/13: 4,254).

As of the end of the first quarter of the current business year, 1,372 apprentices were being trained worldwide, 52 young people or 4.0% more than as of June 30, 2013.

Research and development

In the research and development sector, voestalpine is pursuing a cooperative, decentralized R&D strategy. It conducts research and development at both its European and international sites and, in the course of the past decade, has created a global expertise network. National and international research and development collaborations with universities as well as other research institutions and competence centers form a back-up structure that has proven itself over the course of many years.

At the operational level, ongoing investments in development and testing centers are the basis for successful innovation. For example, the testing center in the Seamless Tube business segment was recently expanded to include a sour gas laboratory, where the durability and service life of oil and natural gas field tubes are tested directly at the plant in order to create a basis for even more sophisticated quality in the future.

The Steel Division expanded its development center at the Linz site, Austria, to include a new hot forming simulator that calculates how to

achieve optimal results from the direct hot forming process by way of highly structured simulation tests. This simulator, which is unique worldwide, was designed, developed, and built in voestalpine's own research and development facilities.
Current research focal points within the Special Steel Division include further development of high-performance tool steel, special materials for the oil and natural gas industries, for the energy generation and aviation industries as well as new concepts for hard coating tools, including the necessary coating facilities.

Environment

The current objectives and mechanisms on the part of the European Union regarding climate and energy policy apply largely to the year 2020. From the perspective of energy-intensive industries, it is particularly problematic that the protective mechanisms under the Emissions Trading Directive to safeguard international competitiveness will be discontinued after 2020. It is against this backdrop that the reform of the current legal foundations and their configuration for the period between 2020 and 2030 is being discussed. Should no appropriate measures for energy-intensive industries be defined for the period after 2020, the European steel association EUROFER believes that the steel industry in the EU will be facing costs of more than EUR 85.0 billion by 2030.
The Council of the European Union has recognized this threat and instructed the Council leadership and the EU Commission on March 21, 2014 to recommend measures for the prevention of carbon leakage (migration of production due to climate policy) by October 2014 in order to make long-term, reliable planning for industrial capital investments possible.
From the European steel industry's perspective, these measures should—in any case—include completely cost-free allocation of emission certificates to those companies, which are industry leaders in the environmental sector, determined on the basis of benchmarks that are achievable both economically and technically and on the basis of actual production quantities, without any deductions or correction factors. They should also contain a complete offset of any factors resulting from climate policy by way of the price of electricity. The application of these measures should be standardized throughout the EU and be binding in all of the member states.
In early July 2014, the European Commission presented a political and legal initiative regarding recycling management. The so-called "recycling management package" consists of communications regarding recycling management ("On the path to a recycling economy: A zero waste program for Europe"), "Green jobs," "Recycling in the construction industry," and a legislative proposal for the amendment of six waste management guidelines.
The Commission has thus defined the establishment of a recycling economy as the objective of European resource efficiency policy. It demonstrates how new growth and job opportunities result from a more efficient use of resources. The basics of improved efficiency are innovative design, products with greater capabilities and a longer life cycle, improved production processes, future-oriented business models, and technical progress enable waste products to become resources.
The communications regarding recycling management represent declarations of intent by the European Commission and will be discussed in the next months at the Commission level. voestalpine will monitor these steps within the scope of its activities in professional associations.

Outlook

As stated at the time of publication of the annual financial statements 2013/14 two months ago, the level of demand from the most important customer industries is suggesting that development for the rest of the year will be stable or—even more probably—positive. Since then, nothing has changed.

In particular, the broad-based upward trend in the European automobile industry continues, driven by both sustained high exports and increasing demand within Europe. International development in the oil and natural gas exploration sectors continues to be stable at a high level, and for the first time in about two years, major projects for pipeline construction are being contracted. The slight upward trend in the European construction industry is continuing, albeit its development differs sharply from region to region. With the exception of China, the trend in the conventional energy generation sector is still weak. Performance in the consumer goods, white goods, and electrical industries, as well as in most segments of the mechanical engineering industry, however, remains stable at a level that is satisfactory overall. The situation in the aviation, railway infrastructure, and agricultural machinery sectors continues to be favorable.

