

# Annual Report 2010/11

# Development of the Key Figures

In millions of euros	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue	6,943.8	10,481.2	11,724.9	8,550.0	10,953.7
Profit from operations before depreciation (EBITDA)	1,358.6	1,836.5	1,710.1	1,004.3	1,605.6
EBITDA margin	19.6%	17.5%	14.6%	11.7%	14.7%
Profit from operations (EBIT)	1,011.4	1,152.6	988.7	352.0	984.8
EBIT margin	14.6%	11.0%	8.4%	4.1%	9.0%
Profit before tax (EBT)	976.4	979.6	700.0	183.3	781.0
Profit for the period <sup>1</sup>	764.9	751.9	611.6	186.8	594.6
EPS – Earnings/share (euros)	4.76	4.69	3.26	0.65	3.04
Total assets	6,827.5	12,601.8	12,846.5	12,294.1	13,076.4
Cash flows from operating activities	970.2	1,135.8	1,357.9	1,606.1	957.6
Investments in tangible and intangible assets and interests	907.8	3,910.1	1,078.9	542.5	422.7
Depreciation	347.2	683.9	721.3	652.3	620.8
Equity	2,882.3	4,289.3	4,262.5	4,262.4	4,691.1
Net financial debt	526.2	3,571.7	3,761.6	3,037.3	2,713.1
Net financial debt (in % of equity)	18.3%	83.3%	88.2%	71.3%	57.8%
Return on capital employed (ROCE)	26.2%	13.4%	11.4%	4.4%	12.4%
Market capitalization, end of period	8,366.2	7,006.4	1,645.0	5,043.3	5,585.1
Number of outstanding shares as of March 31	154,073,274	159,235,738	167,003,706	168,390,878	168,581,289
Share price, end of period (euros)	54.30	44.00	9.85	29.95	33.13
Dividend/share (euros)	1.45	2.10	1.05	0.50	0.80 <sup>2</sup>
Employees (excl. temporary personnel and apprentices), end of period	24,613	41,490	41,915	39,406	40,700

<sup>1</sup> Before deduction of non-controlling interests and interest on hybrid capital.

<sup>2</sup> As proposed to the Annual General Shareholders' Meeting.

# Overview of the Key Figures

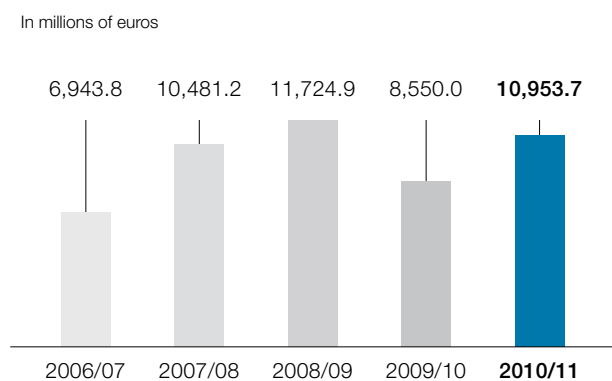
## voestalpine Group

In millions of euros	2009/10	2010/11	Change in %
Revenue	8,550.0	10,953.7	28.1
EBITDA	1,004.3	1,605.6	59.9
EBITDA margin	11.7%	14.7%	
EBIT	352.0	984.8	179.8
EBIT margin	4.1%	9.0%	
Employees (excl. temporary personnel and apprentices)	39,406	40,700	3.3

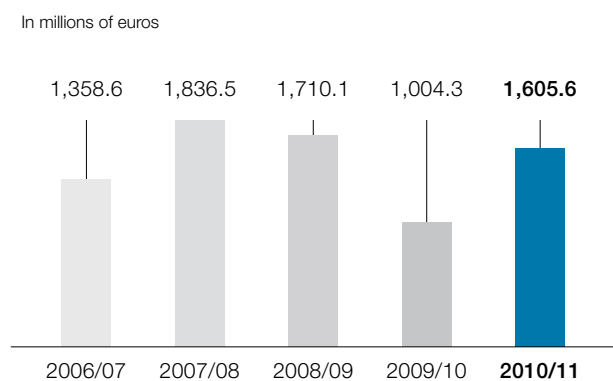
## voestalpine Divisions

In millions of euros	Steel	Special Steel	Railway Systems	Profilform	Automotive
Revenue	4,175.0	2,631.3	2,723.3	1,139.3	1,040.1
EBIT	371.9	208.5	308.9	118.0	64.0
EBIT margin	8.9%	7.9%	11.3%	10.4%	6.2%
Employees (excl. temporary personnel and apprentices)	9,622	11,364	10,078	4,200	4,789

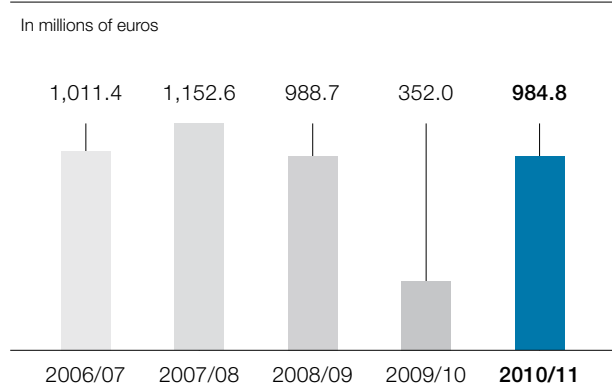
## Revenue



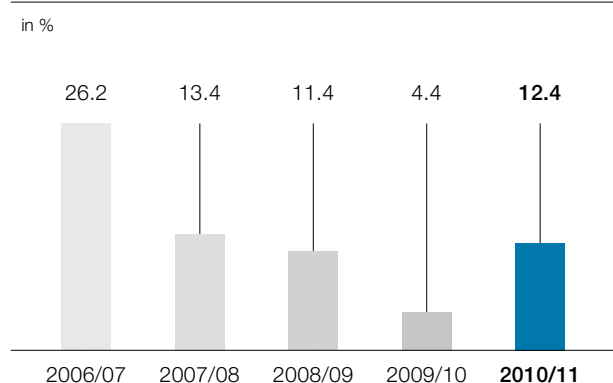
## EBITDA Profit from operations before depreciation



## EBIT Profit from operations



## ROCE Return on capital employed



You can find the online version  
of our current Annual Report  
on our website  
[www.voestalpine.com](http://www.voestalpine.com)

# Highlights<sup>1</sup>

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- The **economic trend is gaining** significant momentum—**emerging economies** are **drivers** of the global economic recovery.
- In the **European Union, recovery driven substantially by exports in Western, Central, and Northern Europe**; increasing **economic revival** in **Eastern Europe** as well.
- **Economic environment** in **Southern Europe** and the **westernmost part of the continent** remains difficult due to massive public debt and high unemployment.
- **Outstanding development of demand** from the automotive and commercial vehicle industries, mechanical engineering and consumer goods sectors, and railway infrastructure; increasing revival of demand in the aviation industry; only the construction industry's recovery is still lagging.
- In the course of the year, growing capacity utilization of Group's processing capacity results in **full capacity utilization** in **all five divisions** toward the **end** of the **business year 2010/11**.
- **Revenue rises** compared to the previous year **by 28.1%** from EUR 8,550.0 million to **EUR 10,953.7 million—second-highest figure** after 2008/09 (EUR 11,724.9 million).
- **Increase of EBITDA** compared to 2009/10 **by 59.9%** from EUR 1,004.3 million to **EUR 1,605.6 million**.
- **At EUR 984.8 million, operating result (EBIT)** almost **tripled** compared to the previous year (EUR 352.0 million); **EBIT** in the fourth quarter 2010/11 **rose** for the **seventh** consecutive **time**.
- **EBITDA margin** up compared to the business year 2009/10 from 11.7% to **14.7%**, **EBIT margin more than doubled**, going from 4.1% to **9.0%**.
- At EUR 781.0 million, **profit before tax (EBT)** **more than quadruples the previous year's figure** (2009/10: EUR 183.3 million), **at EUR 594.6 million, profit for the period (net income)<sup>2</sup> goes up by 218.3%** (2009/10: EUR 186.8 million).
- **At EUR 3.04, earnings per share** almost **five times the previous year's figure** (EUR 0.65 per share).
- Despite dividend payment, servicing of the hybrid capital, and a build-up of working capital due to the economic situation, another **significant reduction of the gearing ratio** compared to March 31, 2010, from 71.3% to **57.8%**.
- **ROCE increased** from 4.4% in the previous year to **12.4%**.
- In the business year 2010/11, number of **core employees** (excluding temporary personnel and apprentices) went **up** from 39,406 to **40,700 employees (+3.3%)**, **total workforce** (including temporary personnel and apprentices) **rose** within one year from 43,829 to **46,066 employees** or by **5.1%**.
- In the business year 2010/11, the (purely accounting) **effects** of the **purchase price allocation (ppa)** from the acquisition of BÖHLER-UDDEHOLM had an adverse effect on the Group's operating result (EBIT) of **EUR 67.0 million** so that **EBIT before ppa** is **EUR 1,051.8 million**; this corresponds to an **EBIT margin before ppa** of **9.6%**.

<sup>1</sup> In accordance with IFRS, all figures after application of the purchase price allocation (ppa).

<sup>2</sup> Before non-controlling interests and interest on hybrid capital.

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# Overview of the voestalpine Group

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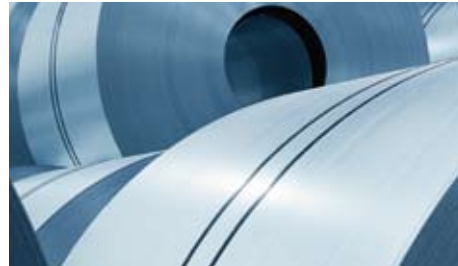
In their core segments, the companies of the voestalpine Group are leading providers globally or at least in Europe and perform with top technology and quality leadership. The following is an overview of the individual divisions of the Group, their products, customers, and markets, as well as the most important key figures for the business year 2010/11.

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## Steel Division

### **Top European player**

European top-3 supplier of high-quality sheet and heavy plate for most demanding applications.



## Special Steel Division

### **Global leadership**

Worldwide leader in tool steel.  
Leading position in high-speed steel and special forgings.



## Railway Systems Division

### **Global leadership**

European market leader for rails and processed wire, world market leader for turnouts and complete railway systems; leading position in welding consumables and seamless tubes.



## Profilform Division

### **Global leadership**

Worldwide market leader in special sections and custom rollforming; leading position in precision strip.



## Automotive Division

### **Top European player**

European top-3 player in the automotive supplier industry for special components.





The Steel Division is a strategic supplier to renowned automotive manufacturers in Europe and to large automotive subsuppliers. Furthermore, it is one of the largest suppliers to the European consumer goods industry and a top supplier to the energy and machine building industry. To the oil and gas industry, this division offers heavy plates for highest demands (e.g., deep sea applications).

Revenue (in millions of euros)	4,175.0
EBIT (in millions of euros)	371.9
EBIT margin	8.9%
Employees (excl. temporary personnel and apprentices)	9,622

High performance metals have specifically designed material properties regarding wear resistance, polishability, and toughness. They are typically used in the automotive, consumer goods, power generation, and oil & gas industries. The Special Steel Division has a leading position in closed-die forgings to the aircraft and power generation industries. It has worldwide distribution and local service centers and a strong presence in emerging markets.

Revenue (in millions of euros)	2,631.3
EBIT (in millions of euros)	208.5
EBIT margin	7.9%
Employees (excl. temporary personnel and apprentices)	11,364

The Railway Systems Division is the world's sole supplier of ultra-long head-hardened HSH® rails in unwelded lengths of up to 120 m. Customers are supplied globally with most advanced special trackwork and track-based monitoring solutions for high-speed, passenger, (heavy) freight, and municipal transportation. Additionally, this division is producing wire, seamless tubes for the global oil & gas industry, as well as welding consumables.

Revenue (in millions of euros)	2,723.3
EBIT (in millions of euros)	308.9
EBIT margin	11.3%
Employees (excl. temporary personnel and apprentices)	10,078

The products are focused on cold-rolled formed steel sections and light-weight structural systems for the construction and building industry, special sections for the automotive, truck, and commercial vehicle industries, as well as stringers for fuselage, special sections for tanks and welded seat tracks, all for the aerospace industry, and customized solutions for optimized and cost-effective storage systems. In addition, this division is also a successful niche player with distinct products in demanding precision strip applications (e.g., band saw steel, razor blades).