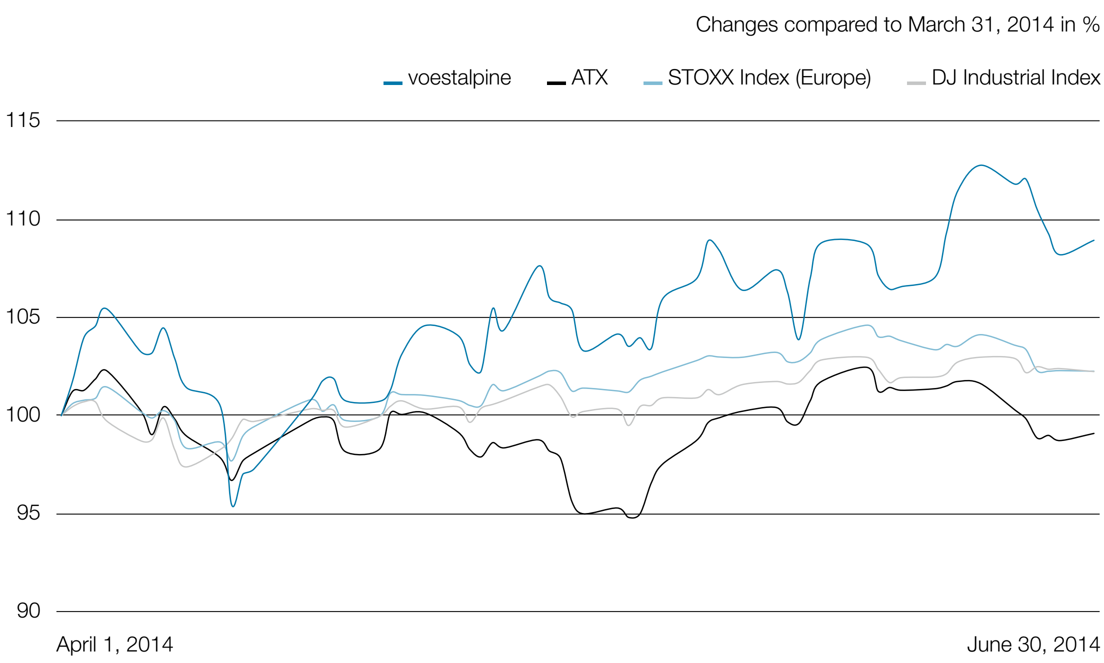
From a regional perspective, the major economies—with the exception of South America—are currently performing at a stable level, albeit unspectacularly. In addition to increasing destabilization in the Middle East, the Russia-Ukraine conflict, whose concrete dimensions are still difficult to assess, represents a risk for the economic situation, especially in Europe, although the direct business interests of the voestalpine Group in these regions are moderate (primarily project development business). Purchases of ore from the Ukraine have thus far not been impacted by the conflict.

For the voestalpine Group, the current development of the economy means practically full capacity utilization in all four divisions. The current order situation is very sound, and it is not expected that anything will change in the second half of the calendar year.

This means that the outlook for the current business year remains unchanged. Assisted by the first positive effects of the EUR 900 million program to optimize earnings over the next three years, from the current vantage point, it can be anticipated that the operating result (EBITDA) and profit from operations (EBIT) of the voestalpine Group will be somewhat higher than the figures for the past business year.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

As the growth expectations for the economy in Europe were recently cut back, over the past months, investors also turned their attention to companies whose business models are less sensitive to economic fluctuations; previously, cyclical stocks tended to be more desirable because they would profit more from an economic recovery. Despite the overall somewhat cautious mood, the stock markets stayed in a phase of lateral movement as investment alternatives to stocks are currently limited as a result of the continuing low interest rates.

In the first quarter of the business year 2014/15, the performance of the voestalpine share demonstrated a light but steady upwards trajectory, bolstered by the results for the business year 2013/14 that were published in early June and were in line with expectations. In the first three months of the current business year, the voestalpine share rose by a total of 8.9%, thus outperforming Austria's leading share index ATX as well as the major international benchmark indices. As of June 30, 2014, the voestalpine share was being traded at EUR 34.76, up from EUR 31.91 at the beginning of the business year.

Bonds

Type of bond	ISIN number	Volume	Interest rate	Price (06/30/2014)
Hybrid bond 2007	AT0000A069T7	EUR 500 million	7.125%[1]	101.5
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	110.5
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	109.0
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[2]	111.5

[1] Interest rate: 7.125% p.a. on the nominal value for the first seven years; then three-month EURIBOR +5.05% p.a.
[2] Interest rate: 7.125% p.a. from issue date to October 31, 2014 (excl.); 6% p.a. from October 31, 2014 to October 31, 2019 (excl.); five-year swap rate (from October 29, 2019) +4.93% p.a. from October 31, 2019 to October 31, 2024 (excl.); then three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

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

- Alpha Value, Paris ▪ Baader Bank AG, Munich ▪ Banco Espirito Santo de Investimento, Lisbon
- Bank of America/Merrill Lynch, London ▪ Citigroup, London ▪ Commerzbank, Frankfurt
- Credit Suisse, London ▪ Deutsche Bank, London ▪ Erste Bank, Vienna ▪ Exane BNP Paribas, Paris
- Goldman Sachs, London ▪ HSBC, London ▪ Jefferies, London ▪ JP Morgan, London
- Kepler Cheuvreux, Frankfurt ▪ Macquarie, London ▪ MainFirst, Frankfurt
- Morgan Stanley, London ▪ Nomura, London ▪ Raiffeisen Centrobank, Vienna
- Société Générale, Paris ▪ Steubing, Frankfurt ▪ UBS, London

Share information

Share capital	EUR 313,309,235.65 divided into 172,449,163 no-par value shares
Shares in proprietary possession as of June 30, 2014	28,597 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2014 to June 2014	EUR 35.98
Share price low April 2014 to June 2014	EUR 30.46
Share price as of June 30, 2014	EUR 34.76
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of June 30, 2014*	EUR 5,992,476,771.33

* Based on total number of shares minus repurchased shares.

Business year 2013/14	
Earnings per share	EUR 2.60
Dividend per share	EUR 0.95
Book value per share	EUR 30.14

Financial calendar 2014/15	
Letter to shareholders for the second quarter of 2014/15	November 5, 2014
Letter to shareholders for the third quarter of 2014/15	February 10, 2015
Annual Report 2014/15	June 3, 2015
Annual General Shareholders' Meeting	July 1, 2015
Ex-dividend date	July 6, 2015
Dividend payment date	July 13, 2015

voestalpine AG

Financial data 06/30/2014

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2014[1]	06/30/2014
A. Non-current assets		
Property, plant and equipment	4,741.9	4,774.9
Goodwill	1,472.3	1,461.1
Other intangible assets	336.2	334.6
Investments in associates	214.7	177.5
Other financial assets	90.6	93.5
Deferred tax assets	312.3	310.2
	7,168.0	**7,151.8**
B. Current assets		
Inventories	2,883.7	2,884.2
Trade and other receivables	1,620.4	1,655.9
Other financial assets	429.8	398.0
Cash and cash equivalents	532.4	455.2
	5,466.3	**5,393.3**
Assets held for sale	0.0	82.6
Total assets	**12,634.3**	**12,627.7**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/ Accounting policies."

In millions of euros

Equity and liabilities

	03/31/2014[1]	06/30/2014
A. Equity		
Share capital	313.3	313.3
Capital reserves	470.8	466.9
Hybrid capital	993.2	993.2
Retained earnings and other reserves	3,418.8	3,591.1
Equity attributable to equity holders of the parent	**5,196.1**	**5,364.5**
Non-controlling interests	64.9	51.9
	5,261.0	**5,416.4**
B. Non-current liabilities		
Pensions and other employee obligations	1,015.3	1,008.8
Provisions	99.2	91.8
Deferred tax liabilities	187.4	195.4
Financial liabilities	2,596.8	2,597.2
	3,898.7	**3,893.2**
C. Current liabilities		
Provisions	497.9	447.9
Tax liabilities	58.3	70.6
Financial liabilities	831.8	784.9
Trade and other payables	2,086.6	1,984.9
	3,474.6	**3,288.3**
Liabilities associated with assets held for sale	0.0	29.8
Total equity and liabilities	**12,634.3**	**12,627.7**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