Revenue (in millions of euros)	1,139.3
EBIT (in millions of euros)	118.0
EBIT margin	10.4%
Employees (excl. temporary personnel and apprentices)	4,200

Competencies and the product portfolio comprise structure parts and assemblies (e.g., A- and B-pillar reinforcements, suspension elements), class-A panels, assemblies (e.g., doors, bonnets), laser-welded blanks for ultra-high-strength components and tube components, and automotive tubes (e.g., for airbag components, seat belt restraint systems).

Revenue (in millions of euros)	1,040.1
EBIT (in millions of euros)	64.0
EBIT margin	6.2%
Employees (excl. temporary personnel and apprentices)	4,789

# The Supervisory Board of voestalpine AG

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**em. o. Univ.-Prof. DDr. h. c. Dr. Rudolf Strasser †**

February 9, 1923, to October 28, 2010

Honorary Chairman of the Supervisory Board from July 4, 2001, to October 28, 2010

Member of the Supervisory Board from August 1959 to July 3, 2001

**Dr. Joachim Lemppenau**

Chairman of the Supervisory Board (since July 1, 2004)

Initial appointment: July 7, 1999

Former Chairman of the Management Board of Volksfürsorge  
Versicherungsgruppe, Hamburg

**KR Mag. Dr. Ludwig Scharinger**

Deputy Chairman of the Supervisory Board (since July 1, 2004)

Initial appointment: January 20, 1994

CEO of Raiffeisenlandesbank Oberösterreich AG, Linz

**Dr. Franz Gasselsberger, MBA**

Member of the Supervisory Board

Initial appointment: July 1, 2004

CEO of Oberbank AG, Linz

**Dr. Hans-Peter Hagen**

Member of the Supervisory Board

Initial appointment: July 4, 2007

Deputy CEO of WIENER STÄDTISCHE

Versicherung AG Vienna Insurance Group, Vienna

**Dr. Josef Krenner**

Member of the Supervisory Board

Initial appointment: July 1, 2004

Head of the Directorate of Finance of the Federal State of Upper Austria, Linz

**Dr. Michael Kutschera MCJ. (NYU)**

Member of the Supervisory Board

Initial appointment: July 1, 2004

Attorney at law; partner with Binder Grösswang Rechtsanwälte OEG, Vienna

**Mag. Dr. Josef Peischer**

Member of the Supervisory Board

Initial appointment: July 1, 2004

Director of the Chamber of Workers and Employees for Upper Austria, Linz

**Dipl.-Ing. Dr. Michael Schwarzkopf**

Member of the Supervisory Board

Initial appointment: July 1, 2004

CEO of Plansee Holding AG, Reutte

*Appointed by the Works Council:*

**Josef Gritz**

Member of the Supervisory Board

Initial appointment: January 1, 2000

Chairman of the Works Council for Wage Earners of voestalpine Stahl

Donawitz GmbH & Co KG, Donawitz

**Johann Heiligenbrunner**

Member of the Supervisory Board

Initial appointment: March 24, 2000

Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz

**Johann Prettenhofer**

Member of the Supervisory Board

Initial appointment: January 1, 2008

Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl

GmbH & Co KG, Kapfenberg

**Hans-Karl Schaller**

Member of the Supervisory Board

Initial appointment: September 1, 2005

Chairman of the Group Works Council of voestalpine AG, Linz

Chairman of the European Works Council of voestalpine AG, Linz



# The Management Board of voestalpine AG

**Mag. Wolfgang Spreitzer**

Born 1951

Member of the Management Board  
since 2001

Head of the Profilform Division

**Assigned area of responsibility:**

Information Technology

**Dipl.-Ing. Franz Rotter**

Born 1957

Member of the Management Board  
since 2011

Head of the Special Steel Division

**Mag. Dipl.-Ing. Robert Ottel, MBA**

Born 1967

Member of the Management Board  
since 2004

CFO

**Assigned areas of responsibility:**

Corporate Accounting and Reporting,  
Controlling, Group Treasury, Taxes,  
Management Information Systems,  
Risk Management



**Dr. Wolfgang Eder**

Born 1952

Member of the Management Board since 1995

Chairman of the Management Board since 2004

Head of the Steel Division

**Assigned areas of responsibility:**

Corporate Development, Corporate Human Resources, Corporate Communications and Corporate Image, Legal Department and M&A, Strategic Environmental Management, Investor Relations, Internal Auditing

**Dipl.-Ing. Franz Hirschmanner**

Born 1953

Member of the Management Board

since 2003

Head of the Automotive Division

**Assigned area of responsibility:**

R&D and Innovation Strategy

**Dipl.-Ing. Josef Mülner**

Born 1947

Member of the Management Board

since 2003

Head of the Railway Systems Division

**Assigned area of responsibility:**

Procurement Strategy, including Raw Materials Strategy

## Ladies and Gentlemen:

It was a good year after all, this business year 2010/11, at the beginning of which there were grave concerns that there would be a double-dip recession, a recurrence of the crisis of 2008 and 2009. It did not happen; on the contrary, the economy gained a momentum that grew in the course of the year, becoming more and more broad-based. Not even the ominously growing national debt in a number of European countries—most notably, however, in the USA—, continuing discussions about how much the international banking system can withstand, increasing fears of new bubbles, and a political landscape whose problem-solving competence has reached its limits both in Europe and abroad were able to prevent the economic recovery. A recovery that was again driven primarily by continuing brisk demand from emerging markets in Asia and Central and South America. Both Europe and the USA belatedly gained traction on the road to an economic recovery but only through positive secondary effects, namely, the strength of their industrial exports to these growth markets; in the meantime, however, the recovery has become self-sustaining in large parts of the old continent, although not everywhere.

Two years after "Lehman," with all its negative consequences, this gratifying economic environment has brought a return to the successful course the voestalpine Group had been on prior to the crisis: The second-highest revenue in the company's history, the fourth-best operating result, and record steel production of 7.7 million tons make it obvious that the time of being on the defensive has come to an end and that we have every reason to look again to the future with optimism. Together with our partners, our customers, and our shareholders, and most particularly our employees, without whom a company strategy that is oriented toward ongoing innovation and continuous striving for improvement would be doomed to failure from the outset, the voestalpine Group has positioned itself in a way that differentiates it from its competition. Research and development, technology, quality, service, and customer focus characterize the Company's fundamental policy, and predictability and reliability, flexibility in thought and action, problem-solving competence, and responsibility in dealing with all stakeholder groups characterize how we see ourselves. This has enabled us in recent years to achieve a leadership position, not only in the steel production sector but in steel processing as well. Now, it is our job to sustainably strengthen and maintain this position as defined by our claim of being "one step ahead."

Success can be transient—especially if one rests on one's laurels. Particularly in a time of enormous technical, social, and economic change and a massive social and socio-political paradigm shift—in Europe as well—, we see it as our duty to deal with the changes on the horizon and the perspectives and challenges that they entail for our industry. We will decide what the long-term focus of the voestalpine Group should be in order to remain sustainably successful in a global environment that will undergo major changes in the future. We are in the privileged position of being able to do this from a position of strength—and we will do this systematically and consistently.

Understanding this "world of tomorrow," especially getting to know the changed and changing needs of our customers, the changing values of our (future) employees, and the requirements of our future environment, is a task that we will be taking on in the next two, three years. Drawing the right conclusions for our Company from this process requires a cool and level head on one hand, and demands courage, consistency and the willingness to embrace innovative thinking on the other. Under the motto of "voestalpine 2030," we have initiated a broad internal opinion-forming and awareness-raising process that purposely goes beyond traditional planning horizons and delves into the Group's long-term perspectives against the backdrop of new challenges. Building on existing strengths and the position that our Company inhabits today, our deliberations connected with this process will be focused on long-term growth potential created by pursuing on the one hand new products, technologies, and sales markets, and on the other the requirements resulting from global megatrends dictated by our own economic and political environment. Ultimately, the objective of this process is to continue to be the reliable, trustworthy, and innovative partner we have always been for our customers, our shareholders, and our employees in view of a global environment that will no doubt be more unstable, more changeable, and more unpredictable in the future.

Operational excellence and strategic consistency will be the cornerstones of our long-term focus.

Linz, May 26, 2011

The Management Board



Wolfgang Eder



Franz Hirschmanner



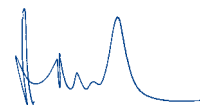
Josef Mülner



Robert Ottel



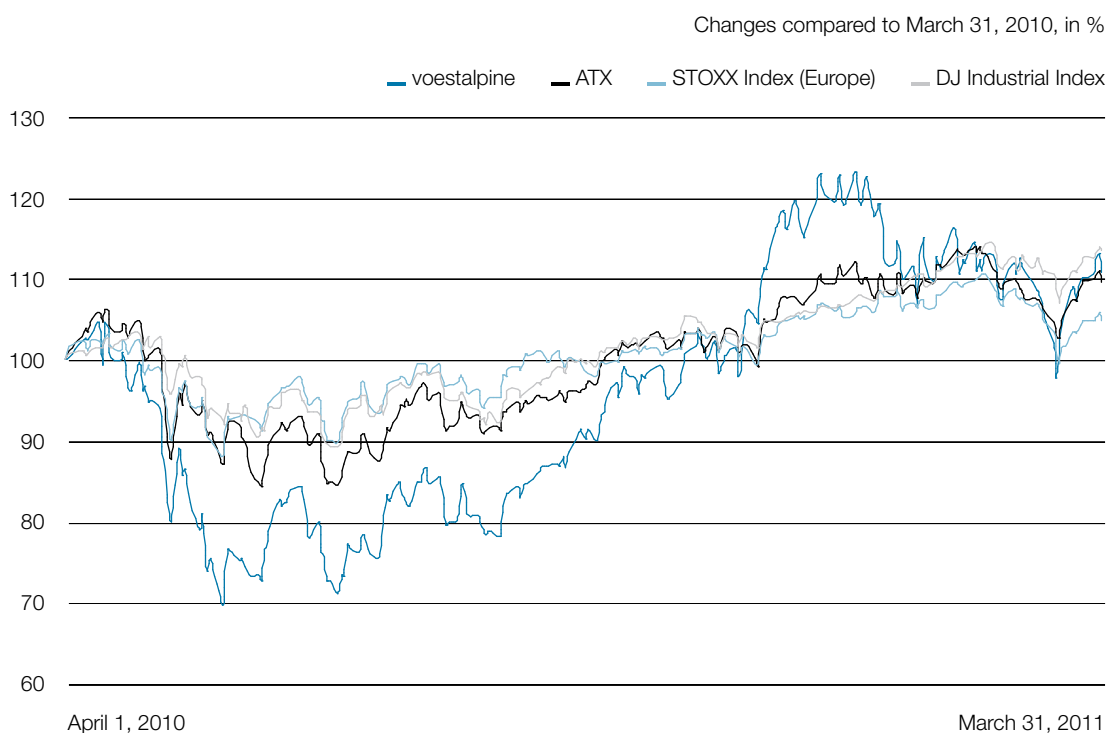
Franz Rotter



Wolfgang Spreitzer

# Investor relations

## voestalpine AG vs. the ATX and international indices



### Price development of the voestalpine share

The development of the voestalpine share in the business year 2010/11 reflects the extremely inconsistent stock market environment, which was affected primarily by macroeconomic factors. While, initially, capital markets reflected uncer-

tainty about how global economic performance would develop, later on, they were affected by growing doubts about the long-term stability of government budgets (primarily in the euro zone, however, increasingly in the USA as well) and the sustainability of economic growth in China. Most recently, the uncertainty was exacerbated by continuing political instability in large parts



of North Africa as well as the aftereffects of the earthquake, tsunami, and nuclear disaster in Japan.

Against this backdrop, the price of the voestalpine share during the past business year was very volatile, at the same time reflecting overall performance on the stock exchanges. After the share lost up to 30% of its value in the early part of the business year, in the period from July to December 2010, its value rose by about 64% due to the increasingly dynamic trend in the global economy. However, the share was unable to sustain this trend in the fourth quarter.

Looking at the business year 2010/11 overall, the price of the voestalpine share rose from EUR 29.95 to EUR 33.13, an increase in value of 10.6% (which approximately corresponds to the performance of the ATX, Austria's leading share index).

## Bonds

### Hybrid bond (2007–2014)

The hybrid bond issued by voestalpine AG in October 2007 with a total volume of EUR 1 billion (coupon rate 7.125%) has recovered well from the turmoil on the international financial markets in 2008 and 2009. Following a low of 75 (% of the face value), as of the end of the fourth quarter of 2010/11, it was at 104 (% of the face value).

*(Please refer to Item 16 "Equity" in the explanations and other disclosures in the consolidated financial statements for more details.)*

### Corporate bond 1 (2009–2013)

The corporate bond, which was issued at the height of the credit crisis in order to ensure liquid-

ity (volume EUR 400 million, coupon rate 8.75%), has registered substantial price gains since being issued. After a lengthy period of lateral movement, by the end of the business year 2010/11, the corporate bond 2009–2013 had risen to 110 (% of the face value).

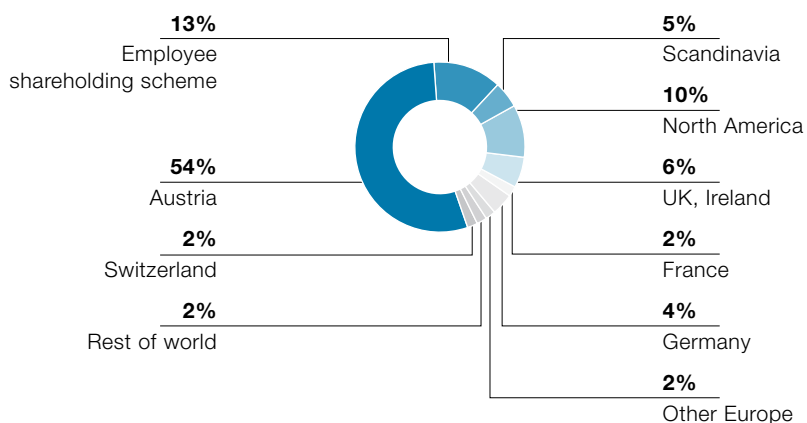
### Corporate bond 2 (2011–2018)

In early February 2011, voestalpine AG successfully placed a seven-year bond issue on the capital market with a coupon rate of 4.75% and a volume of EUR 500 million. Interest in this bond was unusually high so that the order book attained a volume of more than EUR 700 million, thus clearly exceeding the originally planned transaction volume of EUR 300 to 400 million. Trading of the bond began on February 3, 2011, in the regulated over-the-counter market of the Vienna Stock Exchange. Since then, the bond has always been trading above the initial offering price, closing on March 31, 2011, at 101 (% of the face value).

## Shareholder structure

As of April 1, 2011, the (indicative) ownership structure according to regions is as follows:

### Shareholder structure



The majority shareholders of voestalpine AG, who are subject to reporting requirements, remained unchanged; as of the end of the business year, their holdings were as follows:

#### Largest individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	> 15%
voestalpine Mitarbeiterbeteiligung Privatstiftung	13.0%
Oberbank AG	> 5%

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

- Bank of America/Merrill Lynch, London
- Berenberg, Hamburg
- BHF-BANK, Frankfurt
- Cheuvreux, Vienna/Paris
- Citigroup, London
- Credit Suisse, London
- Deutsche Bank, Frankfurt/London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- Goldman Sachs, London
- HSBC, London
- JP Morgan, London
- Main First, Frankfurt
- Morgan Stanley, London
- Nomura, London
- Raiffeisen Centrobank, Vienna
- Steubing AG, Frankfurt
- UBS, London
- UniCredit, Munich

## Share information

Share capital	EUR 307,132,044.75 divided into 169,049,163 no-par value shares
	Shares in proprietary possession as of March 31, 2011: 467,874 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 2010 to March 2011	EUR 36.86
Share price low April 2010 to March 2011	EUR 20.87
Share price as of March 31, 2011	EUR 33.13
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of March 31, 2011*	EUR 5,585,098,104.57

\* Based on total number of shares minus repurchased shares.

### Business year 2010/11

Earnings per share	EUR 3.04
Dividend per share	EUR 0.80*
Book value per share	27.39 EUR

\* As proposed to the Annual General Shareholders' Meeting.

### Financial calendar 2011/12

Annual General Meeting	July 6, 2011
Ex-dividend date	July 11, 2011
Dividend payment date	July 18, 2011
Letter to shareholders for the first quarter of 2011/12	August 18, 2011
Letter to shareholders for the second quarter of 2011/12	November 17, 2011
Letter to shareholders for the third quarter of 2011/12	February 15, 2012
Annual Report 2011/12	May 31, 2012
Annual General Meeting	July 4, 2012

# Corporate Governance Report

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## Commitment to the Austrian Corporate Governance Code

The Austrian Corporate Governance Code provides domestic stock corporations with a framework for managing and monitoring their company. The Code aims to establish a system of management and control of companies and groups that is accountable and geared to creating sustainable long-term value. It is designed to increase the degree of transparency for all stakeholders of a company.

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law, the EU recommendations regarding the responsibilities of members of Supervisory Boards and the compensation of company directors, as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a number of revisions. The present Corporate Governance Report is based on the most recent amendment of the Code, which was adopted in January 2010. The Code can be accessed by the public at [www.corporate-governance.at](http://www.corporate-governance.at).

The Code achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voest-

alpine AG recognized the Corporate Governance Code in 2003 and have also accepted and implemented the amendments introduced since that date. voestalpine AG has thus committed itself to comply with the most recent version, as amended, of the Austrian Corporate Governance Code.

In addition to the mandatory "L rules,"<sup>1</sup> the Company also complies with all of the "C rules" of the Code.

Referring to Rule 49 of the Code, it is herewith stipulated that the law firm Binder Grösswang Rechtsanwälte GmbH, where Supervisory Board member Dr. Michael Kutschera is a partner, provided legal advisory services as legal counsel of voestalpine AG in the reporting period 2010/11 on matters associated with the minority shareholder squeeze-out procedure related to BÖHLER-UDDEHOLM Aktiengesellschaft, on the issuance of a bond (early 2011), and on matters under stock exchange law. Fees for these matters are invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. Total net fees of EUR 59,410.84 were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH in the business year 2010/11.

<sup>1</sup> The Corporate Governance Code contains the following rules: "L rules" (= Legal) are measures prescribed by law; "C rules" (= Comply or Explain) must be justified in the event of non-compliance; "R rules" (= Recommendations) are recommendations only, which, in the case of voestalpine AG, are being largely complied with.

## Composition of the Management Board

<p>■ <b>Dr. Wolfgang Eder</b> Born 1952</p>	<p>Member of the Management Board since 1995, Chairman of the Management Board since 2004, End of the current term of office: March 31, 2014, Member of the Supervisory Board of Oberbank AG, Member of the Supervisory Board of Allianz Elementar Versicherungs-AG</p>	<p><b>Head of the Steel Division</b> <i>Assigned areas of responsibility:</i> Corporate Development, Corporate Human Resources, Corporate Communications and Corporate Image, Legal Department and M&amp;A, Strategic Environmental Management, Investor Relations, Internal Auditing</p>
<p>■ <b>Dipl.-Ing. Franz Hirschmanner</b> Born 1953</p>	<p>Member of the Management Board since 2003, End of the current term of office: March 31, 2014</p>	<p><b>Head of the Automotive Division</b> <i>Assigned area of responsibility:</i> R&amp;D and Innovation Strategy</p>
<p>■ <b>Dipl.-Ing. Josef Mülner</b> Born 1947</p>	<p>Member of the Management Board since 2003, End of the current term of office: June 30, 2011, Chairman of the Supervisory Board of VA Intertrading Aktiengesellschaft, Member of the Supervisory Board of VA Erzberg GmbH</p>	<p><b>Head of the Railway Systems Division</b> <i>Assigned area of responsibility:</i> Procurement Strategy, including Raw Materials Strategy</p>
<p>■ <b>Mag. Dipl.-Ing. Robert Ottel, MBA</b> Born 1967</p>	<p>Member of the Management Board since 2004, End of the current term of office: March 31, 2014, Member of the Supervisory Board of VA Intertrading Aktiengesellschaft, Member of the Supervisory Board of APK-Pensionskasse AG, Member of the Supervisory Board of Josef Manner &amp; Comp. AG</p>	<p><b>CFO</b> <i>Assigned areas of responsibility:</i> Corporate Accounting and Reporting, Controlling, Group Treasury, Taxes, Management Information Systems, Risk Management</p>
<p>■ <b>Dkfm. Dr. Claus J. Raidl</b> Born 1942</p>	<p>Member of the Management Board from 2007 to December 31, 2010, Member of the Supervisory Board of Wienerberger AG</p>	<p><b>Head of the Special Steel Division</b></p>
<p>■ <b>Dipl.-Ing. Franz Rotter</b> Born 1957</p>	<p>Member of the Management Board since 2011 (from January 1, 2011), End of the current term of office: March 31, 2014</p>	<p><b>Head of the Special Steel Division</b></p>
<p>■ <b>Mag. Wolfgang Spreitzer</b> Born 1951</p>	<p>Member of the Management Board since 2001, End of the current term of office: March 31, 2014, Deputy Chairman of the Supervisory Board of Gemeinnützige Donau-Ennstaler Siedlungs-AG</p>	<p><b>Head of the Profilform Division</b> <i>Assigned area of responsibility:</i> Information Technology</p>

As of January 1, 2011, Dipl.-Ing. Franz Rotter has taken over as head of the Special Steel Division.

He succeeds Dkfm. Dr. Claus J. Raidl, whose term of office as Member of the Management Board ended as scheduled as of December 31, 2010, due to age.

## Composition of the Supervisory Board

<p>■ <b>em. o. Univ.-Prof. DDr. h. c. Dr. Rudolf Strasser †</b> February 9, 1923, to October 28, 2010</p>	<p><b>Honorary Chairman of the Supervisory Board</b> from July 4, 2001, to October 28, 2010 Member of the Supervisory Board from August 1959 to July 3, 2001</p>
<p>■ <b>Dr. Joachim Lemppenau</b> Born 1942</p>	<p><b>Chairman of the Supervisory Board</b> (since July 1, 2004) Initial appointment: July 7, 1999 Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg</p>
<p>■ <b>KR Mag. Dr. Ludwig Scharinger</b> Born 1942</p>	<p><b>Deputy Chairman of the Supervisory Board</b> (since July 1, 2004) Initial appointment: January 20, 1994 CEO of Raiffeisenlandesbank Oberösterreich AG, Linz Deputy Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen</p>
<p>■ <b>Dr. Franz Gasselsberger, MBA</b> Born 1959</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: July 1, 2004 Managing Director of Oberbank AG, Linz Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck Deputy Chairman of the Supervisory Board of BKS Bank AG, Klagenfurt</p>
<p>■ <b>Dr. Hans-Peter Hagen</b> Born 1959</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: July 4, 2007 Deputy Managing Director of WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, Vienna</p>
<p>■ <b>Dr. Josef Krenner</b> Born 1952</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: July 1, 2004 Head of the Directorate of Finance of the Federal State of Upper Austria, Linz Member of the Supervisory Board of Lenzing AG, Lenzing</p>
<p>■ <b>Dr. Michael Kutschera MCJ. (NYU)</b> Born 1957</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: July 1, 2004 Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna</p>
<p>■ <b>Mag. Dr. Josef Peischer</b> Born 1946</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: July 1, 2004 Director of the Chamber of Workers and Employees for Upper Austria, Linz</p>
<p>■ <b>Dipl.-Ing. Dr. Michael Schwarzkopf</b> Born 1961</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: July 1, 2004 CEO of Plansee Holding AG, Reutte Member of the Supervisory Board of Mayr-Melnhof Karton AG, Vienna Member of the Board of Directors of Molibdenos y Metales S.A., Santiago, Chile</p>
Appointed by the Works Council:	
<p>■ <b>Josef Gritz</b> Born 1959</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: January 1, 2000 Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH &amp; Co KG, Donawitz</p>
<p>■ <b>Johann Heiligenbrunner</b> Born 1948</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: March 24, 2000 Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz</p>
<p>■ <b>Johann Prettenhofer</b> Born 1949</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: January 1, 2008 Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH &amp; Co KG, Kapfenberg</p>
<p>■ <b>Hans-Karl Schaller</b> Born 1960</p>	<p><b>Member of the Supervisory Board</b> Initial appointment: September 1, 2005 Chairman of the Group Works Council voestalpine AG, Linz Chairman of the European Works Council of voestalpine AG, Linz</p>

All Supervisory Board positions held by shareholders' representatives terminate as of the close of the Annual General Meeting of voestalpine AG, which adopts resolutions relative to the business year 2013/14.