In millions of euros

Consolidated statement of cash flows

	04/01–06/30/2013[1]	04/01–06/30/2014
Operating activities		
Profit for the period	137.6	154.4
Adjustments	195.0	171.3
Changes in working capital		
Changes in inventories	–75.4	–25.1
Changes in receivables and liabilities	–0.6	–38.8
Changes in provisions	–58.4	–31.6
	–134.4	**–95.5**
Cash flows from operating activities	**198.2**	**230.2**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–182.8	–229.4
Income from disposals of assets	12.1	14.5
Cash flows from the acquisition of control of subsidiaries	–1.5	0.0
Cash flows from the loss of control of subsidiaries	0.0	0.1
Additions/divestments of other financial assets	41.5	–20.7
Cash flows from investing activities	**–130.7**	**–235.5**
Financing activities		
Dividends paid	1.7	0.0
Dividends paid non-controlling interests	–3.3	–11.4
Disposals of own shares	1.6	0.0
Change of non-controlling interests	–1.8	–6.0
Change in non-current financial liabilities	178.8	–2.3
Change in current financial liabilities	–631.4	–49.0
Cash flows from financing activities	**–454.4**	**–68.7**
Net decrease/increase in cash and cash equivalents	**–386.9**	**–74.0**
Cash and cash equivalents, beginning of year	1,092.6	532.4
Net exchange differences	–7.7	2.0
Cash and cash equivalents, end of period	**698.0**	**460.4**
thereof cash and cash equivalents within the disposal group	0.0	5.2

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

In millions of euros

Consolidated income statement

	04/01–06/30/2013[1]	04/01–06/30/2014
Revenue	2,895.3	2,826.7
Cost of sales	–2,299.7	–2,240.3
Gross profit	**595.6**	**586.4**
Other operating income	68.5	67.2
Distribution costs	–242.3	–244.1
Administrative expenses	–150.0	–158.2
Other operating expenses	–65.2	–51.7
Share of profit of associates	15.0	18.8
EBIT	**221.6**	**218.4**
Share of profit of associates	0.0	0.0
Finance income	11.7	16.5
Finance costs	–58.3	–42.0
Profit before tax (EBT)	**175.0**	**192.9**
Income tax expense	–37.4	–38.5
Profit for the period	**137.6**	**154.4**
Attributable to:		
Equity holders of the parent	118.1	133.3
Non-controlling interests	1.5	3.2
Share planned for hybrid capital owners	18.0	17.9
Diluted and basic earnings per share (euros)	**0.68**	**0.77**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

In millions of euros

Statement of comprehensive income

	04/01–06/30/2013[1]	04/01–06/30/2014
Profit for the period	**137.6**	**154.4**
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Hedge accounting	3.2	–0.7
Currency translation	–57.5	15.5
Share of result of associates	0.8	–0.1
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	–53.5	**14.7**
Other comprehensive income for the period, net of income tax	**–53.5**	**14.7**
Total comprehensive income for the period	**84.1**	**169.1**
Attributable to:		
Equity holders of the parent	66.2	147.8
Non-controlling interests	–0.1	3.4
Share planned for hybrid capital owners	18.0	17.9
Total comprehensive income for the period	**84.1**	**169.1**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

In millions of euros

Consolidated statement of changes in equity

	Q 1 2013/14[1]			Q 1 2014/15		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,007.9**	**67.3**	**5,075.2**	**5,196.1**	**64.9**	**5,261.0**
Total comprehensive income for the period	84.2	–0.1	84.1	165.7	3.4	169.1
Dividends to shareholders	–	–1.7	–1.7	–	–3.5	–3.5
Own shares acquired/ disposed	1.6	–	1.6	–	–	–
Dividends to hybrid capital owners	–8.9	–	–8.9	–	–	–
Other changes	–0.4	10.0	9.6	2.7	–12.9	–10.2
Equity as of June 30	**5,084.4**	**75.5**	**5,159.9**	**5,364.5**	**51.9**	**5,416.4**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies."

In millions of euros

voestalpine AG

Notes

General information/ accounting policies

These interim consolidated financial statements of voestalpine AG as of June 30, 2014 for the first quarter of the business year 2014/15 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2013/14 with the following exceptions:

New and revised standards adopted for the first time in the business year 2014/15

Standard	Content	Effective date[1]
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014
IAS 27, new version	Separate Financial Statements	January 1, 2014
IAS 28, new version	Investments in Associates and Joint Ventures	January 1, 2014
IAS 32, amendments	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IAS 36, amendments	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
IAS 39, amendments	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
Various standards, amendments	Amendments to IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities – Transition Guidance	January 1, 2014
Various standards, amendments	Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 27, Separate Financial Statements – Investment Entities	January 1, 2014

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

IFRS 10 comprehensively redefines the concept of control. This should create a uniform basis for defining the consolidated group. This standard replaces the provisions of the previous IAS 27 "Consolidated and Separate Financial Statements" for consolidated financial statements.

IFRS 11 governs the accounting of entities that jointly control an arrangement that is classified either as a joint venture or a joint operation. This standard replaces IAS 31 "Interests in Joint Ventures" and eliminates the possibility of proportionate consolidation of joint ventures, whereby these are to be included in the consolidated group in the future using equity method accounting. IAS 28 now includes the provisions for associates and joint ventures that are measured based on the equity method under IFRS 11. Starting with the business year 2014/15, the results of entities consolidated according to the equity method are reported under EBIT. Amended disclosure in EBIT reflects the operational nature of investments accounted for using the equity method. voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG were proportionately consolidated by March 31, 2014, and, beginning with the business year 2014/15, the equity method is being applied. The currently eleven associates, which were already previously accounted for using the equity method, are also recognized in EBIT.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates, and unconsolidated structured entities, which will result in additional disclosures in the consolidated annual financial statements of voestalpine AG.

Changes to IFRS 10, IFRS 11, and IFRS 12 were published in June 2012 in order to clarify the content and scope of certain guidelines regarding their first-time application.

Changes to IFRS 10, IFRS 12, and IAS 27 were published in October 2012 in order to create an exception for qualified investment entities from the regulation requiring consolidation of subsidiaries.

The amendments to IAS 32 clarify the requirements for offsetting financial instruments in the statement of financial position; as a result, new provisions governing disclosures have been added to IFRS 7.

The changes to IAS 36 represent a correction of disclosure requirements regarding the recoverable amount for non-financial assets that were changed to a greater extent than intended in connection with IFRS 13.

Due to the change to IAS 39, the novation of a hedging instrument to a central counterparty as a result of statutory requirements does not result in a dissolution of a hedge relationship under certain conditions.

In order to reflect the adjustments due to the application of IFRS 11 and the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result; from April 1, 2014 onward, reported as part of EBIT), the relevant line items were retroactively adjusted for the opening statement of financial position as of April 1, 2013, for the consolidated statement of financial position as of March 31, 2014, and for the consolidated statement of comprehensive income as well as for the consolidated statement of cash flows as of the first quarter of the business year 2013/14:

Change in the consolidated statement of financial position

04/01/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Total assets	**13,079.3**	**13.0**	**13,092.3**
thereof Property, plant and equipment	4,580.6	–26.8	4,553.8
thereof Other intangible assets	320.9	–0.6	320.3
thereof Investments in associates	156.4	77.6	234.0
thereof Other financial assets non-current	109.2	–0.5	108.7
thereof Deferred tax assets	343.6	–1.4	342.2
thereof Inventories	2,876.9	–37.4	2,839.5
thereof Trade and other receivables	1,655.5	2.2	1,657.7
thereof Cash and cash equivalents	1,092.7	–0.1	1,092.6
Total equity and liabilities	**13,079.3**	**13.0**	**13,092.3**
thereof Pensions and other employee obligations	1,004.6	–12.9	991.7
thereof Financial liabilities non-current	2,558.8	–0.2	2,558.6
thereof Provisions current	612.2	–6.5	605.7
thereof Financial liabilities current	1,324.6	47.1	1,371.8
thereof Trade and other payables	2,139.7	–14.5	2,125.2

In millions of euros

Change in the consolidated statement of financial position

03/31/2014	Values as originally reported	Adjustment	Values retroactively adjusted
Total assets	**12,637.5**	**–3.2**	**12,634.3**
thereof Property, plant and equipment	4,772.0	–30.1	4,741.9
thereof Other intangible assets	336.7	–0.5	336.2
thereof Investments in associates	133.4	81.3	214.7
thereof Other financial assets non-current	91.0	–0.4	90.6
thereof Deferred tax assets	313.5	–1.2	312.3
thereof Inventories	2,937.2	–53.5	2,883.7
thereof Trade and other receivables	1,619.1	1.3	1,620.4
thereof Cash and cash equivalents	532.5	–0.1	532.4
Total equity and liabilities	**12,637.5**	**–3.2**	**12,634.3**
thereof Pensions and other employee obligations	1,028.9	–13.6	1,015.3
thereof Financial liabilities non-current	2,596.9	–0.1	2,596.8
thereof Provisions current	504.7	–6.8	497.9
thereof Financial liabilities current	806.2	25.6	831.8
thereof Trade and other payables	2,094.9	–8.3	2,086.6