None of the members of the Supervisory Board attended fewer than half of the Supervisory Board meetings during the last business year.

### Compensation report for Management Board and Supervisory Board

Regarding the compensation report for Management Board and Supervisory Board, we refer to the notes to the annual financial statements.

### Information regarding the independence of the members of the Supervisory Board

All of the members elected to the Supervisory Board by the Annual General Meeting have confirmed that they consider themselves to be independent based on the criteria defined by the Supervisory Board (Rule 53). The criteria for independence defined by the Supervisory Board may be viewed on the website [www.voestalpine.com](http://www.voestalpine.com) and correspond largely to Appendix 1 of the Corporate Governance Code. Furthermore, with the exception of Dr. Ludwig Scharinger, who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, and Dr. Josef Peischer, who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Group's employee shareholding scheme), none of the members elected to the Supervisory Board by the Annual General Meeting are shareholders with an investment of more than 10% or represent the interests of such shareholders (Rule 54).

### Committees of the Supervisory Board

The Articles of Association authorize the Supervisory Board to appoint committees from among its ranks and to define their rights and responsibilities. The committees can also be given the right to make decisions. Pursuant to § 110 (1) of the Labor Constitution Act (*Arbeitsverfassungsgesetz – ArbVG*), the employee representatives on the Supervisory Board have the right to nominate members for Supervisory Board committees who will have a seat and a vote. This does not apply to committees that handle relations between the Company and the members of the Management Board.

The following Supervisory Board committees have been established:

#### General Committee

The General Committee is both the Nomination and Compensation Committee as defined by the Corporate Governance Code.

As the Nomination Committee, the General Committee submits recommendations to the Supervisory Board regarding filling Management Board positions that become vacant and handles issues regarding succession planning. As the Compensation Committee, the General Committee is also responsible for executing, amending, and dissolving employment agreements with members of the Management Board as well as for all matters associated with the management of Management Board members' stock option plans. Furthermore, the General Committee has the right to make decisions in urgent cases. It also makes decisions regarding whether members of the Management Board are permitted to take on ancillary activities.

*Members of the General Committee of the Supervisory Board:*

- Dr. Joachim Lemppenau (Chairman)
- KR Mag. Dr. Ludwig Scharinger (Deputy Chairman)
- Hans-Karl Schaller

**Audit Committee**

The Audit Committee is responsible for reviewing and preparing approval of the annual financial statements, the recommendation for the appropriation of earnings, and the Management Report. It is also this committee's responsibility to review the Group's consolidated financial statements and to submit a recommendation for the selection of an auditor and to report to the Supervisory Board in this matter.

*Members of the Audit Committee of the Supervisory Board:*

- Dr. Joachim Lemppenau (Chairman)
- KR Mag. Dr. Ludwig Scharinger (Deputy Chairman)
- Dr. Franz Gasselsberger, MBA
- Dr. Josef Krenner (financial expert)
- Hans-Karl Schaller
- Josef Gritz

**Number of Supervisory Board meetings and significant matters raised during Supervisory Board meetings and meetings of the committees during the business year**

During the business year 2010/11, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Association, holding five plenary sessions, two meetings of the Audit Committee, and four meetings of the General Committee. In addition to ongoing reports on the Group's current economic and financial situation,

these meetings dealt in particular with issues surrounding the Group's strategic development, measures involving risk management and securing the Group's liquidity (including the issue of a corporate bond), as well as appointments to the Management Board (Dipl.-Ing. Franz Rotter, succeeding Dkfm. Dr. Claus J. Raidl as of January 1, 2011, and Dipl.-Ing. Dr. Franz Kainersdorfer succeeding Dipl.-Ing. Josef Mülner as of July 1, 2011). The Audit Committee dealt with the review and preparation of the approval of the Company's consolidated financial statements and the individual financial statements, preparation of the recommendation for the appointment of an auditor, the Group's insurances, as well as topics relative to the internal control system, the risk management system, and Internal Auditing. In its function as the Compensation Committee, the General Committee also dealt with questions relative to the compensation of the members of the Management Board, and in its function as the Nomination Committee, it dealt with the preparation of the aforementioned appointments to the Management Board.

In the last meeting of the business year, the Supervisory Board carried out the self-evaluation stipulated under Rule 36 of the Corporate Governance Code and dealt in particular with issues relative to internal organization and the general working methods in the plenary sessions and in the committees.

**External evaluation of the Corporate Governance Report**

The Corporate Governance Code provides for a regular external evaluation of compliance with the Code. This evaluation was carried out by the Group's auditor during the audit of the 2010/11 financial statements. As a result of this evaluation, the auditor has determined that the declaration given by voestalpine AG with regard to compli-



ance with the 2010 version of the Corporate Governance Code conforms to the actual conditions and/or facts.

- The external review report may be viewed on the Internet at [www.voestalpine.com](http://www.voestalpine.com).

### Measures to advance women on the Management Board, the Supervisory Board, and other leadership positions

In the business year 2010/11, the percentage of female executives (members of the Management Board excepted) was at about 10%, the same as in the previous year. Within the scope of internal leadership development efforts, great importance is being placed on continuing to expand the percentage of female participants. Therefore, the relative resolution by the Management Board stipulates that women must be represented at each level of training. In the business year 2010/11, there were 18 women of a total of 133 participants (13.5%).

Overall, the percentage of women in the voestalpine Group in the business year 2010/11 was about 13%. This percentage is still low compared to other sectors of the economy, and this has industry-specific, historical, and cultural reasons. In the consciousness of the public, the image of a steel and processing company is still the image of heavy industry and, therefore, broad-based recruitment of female employees is a challenging undertaking.

None of the Group companies have explicit "female quotas." Rather, the voestalpine Group is striving to implement appropriate measures in order to increase the percentage of women in the Group at all levels. This includes a number of activities, some of which are country-specific, such as participation in Girl's Day, advancement of women in technical professions, and/or in-

creased hiring of female graduates of technical schools and universities. As a result of these efforts, women are now employed in top leadership positions in traditionally male-dominated, technical areas of the Company (e.g., hot-dip galvanizing plants, wire production facilities) and are in executive positions in financial and legal departments of various Group companies, both in Austria and abroad.

In annual human resources reporting, data on the percentage of women in executive positions is collected and analyzed regularly according to their qualifications and their status in the training programs in order to monitor the sustainability of the implemented measures.

### Code of Conduct

In the business year 2009/10, the Management Board also decided to introduce a voestalpine Code of Conduct in addition to the Corporate Governance Code; this Code can be downloaded at the Company website. This Code of Conduct applies to all employees of the Group and provides the basis for ethical and legally correct conduct in the voestalpine Group. Currently, the voestalpine Group is working on an overall update and expansion of basic compliance principles; appropriate decisions for their implementation are planned for the business year 2011/12.

## Report of the Management Board

# Management Report 2010/11

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This Management Report also constitutes the voestalpine Group Management Report as we make use of the provision of § 267 (4) of the Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*) which permits the consolidation of these two reports.

## Market environment

### Global economic situation

The global economy was again driven primarily by Asia (especially China and India) and South America (particularly Brazil) in the business year 2010/11. In these regions, the economic crisis of 2008 and 2009 merely temporarily paused the economic growth that has been robust for years. The exports to these regions have again climbed rapidly, contributing to a recovery in most of Europe's economies, particularly Germany, that arrived more quickly than expected. While the countries in Western, Central, and Northern Europe again reported sizeable growth rates, the economic situation in Southern Europe and the westernmost part of the continent continued to be strained. In contrast, 2010 saw the first signs of recovery in Eastern Europe. The economic up-trend in the USA also experienced some increased momentum in the course of the year, although it is being hampered by the continuing critical situation with regard to both public and private debt and high unemployment.

### Development in the most important customer industries

The global economic recovery that began in the first half of the business year 2010/11 gained momentum in the course of the year. The significant improvement of the overall economic

environment compared to the previous year led—albeit with varying intensity—to a pronounced increase in demand from practically all customer industries that are important for the voestalpine Group. It is particularly noteworthy that the sustained upswing in the automotive industry, which is being driven primarily by an export boom to the Far East, is benefiting the Group's largest customer segment that accounts for one third of the Group's revenue. In addition to the outstanding level of demand for premium-class cars—especially considering the earlier dramatic losses during the crisis—, the markedly positive development of the commercial vehicle sector, which has by and large also recovered in Europe, is also notable. The mechanical engineering sector has also found its way back to its former strong position and, similarly to the automotive industry, has profited mainly from the strong export performance of Germany and some other European countries. This also applies largely to the consumer goods industry, which, however, had already shown itself to be relatively resistant to crises. In recent months, the development of the global railway infrastructure sector has been largely stable at a high level, although the regional differences have been considerable depending on the degree of latitude in public-sector budgets.

The market environment in the aviation industry has also improved distinctly compared to the pre-

vious year. In contrast, demand from the construction and construction supply industry—more or less a niche segment in the voestalpine Group—has continued to be restrained.

The worldwide escalating discussion surrounding nuclear power and the increasing demand in the sector of fossil energy sources due to economic growth resulted in a very strong investment momentum in the impacted industry segments; for voestalpine, the sectors of oil and gas exploration and extraction and thermal energy generation are of particular importance. Demand also rose in the sector of renewable energies; here, however, the situation differs greatly from country to country and has become significantly less attractive in some areas due to public policy on subsidies and still unsolved infrastructure issues (for example, with regard to expansion of the grid and energy storage technologies).

#### Development of the steel industry

As had already been the case in recent years, the development of the steel industry in 2010/11 reflected the overall economic climate—in general, a high level of economic momentum globally, however, at the same time, significant differences between individual regions with regard to speed and extent of the recovery.

In the first half of the 2010 calendar year, worldwide crude steel production not only reached the pre-crisis level but reported a new monthly record

of 125 million tons in May 2010. After a slight decline over the summer, which, however, was due less to the economic situation than to the fact that customer inventories were leveling off to a realistic level of demand, the upward trend continued, resulting in a new production record of just under 130 million tons in March 2011.

The European steel market (EU 27) reported a similar trend; here, however, despite significant increases compared to the immediately preceding periods, production figures (of just over 45 million tons in the first calendar quarter of 2011) were still distinctly below their pre-crisis level of roughly 56 million tons. This corresponds to a capacity utilization of about 80%.

In the business year 2010/11, the inventories of the European steel manufacturers and processors remained largely at a normal level. In the past business year, the voestalpine Group fully utilized its steel manufacturing capacity, apart from individual scheduled facility shutdowns for maintenance and repair.

### Business performance of the voestalpine Group<sup>1,2</sup>

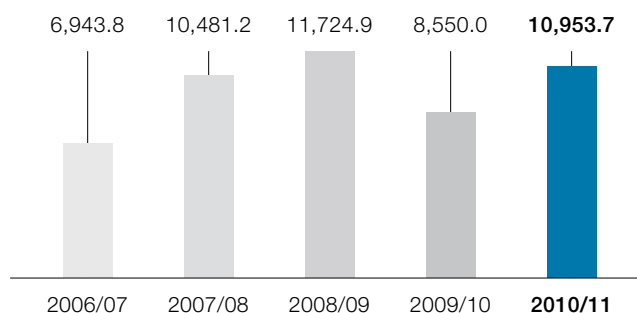
In the business year 2010/11, the voestalpine Group not only increased revenue and operating result significantly compared to the previous year,

<sup>1</sup> In accordance with IFRS, all figures after application of the purchase price allocation (ppa).

<sup>2</sup> As of April 1, 2010, the new organizational structure of the voestalpine Group came into effect. The *precision strip* and *welding consumables* business segments, which had previously been part of the Special Steel Division, were reassigned to the Profilform Division and the Railway Systems Division, respectively. In order to enable a better means of comparison, the divisional figures for the relevant quarter of the previous year were adjusted accordingly; the Group's figures remained unchanged.

## Revenue of the voestalpine Group

In millions of euros



but in the fourth quarter of 2010/11, the result of the immediately preceding quarter was exceeded for the seventh consecutive time. This gratifying development was driven by the economic momentum that grew throughout the year and the almost 100% utilization of the Group's production capacity; it was additionally facilitated by the effects of the efficiency improvement and cost optimization programs that are in place Group-wide.

### Second-highest revenue in the company's history

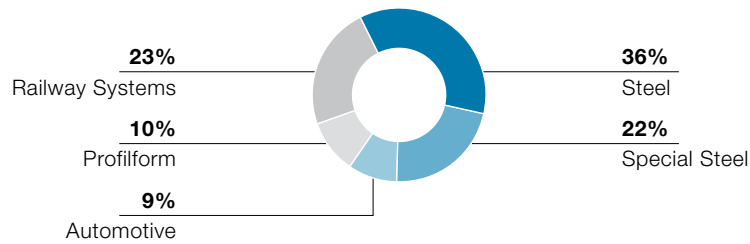
Compared to the same period of the past business year, the voestalpine Group's revenue increased in the business year 2010/11 by EUR 2,403.7 million or 28.1%, going up from EUR 8,550.0 million to EUR 10,953.7 million, the second-highest figure in the Company's history after 2008/09 (EUR 11,724.9 million). With a growth of EUR 1,076.3 million (+34.7%) from EUR 3,098.7 million to EUR 4,175.0 million, the Steel Division reported the highest increase in absolute figures and the second-highest increase in relative figures due to both higher volumes and higher prices. The highest relative boost in revenue, with a plus of 38.8%, was reported by the Special Steel Division, which went from EUR 1,895.4 million to EUR 2,631.3 million; however, this division was

also impacted most severely by the economic downturn in the previous year. In both steel divisions, the revenue gain is the result of a broadly based rise in demand from almost all important customer industries. Higher supply requirements, primarily from the solar energy, the bus and commercial vehicle industry, and the agricultural machinery sector resulted in an increase of revenue in the Profiform Division of 30.8% from EUR 871.3 million to EUR 1,139.3 million. Continuing high demand from the emerging countries, especially for vehicles from the premium segment, and an even greater pick-up in demand for commercial vehicles resulted in revenue for the Automotive Division of EUR 1,040.1 million in the business year 2010/11, which was 24.5% higher than the comparative figure in the previous year (EUR 835.4 million). Thus, the division exceeded the revenue benchmark of EUR 1 billion for the first time since its establishment in 2001. Due to its strong resistance to crisis, the Railway Systems Division's revenue level had remained comparatively stable in the previous year, so that, viewed relatively, its growth of 18.6% from EUR 2,295.8 million to EUR 2,723.3 million was the lowest of all the divisions.

In evaluating the current economic performance, the comparison with the immediately preceding

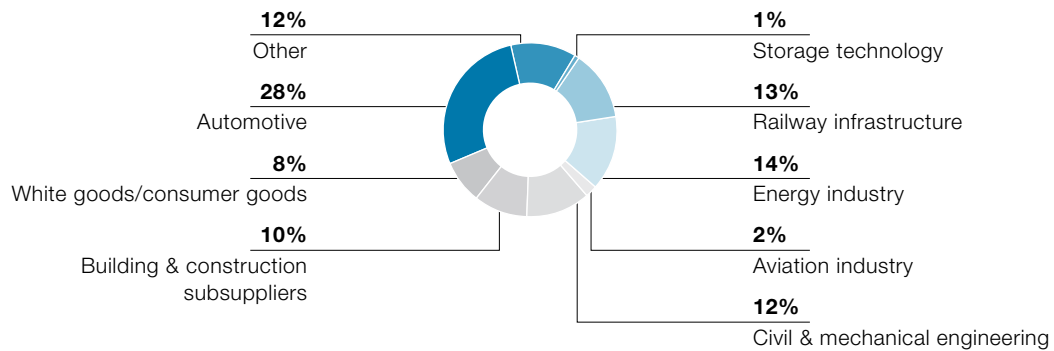
### Revenue by divisions

As percentage of total divisional revenue  
Business year 2010/11



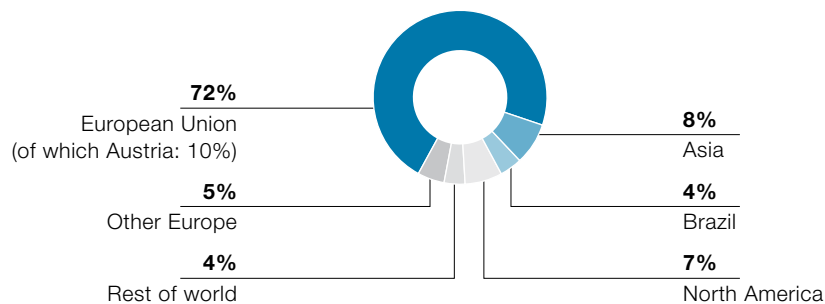
### Revenue by industries

As percentage of Group revenue  
Business year 2010/11



### Revenue by regions

As percentage of Group revenue  
Business year 2010/11



quarter has particularly significant informative value, and, here, the pattern continues to be gratifying. Driven by the positive performance of all the divisions, the voestalpine Group has shown a continuous increase of its revenue since the third quarter of 2009/10; most recently, in the fourth quarter of 2010/11, revenue went up yet again by 9.9% compared to the immediately preceding quarter, going from EUR 2,744.8 million to EUR 3,017.1 million.

Despite the fact that the Group's production capacity is being fully utilized, in the business year 2011/12, there will be an opportunity for additional growth not only with regard to prices, but also to volumes, since the Steel Division will be increasing its capacity in the fall of 2011 along the entire value chain by about 10%, and the Special Steel Division should also be able to increase volumes to a certain degree by eliminating bottlenecks.

#### **EBITDA increased by 60%**

The improved economic climate is reflected even more distinctly in the individual reporting categories than in the level of revenue, as the impact of the lower break-even point, which was reduced during the economic crisis, and of the successful results of the still ongoing optimization programs is felt particularly strongly here. In comparison to the business year 2009/10, a revenue gain of 28.1% resulted in an increase of 59.9% in the earnings before interest, taxes, depreciation and amortization (EBITDA), which went up from EUR 1,004.3 million to EUR 1,605.6 million, and a rise in the EBITDA margin from 11.7% to 14.7%. With a jump by EUR 294.5 million or 314.6% from EUR 93.6 million to EUR 388.1 million, the Special Steel Division saw the largest gain in EBITDA, both in absolute and relative terms, more than quadrupling the previous year's figure. The EBITDA figures in the Profilform (+92.2% from EUR 83.0 million to EUR 159.5 million), Automotive (+64.1% from EUR 73.8 million to EUR

121.1 million), and Steel (+40.6% from EUR 423.3 million to EUR 595.1 million) Divisions also experienced a significant boost. Because, in contrast to the other divisions, last year's figures had already been very high in the Railway Systems Division due to its strong and stable performance, the increase is "only" 14.9%; nevertheless, this represents another substantial improvement of the division's EBITDA from EUR 367.7 million to EUR 422.4 million.

In comparison to the immediately preceding quarter (third quarter of 2010/11), Group EBITDA climbed by 25.8% from EUR 396.5 million to EUR 498.6 million.

#### **Profit from operations (EBIT) almost tripled**

With an operating result (EBIT) of EUR 984.8 million in the business year 2010/11, the voestalpine Group improved its operating result compared to the previous year (EUR 352.0 million) by the impressive percentage of 179.8%, with an improvement of the EBIT margin from 4.1% to 9.0%. The practically complete utilization of the Group's entire production capacity, together with its strategy of consistently focusing on leadership in terms of products, quality, and technology, once again generated an operating result that is significantly ahead of voestalpine's European competition.

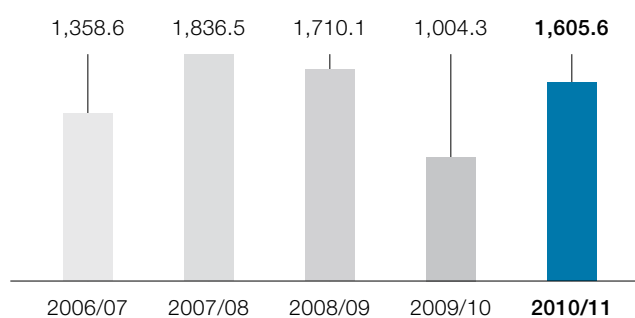
Compared to the immediately preceding quarter, EBIT in the fourth quarter of 2010/11 rose even more significantly than EBITDA, namely by 33.9% from EUR 244.0 million to EUR 326.6 million (for the divisional EBIT development, please refer to the reports on the individual divisions).

#### **Profit before tax, profit for the period, and earnings per share all surpass the previous year's figures several times over**

Due to an operating result that was up strongly compared to the previous year, profit before tax (EBT) in the business year 2010/11 more than quadrupled, going from EUR 183.3 million to

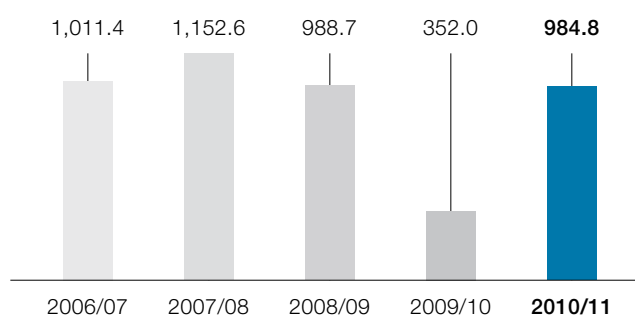
### EBITDA – Profit from operations before depreciation

In millions of euros



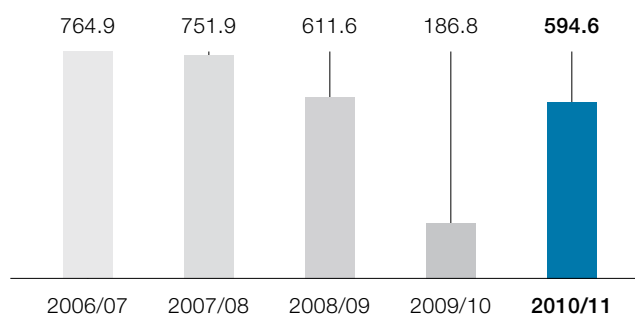
### EBIT – Profit from operations

In millions of euros



### Profit for the period

In millions of euros



EUR 781.0 million. Taking the tax rate of 23.9% into account, profit for the period (net income)<sup>1</sup> came to EUR 594.6 million and is thus 218.3% higher than the previous year's figure (EUR 186.8 million).

Based on this figure, the earnings per share (EPS) for the business year 2010/11 are EUR 3.04 (previous year: EUR 0.65).

#### **Proposed dividend: EUR 0.80 per share**

Subject to the consent of the Annual General Shareholders' Meeting of voestalpine AG which will take place on July 6, 2011, a dividend of EUR 0.80 per share will be distributed to the Company's shareholders for the business year 2010/11. Compared to the previous year (EUR 0.50 per share), this represents an increase of EUR 0.30 per share or 60.0%. Based on the earnings per share (EPS) of EUR 3.04, the distribution ratio is 26.3% (previous year: 77.7%). Taking the average share price during the business year 2010/11 of EUR 28.77 into consideration, the dividend yield is 2.78% (previous year: 2.23%).

#### **Gearing continues to fall**

Compared to March 31, 2010, equity rose in the business year 2010/11 by 10.1% from EUR 4,262.4 million to EUR 4,691.1 million. The increase in equity due to the profit for the period of EUR 594.6 million and positive currency translation and hedging effects were accompanied by impairment effects generated by the dividend distribution to shareholders and owners of hybrid capital totaling EUR 155.5 million.

Due to the very good result and the investment expenditure that was considerably lower than depreciation, net financial debt dropped compared to March 31, 2010, by 10.7% from EUR 3,037.3 million to EUR 2,713.1 million despite the build-up of working capital resulting from price-related issues and dividend payments. Thus, as of the end of the business year 2010/11,

the voestalpine Group's gearing ratio (net financial debt as a percentage of equity) dropped to 57.8% compared to 71.3% as of March 31, 2010.