In millions of euros

Change in the consolidated income statement

04/01–06/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Revenue	2,936.1	–40.8	2,895.3
Cost of sales	–2,317.8	18.1	–2,299.7
Gross profit	**618.3**	**–22.7**	**595.6**
Other operating income	69.1	–0.6	68.5
Distribution costs	–249.0	6.7	–242.3
Administrative expenses	–150.7	0.7	–150.0
Other operating expenses	–64.4	–0.8	–65.2
Share of profit of associates	0.0	15.0	15.0
EBIT	**223.3**	**–1.7**	**221.6**
Share of profit of associates	3.4	–3.4	0.0
Finance income	11.7	0.0	11.7
Finance costs	–58.5	0.2	–58.3
Profit before tax (EBT)	**179.9**	**–4.9**	**175.0**
Income tax expense	–41.3	3.9	–37.4
Profit for the period	**138.6**	**–1.0**	**137.6**

In millions of euros

Change in the consolidated statement of comprehensive income

04/01–06/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Profit for the period	**138.6**	**–1.0**	**137.6**
Items of other comprehensive income that will be reclassified subsequently to profit or loss			
Hedge accounting	3.2	0.0	3.2
Currency translation	–57.5	0.0	–57.5
Share of result of associates	–0.2	1.0	0.8
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–54.5**	**1.0**	**–53.5**
Other comprehensive income for the period, net of income tax	**–54.5**	**1.0**	**–53.5**
Total comprehensive income for the period	**84.1**	**0.0**	**84.1**

In millions of euros

Change in the consolidated statement of cash flows

04/01–06/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Operating activities			
Profit for the period	138.6	–1.0	137.6
Adjustments	160.8	34.2	195.0
Changes in working capital	–150.0	15.6	–134.4
Cash flows from operating activities	**149.4**	**48.8**	**198.2**
Cash flows from investing activities	**–123.9**	**–6.8**	**–130.7**
Cash flows from financing activities	**–412.3**	**–42.1**	**–454.4**
Net decrease/increase in cash and cash equivalents	**–386.8**	**–0.1**	**–386.9**
Cash and cash equivalents, beginning of period	1,092.7	–0.1	1,092.6
Net exchange differences	–7.7	0.0	–7.7
Cash and cash equivalents, end of period	**698.2**	**–0.2**	**698.0**

In millions of euros

With the exception of the described effects of IFRS 11, there were no material effects of the new and revised standards on voestalpine AG's interim consolidated financial statements.

On July 4, 2014, the voestalpine Group agreed with the Dutch industrial group Aalberts Industries N.V. that it would sell all of its shares in the Flamco Group (part of the operating segment Metal Forming Division), headquartered in Bunschoten (NL). In the consolidated financial statements of voestalpine, the Flamco Group is presented as separate cash-generating unit "Heating & Installation Components" and in the interim consolidated financial statements as of June 30, 2014, it is shown as "Disposal Group" under IFRS 5. The decisive factor behind the divestment was Flamco's increasingly strong divergence from the strategic core business of voestalpine (lack of synergies within the Metal Forming Division and significant differences in its portfolio compared to the other division companies). The sale is scheduled to be closed by mid-August. The Flamco Group has been a member of the voestalpine Group for over a decade, and it develops, produces, and markets branded quality components for HVAC systems worldwide. Flamco has production facilities in the Netherlands, Germany, UK, and China. With almost 700 employees worldwide, most recently the company generated annual revenues of around EUR 125 million.

Further information on the other principles of preparation is provided in the consolidated financial statements as of March 31, 2014, on which these interim consolidated financial statements are based.

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

Unless otherwise stated, comparative information relates to the first quarter of the business year 2013/14 (reporting date: June 30, 2013).

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

Scope of consolidated financial statements/acquisitions

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

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2014	**295**	**2**	**11**
Acquisitions			
Change in consolidation method			
Additions	2		2
Disposals		–2	
Reorganizations	–2		
Divestments or disposals	–1		
As of June 30, 2014	**294**	**0**	**13**
Of which foreign companies	234	0	6

The following entities were deconsolidated during the first quarter of the business year 2014/15:

Name of entity
Full consolidation in the business year 2013/14
Eschmann-Stahl Portugal-Acos Finos e Transformacao de Ferramentas, Unipessoal Lda. – em Liquidacao
Reorganization
VA OMV Personalholding GmbH
Advanced Railway Systems GmbH
Proportionate consolidation in the business year 2013/14
voestalpine Tubulars GmbH
voestalpine Tubulars GmbH & Co KG

The following entities were included in the interim consolidated financial statements for the first time during the first quarter of the business year 2014/15:

Name of entity	Interest in %
Full consolidation	
voestalpine Böhler Welding UTP Maintenance GmbH	100.000%
voestalpine Böhler Welding Trading Asia Pacific Singapore	100.000%
Equity method	
voestalpine Tubulars GmbH	50.000%
voestalpine Tubulars GmbH & Co KG	49.985%

Additions to the scope of consolidated financial statements of fully consolidated entities include two newly established subsidiaries. voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG were proportionately consolidated by March 31, 2014, and, beginning with the business year 2014/15, the equity method is being applied.