#### **Free cash flow at about half a billion euros**

Although profit for the period rose considerably in the business year 2010/11 from EUR 186.8 million to EUR 594.6 million, cash flows from operating activities fell by 40.4% from EUR 1,606.1 million to EUR 957.6 million due to the fact that the amount of liquidity tied up in working capital went up. However, due to very consistent and meticulous working capital management, working capital rose by a disproportionately small percentage vis-à-vis revenue in the business year 2010/11. As a result of the Group's restrictive investment policy that was retained in the past year, at EUR -466.9 million, cash flows from investing activities (without taking financial investments into account) continued to be low and even remained below the previous year's level (EUR -586.9 million) so that ultimately free cash flows came to EUR 490.7 million (2009/10: EUR 1,019.2 million). Taking changes in financial investments into account, cash flows from investing activities fell substantially from EUR -914.5 million to EUR -366.7 million. Due to a smaller dividend payout that went down from EUR -539.6 million to EUR -390.5 million, cash flows from financing activities decreased. Against this backdrop, cash and cash equivalents rose in the business year 2010/11 by another EUR 204.8 million (including net exchange differences), going from EUR 1,028.6 million to EUR 1,233.4 million.

#### **At 7.72 million tons, crude steel production at an all-time high**

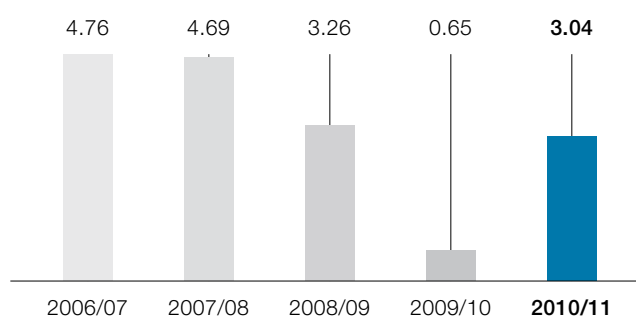
The economic environment, which improved significantly during the business year 2010/11, is also reflected in a substantial increase in crude steel production across the Group. The total production volume in the business year 2010/11 of 7.72 million tons was not only 27.2% higher than

<sup>1</sup> Before non-controlling interests and interest on hybrid capital.



### EPS – Earnings per share

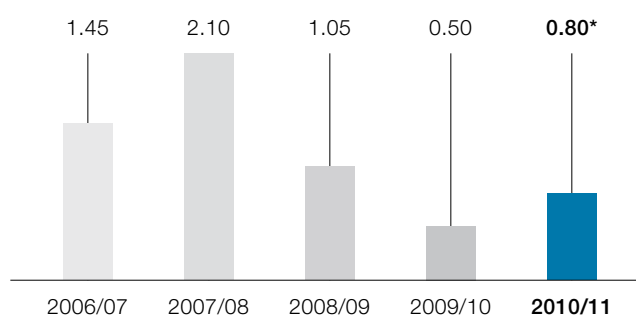
In euros



### Dividend per share

In euros

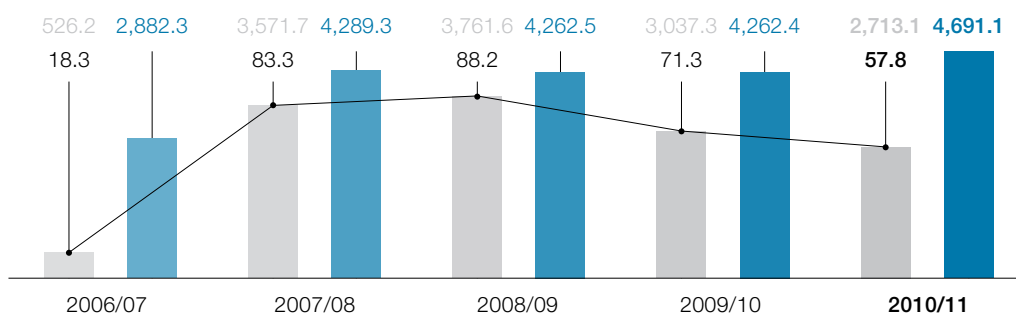
\* As proposed to the Annual General Shareholders' Meeting.



### Net financial debt – Equity – Gearing ratio

In millions of euros

■ Net financial debt  
■ Equity  
— Gearing (in %)



the comparative figure of the previous year (6.07 million tons) but represented a new production record for the voestalpine Group. With a production volume of 5.46 million tons, the Steel Division reported an increase of 25.2% and the Railway Systems Division recorded an output of 1.42 million tons, a gain of 18.3%; the strong growth in

demand is reflected most clearly in the production figures of the Special Steel Division, which improved its output from 510,000 tons to 841,000 tons, a surge of 64.9%.

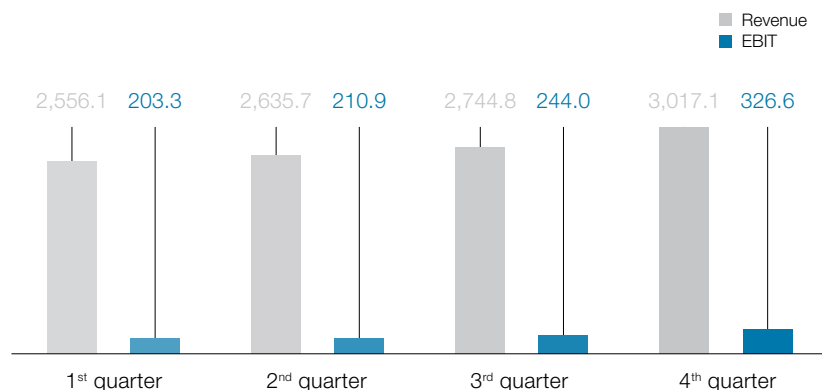
The table below provides an overview of the development of key financial figures over the four quarters of the business year 2010/11:

### Quarterly development of the voestalpine Group

In millions of euros	1 <sup>st</sup> quarter 2010/11	2 <sup>nd</sup> quarter 2010/11	3 <sup>rd</sup> quarter 2010/11	4 <sup>th</sup> quarter 2010/11	BY 2010/11
Revenue	2,556.1	2,635.7	2,744.8	3,017.1	10,953.7
EBITDA	350.9	359.6	396.5	498.6	1,605.6
EBITDA margin	13.7%	13.6%	14.4%	16.5%	14.7%
EBIT	203.3	210.9	244.0	326.6	984.8
EBIT margin	8.0%	8.0%	8.9%	10.8%	9.0%
Profit before tax (EBT)	156.5	161.0	197.4	266.1	781.0
Profit for the period	121.1	128.6	150.6	194.3	594.6
Employees (excl. temporary personnel and apprentices)	39,595	39,862	40,078	40,700	40,700

### Quarterly development of the voestalpine Group

In millions of euros  
Business year 2010/11



## Important events after the reporting date

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We refer to the information in the notes to the consolidated financial statements under Item 29.

## Investments

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The *investments* of the voestalpine Group in the business year 2010/11 came to EUR 422.7 million. Of the total investments, EUR 412.3 million were attributable to tangible fixed assets, EUR 8.1 million to intangible assets, and EUR 2.3 million to equity holdings. Compared to the previous year (EUR 542.5 million), investment expenditures were down by another EUR 119.8 million or 22.1% as a result of the Group's restrictive investment policy as a reaction to the global economic and financial crisis. As a result of eliminating, resizing, and postponing projects or extending completion deadlines, in the business year 2010/11, the Group's investments were substantially lower than depreciation (EUR 620.8 million). However, it should be emphasized that those investment projects focused on the expansion of the Group's leadership role in both technology and quality are still being vigorously pursued.

At EUR 152.6 million, 36.1% of the Group's investments were accounted for by the *Steel Division*; compared to the previous year (EUR 240.8 million), this corresponds to another reduction by 36.6%. The focus was the realization of the still outstanding projects under the "L6" investment program; in the business year 2010/11, construction of a new melting pot gas holder (commis-

sioning: spring 2012) and construction of a new continuous casting facility (commissioning: fall 2011) continued within the scope of this program. Thus, beginning with the business year 2012/13, the steel site Linz will have an annual production capacity of 6 million tons (previously 5.5 millions tons). Additionally, in the summer of 2010, construction of a new Steel Service Center (SSC) began in Romania, which will have state-of-the-art slitting and cut-to-length facilities and which will be put into operation in the fourth calendar quarter of 2011.

The *Special Steel Division* reported investments of EUR 87.9 million in 2010/11, 40.9% below last year's figure (EUR 148.8 million). Attention was focused on investment projects to expand capacity in the forging sector; they were completed just in time to coincide with the most recent economic recovery. New, state-of-the-art forging presses were put into operation at the sites in Wetzlar, Germany, and Hagfors, Sweden, and at the production site in Kapfenberg, Austria, a new axial forging machine was started up. After the completion of these expansion projects, these sites now have sufficient capacity to be able to handle the (structural) increase in demand in the open-die forging segment. Other projects during the past

business year primarily involved investment in rationalization, modernization, and maintenance of facilities.

The *Railway Systems Division* reported investments of EUR 96.1 million in the business year 2010/11, representing an increase of 23.0% over the previous year (EUR 78.1 million). The largest individual projects involved the scheduled major repair of one of the two blast furnaces at the Donawitz site during the period from July to October 2010, as well as the commissioning of a second vacuum pump at the same site, which enables a significant increase in the secondary metallurgical capacity of up to 100,000 tons per year.

In the business year 2010/11, the *Profilform Division* reported an investment volume of EUR 52.3 million, which was higher than the previous

year's figure (2009/10: EUR 47.6 million) by 9.9%. The investment in a sawing and rolling center for the precision strip segment in Kematen, Lower Austria, was completed in the current business year and successfully commissioned. Due to the extremely positive market development and a sustainable and reliable level of demand, also the second part of the investment project (strip production, especially for tempered saw bands) with a preliminary budget of EUR 45 million has already been tackled.

In the business year 2010/11, the focus in the *Automotive Division* was primarily on smaller investments that were associated with existing orders or were necessary for operational reasons. Due to the very low level of expenditure in the previous year (EUR 22.5 million), the division reported an increase of 24.4% to EUR 28.0 million.

## Acquisitions and divestments

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The Railway Systems Division entered into two joint ventures during the business year 2010/11, which are of significant strategic importance with regard to long-term growth perspectives and are intended to expand the global market and technology leadership of the voestalpine Group in the turnout manufacturing sector by giving it a focused presence in very dynamic market regions outside Europe.

The activities that were reported in detail in the previous letters to shareholders for the business year 2010/11 pertain to the establishment of a turnout manufacturing joint venture in Turkey in the first quarter of 2010/11 (a joint venture with the Turkish State Railways and the steel manufacturer Kardemir under voestalpine management) and, in the third quarter, to the establish-

ment of the first foothold in Saudi Arabia. The company that was established together with a well-regarded local partner from the railway technology sector under the technical management of voestalpine will develop the Saudi Arabian market and, subsequently, numerous suburban and metro projects throughout the entire Gulf region. Production launch is planned for the calendar year 2011.

After completion of the run-up phase, revenue of the joint venture in Turkey should be about EUR 30 million, while that of the Saudi Arabian joint venture should be at around EUR 10 to 15 million.

Otherwise, there were no other acquisitions or significant divestments in the business year 2010/11.

## Employees

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As of March 31, 2011, the voestalpine Group had *40,700 employees* worldwide (core staff, not including apprentices and temporary personnel). Compared to the previous year's figure (39,406 employees), this corresponds to a gain of 3.3% or 1,294 employees. The number of temporary personnel Group-wide increased in the business year 2010/11 by 36.7% (from 2,951 to 4,036).

21,760 (core) employees (53.5%) are working at locations outside Austria, while 18,940 employees (46.5%) are working at Austrian companies.

As of the end of the business year 2010/11, the voestalpine Group was also training 1,330 *apprentices* (with 66.2% or 880 young people being trained at Austrian locations and 33.8% or 450 apprentices being trained at international Group sites). Compared to the previous year, the number of apprentices being trained has declined by 9.6%.