In the first quarter of the business year 2014/15, no acquisitions took place.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first quarter of the business year 2014/15, EUR 6.0 million (2013/14: EUR 6.2 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 5.1 million (2013/14: EUR 4.1 million) were derecognized, and the remaining amount of EUR 0.9 million (2013/14: EUR 2.1 million) was recognized directly in equity.

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

Outstanding put options, which are offset against equity, had a fair value of EUR 0.6 million (March 31, 2014: EUR 5.7 million) as of June 30, 2014.

Notes on the consolidated statement of financial position

In the first quarter of the business year 2014/15, investments amounting to EUR 184.4 million exceeded depreciation totaling EUR 145.3 million. Nevertheless, non-current assets decreased from EUR 7,168.0 million to EUR 7,151.8 million mainly due to negative exchange rate effects. Inventories remained almost unchanged compared to March 31, 2014. Cash and cash equivalents decreased by EUR 77.2 million to EUR 455.2 million.

As of June 30, 2014, voestalpine AG's share capital amounted to EUR 313,309,235.65 (March 31, 2014: EUR 313,309,235.65) and is divided into 172,449,163 shares (March 31, 2014: 172,449,163). The Company held 28,597 of its own shares as of the reporting date. In the first quarter of the business year 2014/15, the Company neither bought nor sold any of its own shares.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1 billion. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are being paid. In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinated bond with an indefinite term (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond to exchange their existing investment for a new hybrid bond on a 1:1 basis. As a result of this exchange, the outstanding nominal value of the hybrid bond 2007 is therefore EUR 500 million. The nominal value of both the hybrid bond 2007 and the hybrid bond 2013 again totals EUR 1 billion. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issues are recognized as part of equity. Accordingly, coupon payments are also reported as part of appropriation of profit.

Profit for the period amounting to EUR 154.4 million has contributed to the increase in equity. For the business year 2013/14, a dividend per share of EUR 0.95 was decided upon at the Annual General Meeting on July 2, 2014; the dividend will be distributed in the second quarter of the business year 2014/15.

Notes on the consolidated income statement

Revenue for the period from April 1 to June 30, 2014, in the amount of EUR 2,826.7 million decreased by 2.4% compared to the same period of the preceding year (EUR 2,895.3 million). In the first quarter of the business year 2014/15, EBIT reached EUR 218.4 million compared to EUR 221.6 million for the first three months of the business year 2013/14. After consideration of the financial result and taxes, profit for the period amounted to EUR 154.4 million compared to EUR 137.6 million for the first quarter of the preceding year.

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

	04/01–06/30/2013	04/01–06/30/2014
Profit attributable to equity holders of the parent (in millions of euros)	118.1	133.3
Weighted average number of issued ordinary shares (millions)	172.4	172.4
Diluted and basic (undiluted) earnings per share (euros)	**0.68**	**0.77**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first quarter of the business year 2014/15 and business year 2013/14, respectively:

1st quarter of 2014/15

	Steel Division 04/01–06/30/2014	**Special Steel Division** 04/01–06/30/2014
Segment revenue	975.0	675.9
of which revenue with third parties	897.4	662.4
of which revenue with other segments	77.6	13.5
EBITDA	114.1	96.1
EBIT	56.8	61.3
EBIT margin	5.8%	9.1%
Segment assets	3,871.5	3,876.3
Employees (full-time equivalent)	11,035	12,958

1st quarter of 2013/14

	Steel Division 04/01–06/30/2013	**Special Steel Division** 04/01–06/30/2013
Segment revenue	989.8	682.8
of which revenue with third parties	918.0	668.7
of which revenue with other segments	71.8	14.1
EBITDA	113.9	98.5
EBIT	57.9	65.0
EBIT margin	5.8%	9.5%
Segment assets	3,632.7	3,952.6
Employees (full-time equivalent)	10,805	12,884

	Metal Engineering Division 04/01–06/30/2014	Metal Forming Division 04/01–06/30/2014	Other 04/01–06/30/2014	Reconciliation 04/01–06/30/2014	Total Group 04/01–06/30/2014
	679.3	601.9	310.9	–416.3	2,826.7
	672.4	593.0	1.5	0.0	2,826.7
	6.9	8.9	309.4	–416.3	0.0
	106.7	68.9	–21.7	–0.4	363.7
	79.6	44.8	–23.7	–0.4	218.4
	11.7%	7.4%			7.7%
	2,487.0	1,959.8	9,988.6	–9,555.5	12,627.7
	11,250	11,423	797	0	47,463

In millions of euros

	Metal Engineering Division 04/01–06/30/2013	Metal Forming Division 04/01–06/30/2013	Other 04/01–06/30/2013	Reconciliation 04/01–06/30/2013	Total Group 04/01–06/30/2013
	723.3	597.9	376.4	–474.9	2,895.3
	715.2	590.7	2.7	0.0	2,895.3
	8.1	7.2	373.7	–474.9	0.0
	107.9	68.5	–20.5	–4.8	363.5
	80.0	46.1	–22.6	–4.8	221.6
	11.1%	7.7%			7.7%
	2,480.4	1,940.6	9,635.1	–8,998.9	12,642.5
	10,952	11,117	790	0	46,548

In millions of euros

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

EBITDA

	04/01–06/30/2013	04/01–06/30/2014
Net exchange differences incl. result from valuation of derivatives	–4.6	0.9
Consolidation	–0.2	–1.3
Other	0.0	0.0
EBITDA – Total reconciliation	**–4.8**	**–0.4**

In millions of euros

EBIT

	04/01–06/30/2013	04/01–06/30/2014
Net exchange differences incl. result from valuation of derivatives	–4.6	0.9
Consolidation	–0.2	–1.3
Other	0.0	0.0
EBIT – Total reconciliation	**–4.8**	**–0.4**

In millions of euros

All other key figures contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

Cash flow before capital changes in the amount of EUR 325.7 million remained almost unchanged compared to the first quarter of the business year 2013/14 (EUR 332.6 million). Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 230.2 million in comparison to EUR 198.2 million in the first quarter of the preceding year; this represents an improvement of about 15%. After the deduction of EUR 235.5 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR –68.7 million (mainly the repayment of borrowed funds), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –74.0 million.

Notes on financial instruments

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

	06/30/2013		06/30/2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	2,406.3	2,406.3	2,124.6	2,124.6
Financial assets measured at fair value	509.7	509.7	478.0	478.0
	2,916.0	**2,916.0**	**2,602.6**	**2,602.6**
Liabilities				
Financial liabilities measured at amortized cost	5,568.0	5,656.2	5,353.3	5,446.8
Financial liabilities measured at fair value	16.3	16.3	18.6	18.6
	5,584.3	**5,672.5**	**5,371.9**	**5,465.4**

In millions of euros

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

The liabilities measured at amortized cost, whose fair value is stated, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

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

Inputs

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

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
06/30/2013				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		14.1		14.1
Fair value option (securities)	432.7			432.7
Other			62.9	62.9
	432.7	**14.1**	**62.9**	**509.7**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		16.3		16.3
	0.0	**16.3**	**0.0**	**16.3**
06/30/2014				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		10.5		10.5
Fair value option (securities)	405.0			405.0
Other			62.5	62.5
	405.0	**10.5**	**62.5**	**478.0**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		18.6		18.6
	0.0	**18.6**	**0.0**	**18.6**

In millions of euros

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

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

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

	04/01–06/30/2013	04/01–06/30/2014
Opening balance	**63.4**	**59.0**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	0.5
Total of gains/losses recognized in the other comprehensive income:		
Currency translation	0.0	0.0
Additions	0.8	0.1
Transfers	0.0	2.9
Disposals	–1.3	0.0
Closing balance	62.9	**62.5**

In millions of euros

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

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

Seasonality and cyclicality

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

Business transactions with associated companies or parties

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

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

Antitrust proceedings relative to railway superstructure material

As of June 30, 2014, the provisions recognized in the annual financial statements 2013/14 in the amount of EUR 76.4 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 67.8 million.

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which detailed information about provisions is not provided if this could seriously and adversely impact the Company's interests.

Events after the reporting period

With the exception of the described sale of all shares in the Flamco Group under "General information/Accounting policies," no significant events occurred after the reporting period.

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