### Crisis management in the HR sector

As of March 31, 2011, the total workforce (core and temporary personnel) was still 2,446 employees or 5.2% below the figure as of the end of September 2008 (47,182 employees) directly prior to the global economic crisis, however, the trend differs from division to division. For example, the total workforce in the Railway Systems and Automotive Divisions is already at the pre-crisis level.

The difference in the number of employees to the fall of 2008 results from the fact that additionally

required personnel capacity in production is largely covered not by regular employees but—where this is possible and feasible—by temporary personnel in order to ensure as much flexibility as possible considering the anticipated trend toward substantial fluctuations in demand, in other words, to enable the Company to react quickly and appropriately to crises in the future, while at the same time retaining a stable level of core staff.

Furthermore, the difference in the number of employees to the pre-crisis level is also grounded in the significant improvement of Group productivity as a result of the broad-based optimization processes during the past two years. For example, the Steel Division's total workforce (core employees and temporary personnel) was still markedly smaller than in September 2008, despite a capacity utilization of 100% in the business year 2010/11, which was due in large part to efficiency improvements within the scope of "Future," the division's reorganization project.

The other measures taken in the HR sector to deal with the economic crisis (e.g., reduced working hours, using up compensatory time and vacation accruals, educational leave, early retirement models, part-time work for employees nearing retirement age, and other measures) have, for the most part, already been gradually eliminated or are set to expire shortly—of course always taking the individual environment into consideration.

Currently, only 26 employees are still working reduced hours and the number of employees taking educational leave was reduced in the past business year by 96% to only 26 employees. Com-

pared to the previous year, the number of participants in the classic work foundation model ("Steel Foundation") has already gone down by about one third to 379 persons from the voestalpine Group, and it is anticipated that in the business year 2012/13 it will return to its pre-crisis level. The placement rate of the work foundation in the past business year was at 84%, i.e., 4 out of 5 employees who were moved to the Steel Foundation during the crisis found a new job by improving their qualifications or going through retraining.

### Employee shareholding scheme

The voestalpine AG employee shareholding scheme, which has existed for ten years, has now been expanded to 34 Group companies in Austria, Germany, Great Britain, and the Netherlands. In the current business year 2011/12, the gradual inclusion of additional companies in Poland and Belgium is planned.

As of the end of the business year 2010/11, 21,400 employees of voestalpine AG are participating in this scheme through the voestalpine Mitarbeiterbeteiligung Privatstiftung and hold about 20.5 million shares. With a holding of 12.15% of the share capital, employees are the second largest core shareholder of voestalpine AG.

About 1.5 million private shares owned by current and former employees (this corresponds to 0.89% of the voting shares) are also managed by the voestalpine Mitarbeiterbeteiligung Privatstiftung.

Thus, currently 13.04% of voestalpine AG's share capital is owned by its employees.

### Professional development of employees and executives

In the past business year, extensive measures with regard to the *development of employees and executives* continued to be rapidly implemented within the voestalpine Group, and, at the same time, the international focus of individual programs was significantly intensified.

#### Development of executives

Due to the strong global growth of the voestalpine Group in recent years, the requirements for future executives have been substantially broadened so that the Group's management development program was completely overhauled and refocused with regard to content and quality. The program, which has been renamed "*value:program*," is taking the requirements that go hand in hand with the Group's internationalization into greater consideration both with regard to training content and programmatic concepts and is also aiming to connect training content with company objectives more closely. In the business year 2010/11, more than 130 executives and potential executives from more than 20 countries participated in this training.

The structures and content of the *high mobility pool*, which was established twelve years ago, have also been comprehensively revised. It provides high potentials with a few years of pro-

fessional experience with the opportunity to get to know the voestalpine Group by way of concrete projects within the individual divisions and sectors. This training concept goes far beyond a traditional trainee program, and it allows the participants who go through this training to qualify for concrete leadership and project tasks due to the experience and the broad-based knowledge of the organization they have acquired. In the past business year, candidates were recruited Europe-wide for the first time.

**Employee survey**

The employee survey that is carried out in three-year intervals also emphasized how strongly the

voestalpine Group's internationalization has increased. This survey was conducted in the past business year among 35,000 employees, which corresponds to more than 85% of the Group's total workforce, in 116 companies, twelve countries, and nine languages. There was a 64% response rate, and concrete measures will be derived from the results and implemented in the interval to the next survey; improved communication between management and employees as well as the continued enhancement of management competency will be top priorities. Overall, the survey again made clear just how strongly employees identify—by international standards as well—with “their” voestalpine.



# Raw materials

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## Development on the raw materials markets

The spring of 2010 marked a watershed point on the global raw materials markets. As of April 1, concurrently with the beginning of the voestalpine business year 2010/11, the leading iron ore and coking coal suppliers unilaterally departed—from the legal perspective with a thought-provoking unity—from the annual pricing system, which had been successfully in place over many decades, in favor of quarterly price agreements. Therefore, the spot market prices in the previous period will now be the basis for determination of the contractual quarterly prices—in particular for iron ore. The launch of the new price mechanism was associated with the attainment of historical record prices for those raw materials most crucial for the steel industry. In April 2010, just for iron ore alone, the price went up by 70%, with increased demand due to the revitalized economy given as formal justification for the price hike. The situation was additionally exacerbated by individual national export restrictions (for example, from India). Since the fall of 2010, prices for iron ore have stabilized to a certain degree, albeit at the high level they had reached.

In addition to supply-side measures by mining operators, the situation on the raw materials markets in recent months was significantly im-

acted by environmental disasters in important mining regions. For example, in the early part of the 2011 calendar year, flooding in the northeastern part of Australia resulted in a deterioration of the supply situation for coking coal, followed subsequently by the highest price level ever.

In contrast to the situation for ore and coal, the development of price and supply for scrap and alloys in the course of 2010/11 was largely uneventful.

## Raw materials strategy in the voestalpine Group

Despite the extremely challenging situation with regard to iron ore and coal, the timely supply needed for the voestalpine Group's steel production facilities was never in the slightest danger of being impaired as voestalpine has long consistently pursued a different strategy than most of its competitors, who for the most part use only one or two raw materials partners. The key point of the voestalpine strategy is a consistent diversification of sourcing options in all raw materials categories, which will be expanded even more in the future to avoid any vendor dependencies. Derivative instruments will be increasingly used to mitigate exposure to greater price volatility due to quarterly pricing in the raw materials sector.

## Research and development

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At EUR 109.0 million, the voestalpine Group maintained its *expenditures for research and development* in the business year 2010/11 at the previous year's very high level (EUR 108.8 million). Due to ongoing improvements in efficiency, including in the area of R&D organization, actual expenditures were slightly lower than the available *R&D budget* of EUR 110.8 million, although all of the planned projects were implemented throughout.

The *budget* approved for the current period of 2011/12 provides for an additional increase of technology and innovation funding by 10%, thus bringing it to a record high of more than EUR 120 million. The budget in all five Group divisions will reflect this increase, with the Special Steel Division showing the most substantial growth at about 25%.

The *research ratio* of the voestalpine Group (share of R&D expenses in total sales) at the end of the business year 2010/11 was 1.0% (previous year: 1.27%), the *R&D coefficient* (funds measured by economic value added) is 2.55% (previous year: 3.42%).

### Focal points of ongoing R&D activities

The focus of research and development activities is on cross-divisional long-term projects in the mobility and energy sectors, which already represent the two largest customer segments of the voestalpine Group.

In addition to further development of lightweight materials for the automotive and consumer goods industries, the focus is on technologically highly sophisticated applications in the energy sector,

such as high-temperature materials, which enable significantly higher efficiency in power plant turbines and aircraft engines than was previously possible. Another focal point is innovation in the renewable energy sector; here, it is the long-term goal of the voestalpine Group to position itself in the top technology and quality segment.

Viewed Group-wide, the R&D segment is aiming for an optimum combination of material, tools, and processing. For example, in the past business year, voestalpine Stahl GmbH was awarded the innovation prize of a leading automotive journal for a *steel and aluminum hybrid blank* for the automotive industry, which it developed jointly with an industrial partner. The particular innovation in the combination of these two very different materials is that, after the assembling process, the hybrid blank can be formed into components. Currently, concrete applications are being defined jointly with customers from the automotive industry.

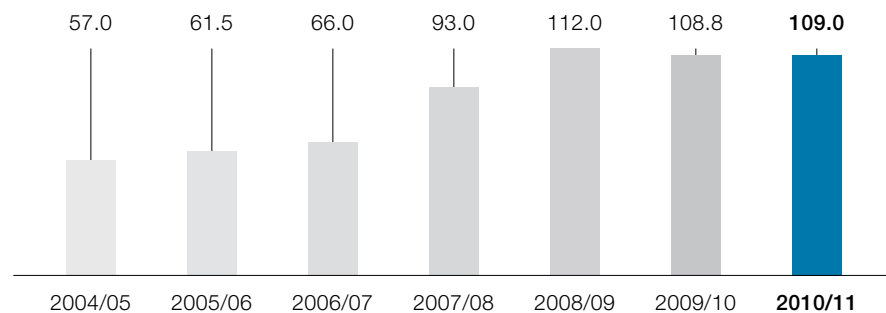
The focus in the sectors of *rail and turnout technology* is in the long-term expansion of the Group's global technology leadership as well as in the continuing sustainable optimization of the life-cycle costs of innovative complete solutions. For example, the past business year saw a pilot run using a specially developed switch drive system that integrates all the required functions, such as switching and monitoring, which took place on a new high-speed line in Korea with speeds of up to 370 km/h.

With the launch of the *Steel Innovation Center* at the Group's Linz site, voestalpine took another step toward a long-term expansion of the Group's leadership role in both technology and quality. The opening of the new laboratory center was in September 2010.

## Research expenses for the voestalpine Group

In millions of euros

R&D gross expenses (without R&D installation investments)



It is focused on the development of new surface technologies for high-quality steel coil, including underlying analytics, and it does not represent merely an isolated research center but is directly associated with the "Steel Development Center" (focus: material development) and the "Steel Processing Center" (simulation and optimization of processing steps, such as welding, pressing, and forming), which were established at the Linz site some time ago.

In the areas of recycling and zero-waste production, a research project is currently being realized jointly with the University of Mining and Metallurgy in Leoben within the scope of the Austrian federal government's competency center program. The centerpiece of the project is a reactor that reclaims metal from metallurgical filter dust. The facility's purpose is to make the process ready for industrial implementation.

Currently, the voestalpine Group is collaborating with more than 80 *research and development*

*partners* all over the world that include both university research institutions and institutions closely associated with universities. The current deepening and expansion of such collaborations is therefore an important focus of our long-term innovation strategy. For example, the recent R&D collaboration in the area of surface and nanotechnology within the scope of the new cooperative project "SteelCoatingDesign" with the Johannes Kepler University was expanded. The main focus is on the development of innovative coatings.

As far as international R&D partnerships are concerned, it deserves special mention that voestalpine will be collaborating with the Advanced Steel Processing and Products Research Center at the highly regarded Colorado School of Mines, USA, as one of their corporate sponsors. Numerous projects relative to the further development of high- and ultra-high-tensile steel, which are particularly relevant for the voestalpine Group, are currently being undertaken at this institution.

# Environment

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## Development of environmental expenditures

The voestalpine Group's direct *environmental expenditures* in the business year 2010/11 came to roughly EUR 20 million<sup>1</sup>. The steep reduction compared to the previous year's figure (EUR 48 million) reflects the Group's generally sharply diminished investments during and in the wake of the economic crisis. In addition, the latest eco-specific major investments were largely completed in the past business year at the two particularly environmentally sensitive metallurgical plants in Linz and Donawitz. The *ongoing expenditures for operation and maintenance* of environmentally relevant facilities<sup>1</sup>, however, remained stable at a very high level at EUR 194 million (compared to EUR 193 million in the previous year). Thus, in the business year 2010/11, the voestalpine Group spent around EUR 214 million for measures directly associated with environmental issues.

## Focus of environmental measures

In 2010/11, a number of other projects in the sectors of energy and raw materials efficiency, air and water emissions, as well as waste reduction

and recycling were realized across the Group. In addition to the measures that were presented in detail in previous letters of shareholders with regard to the past business year, the following individual projects can serve to illustrate the Group's efforts in this regard:

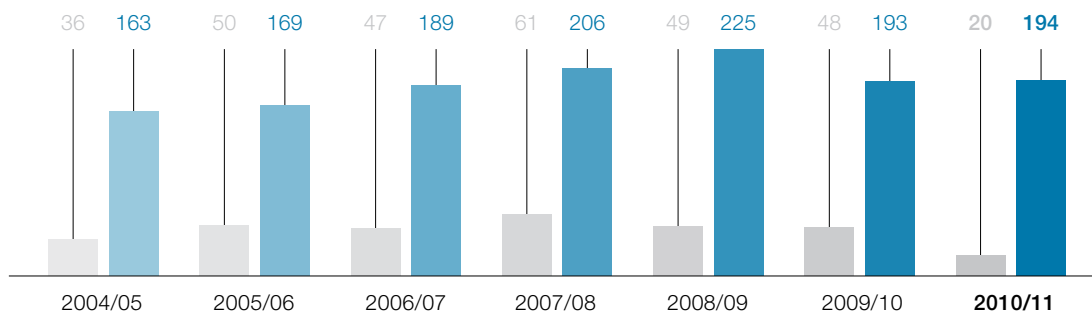
At the Linz site (*Steel Division*), new processing technologies in the blast furnace segment as substitutes for heavy oil (hand in hand with a significant reduction of sulfur emissions) as well as technologies to further sustainably reduce CO<sub>2</sub> emissions by putting a natural gas injection facility into operation were developed and have already been successfully implemented in the production process. Other environmental projects in the Steel Division—all at the Linz location—pertained to the improvement of process water management and a reduction of NO<sub>x</sub> emissions as well as continued minimization of dust emissions (foundry).

In the *Special Steel Division*, at the site in Kapfenberg, Austria, new measures were taken that achieved a substantial reduction or, in some cases, prevention of discharge of heavy metal emissions in wastewater. The division launched a completely new water treatment system at its Brazilian location in Villares. This enables production wastewater to be optimally recycled. Furthermore,

### Environmental expenditures<sup>1</sup>

In millions of euros  
Based on Austrian locations

■ Environmental investments  
■ Operating environmental expenses



in the special forging segment in Wetzlar, Germany, measures were taken to reduce dust pollution by way of improved heat dissipation.

The *Railway Systems Division* has already distinguished itself in recent years by developing exemplary concepts for the optimization of the energy supply and the energy cycle. For example, at the turnout production site in Zeltweg, Austria, all thermal energy requirements are met by way of the district heating network that is fueled by

biomass. By switching entirely to renewable energies, annual CO<sub>2</sub> emissions are lowered by about 1,400 tons. Furthermore, by putting an hydroelectric power plant into operation at the same site, all electrical power requirements can be met in-house during the summer months. Additionally, it should be underscored that comprehensive efforts are taking place at several of the division's sites to expand occupational health and safety and energy efficiency as well as to lower noise and dust emissions.

<sup>1</sup> Basis: Austrian locations, as it is here that the greatest portion of the Group's environmentally sensitive emissions accrue.

It deserves special mention that in the past business year the *Automotive Division* launched a new technology for the generation of compressed air for compressor installations at one of its Austrian production sites, which minimizes cooling water emissions and, at the same time, enables savings of natural gas and electricity. Measures to reduce production-generated noise are another key focus of attention in the division.

A number of Austrian and international Group companies again received numerous awards in the business year 2010/11 for their outstanding standards in the areas of the environment and occupational safety. This time, the focus of the honored projects and measures was in the sectors of energy (generation, efficiency, and energy cycle) and occupational safety. A particularly important award was the "European Good Practice Award in Safety and Health at Work," which VAE Eisenbahnsysteme GmbH, Zeltweg, received in April 2011 for the second time for its outstanding performance with regard to occupational safety and health.

## Environmental agenda

The *benchmark system* to succeed the Kyoto Protocol recommended by the European steel association EUROFER and its member companies

was, for the most part, rejected by the European Commission. This decision was made although the comprehensive collection of data ordered by the European Commission regarding all plants and facilities of the European steel industry that will be affected by CO<sub>2</sub> certificate trading from 2013 on, upon which the recommendation was based, was verified and confirmed as plausible by an independent authority.

As, in the meantime, the separate draft of the allocation mechanism, which was prepared by the Commission in December 2010 and stipulated its own benchmark figures, has passed both the EU Council of Ministers and the European Parliament, it is on the verge of taking legal effect. The European steel companies within EUROFER, however, have decided to contest the benchmark system recommended by the EU because some of the threshold values cannot be achieved with today's technical possibilities. From the current perspective, the result of this proceeding is largely up in the air.

Currently, the future course for a new economic structure of the EU that was recommended by the Commission in the "Roadmap 2050" is being discussed by top European decision-makers. The recommendations include CO<sub>2</sub>-free electricity generation, massive innovations in the transportation sector, acceleration of construction of low-

energy buildings, and changes in the manufacturing industry to reduce CO<sub>2</sub> and increase energy efficiency. Apart from the fact that the objective of these ambitions is basically a welcome one, from the perspective of the voestalpine Group, the Roadmap seems, for the most part, to be lacking a holistic approach across all of the impacted value chains. With regard to the steel industry, almost no attention is paid to the fact that in recent years a significant part of European manufacturers have already reached the limits of what is doable in terms of environmental technology (and in terms of finances).

It is in particular the focus on production-generated CO<sub>2</sub> emissions as the main management and control instrument for the industrial transformation that the Roadmap is aiming for that disregards the overall importance of the steel industry in the value chain on the one hand, and the concrete importance of steel as a material on the other hand. From today's vantage point, neither the product and process innovations required in the transition phase nor future technologies, which are as CO<sub>2</sub>-neutral as possible, in the sectors of energy and mobility can be implemented without the significant use of steel (e.g., in the transportation and energy infrastructure sectors, for efficient energy systems, or in the sectors of transportation and logistics). This includes not only the supply of materials of the required qual-

ity and in the needed quantity, but also their supply at prices that enable downstream processing companies to create sufficiently high added value to make it even possible to finance the desired transformation.

The steel industry should therefore be an integral component of the entire process chain, not just with regard to its CO<sub>2</sub> output but also with respect to its potential to achieve the very objective that the EU Commission is aiming for by using its comprehensive problem-solving competence, and be included appropriately in long-term deliberations.

## Risk management

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The voestalpine AG risk management system has been in place since the business year 2000/01. It takes the form of general operating procedures for the entire Group and is updated and expanded on a regular basis.

Risk management, as understood and applied within the voestalpine Group, serves both to secure the long-term existence of the Company and to increase its value and is thus a key factor in the success of the Company.

With the the Austrian Company Law Amendment Act (*Unternehmensrechtsänderungsgesetz*) enacted in 2008, the importance of the internal control system (ICS) and its monitoring as well as the risk management system as a whole has continued to grow.

Both risk management and the ICS are integral components of the existing management systems within the voestalpine Group. The Internal Audit department is an independent internal company unit, which monitors both operating and business processes and the ICS and has full discretion when reporting and assessing audit results.

A systematic risk management process is an integral component of the Company's business processes, enabling risks to be quickly identified and the appropriate measures taken to avert them. Risk management covers both strategic and operational levels and is therefore a significant element in the Company's enduring success.

*Strategic risk management* serves to evaluate and safeguard strategic planning for the future. Strategies are examined to ensure conformity with

systems of objectives in order to guarantee growth in value through the optimum allocation of resources.

*Operational risk management* is based on a revolving procedure run at least once a year. The identified risks are evaluated according to an evaluation matrix, which judges potential loss and probability of occurrence. Essentially, it is the operational, environmental, technological, and IT risks that are documented, and this process is supported by a special web-based IT system.

Measures taken in the following key areas of risk include:

### ■ Raw materials availability

Securing the long-term availability of the required volume and quality of raw materials and energy is a particular challenge, especially for an industrial enterprise. For several years, the voestalpine Group has followed a diversified procurement strategy designed to reflect increased risks. Close and long-term relationships with suppliers on the one hand, and the expansion of the supplier portfolio and increased self-sufficiency on the other, are the core elements which, in view of current volatility in the raw materials markets, are becoming increasingly important (*this is examined in greater detail in the section on "Raw materials" in this Annual Report*).

### ■ Guidelines on hedging raw materials price risk

In order to evaluate the risks arising from the volatility in raw materials prices, the voestalpine



Group has a risk management tool for calculating cash flow at risk. Under consideration of the ability to pass on price changes, the size of the evaluated risk, and the individual peculiarities of each raw material, prices are secured by agreeing on supply contracts with fixed-price agreements or via derivative financial contracts. An internal guideline regulates the procedure within the Group.

#### ■ CO<sub>2</sub> issues

Risks related to CO<sub>2</sub> are covered in the "Environment" section in this Annual Report.

#### ■ Failure of IT systems

Servicing of business and production processes, which are largely based on complex information technologies, is carried out by a specialist IT company (the voestalpine group-IT GmbH) which is 100% owned by voestalpine AG.

Due to the importance of IT security and in order to further minimize potential IT security risks, minimum security standards for data processing were drawn up in the past and adherence to these standards is audited annually. Penetration tests are also carried out periodically to further reduce the risk of unauthorized access to IT systems and applications.

#### ■ Failure of production facilities

In order to minimize the risk of breakdowns at critical facilities, we have undertaken comprehensive targeted investment in the technical optimization of sensitive units. Continual preventative servicing, risk-oriented storage of spare parts, and employee training are further measures.

#### ■ Knowledge management

In order to sustainably secure knowledge, and especially to guarantee against the loss of know-how, available knowledge is documented on an ongoing basis while new findings from key projects as well as lessons learned as the result of unplanned events are processed and incorporated accordingly.

#### ■ Risks in the financial sector

With respect to policy-making responsibility, the setting of strategy, and the definition of targets, financial risk management is centrally organized. The existing body of regulation includes targets, principles, tasks, and competencies, both for the Group Treasury and for the financial sector of each Group company. The strategy aims to reduce fluctuations in cash flow and income. Market risks are largely secured through the use of derivative financial instruments.

Financing risks are secured through the measures detailed below:

#### Liquidity risk

Liquidity risks generally consist of a company being potentially unable to raise the funds necessary to clear liabilities incurred in combination with financial instruments. Existing liquidity reserves enable the company to meet its obligations within the prescribed period. The primary instrument for controlling liquidity risk is a precise financial plan drawn up quarterly on a revolving basis. The requirements on financing and bank credit lines are determined from the consolidated results by the central Group Treasury.

### Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by business partners. The credit risk of the underlying transactions is minimized as far as possible through credit insurance and bankable securities (guarantees, letters of credit). Based above all on our experiences during crises, the risk of default for our own remaining risk is judged to be minimal. A high percentage of delivery transactions are covered by credit insurance. Bankable security is also provided, such as guarantees and letters of credit. As of March 31, 2011, 75% of trade receivables were covered by credit insurance.

### Currency risk

The Group implements an initial hedge centrally by means of derivative hedging instruments with the Group Treasury. voestalpine AG hedges for the budgeted foreign currency payment flows (net) for the next twelve months. Longer-term hedging is only carried out for contracted projects, with hedging ratios of between 50% and 100%.

### Interest rate risk

Interest rate risk assessment is centrally organized in voestalpine AG for the entire Group. Essentially, a distinction is made between cash flow risk (the risk that interest expenses or interest income will undergo a detrimental change) for variable-interest financial instruments and present value for fixed-interest financial instruments. The strategy is to reduce interest rate volatility through the use of the portfolio effect

and interest hedges. As of March 31, 2011, the balance of variable-interest liabilities amounted to EUR 640 million.

### Price risk

voestalpine AG also assesses price risk, using the value at risk concept to quantify interest and currency risk. The maximum potential for loss within the next business day and within a year can be ascertained with a 95% degree of probability. This takes into account the correlations between the individual currencies. The present value basis point method is also applied in the interest management process.

### ■ Economic and financial crisis

Based on the knowledge gained as a result of the global economic and financial crisis of 2008 and 2009 and its effect on the voestalpine Group, during the past business year, additional, primarily corporate measures were taken to minimize risk, and these measures will continue to be followed consistently in the coming years.

These measures are targeted in particular at

- minimizing the negative effects that a recessionary economic trend would have on the Company by means of relevant planning precautions (scenario planning),
- maintaining high levels of production quality with simultaneous efficiency enhancements and ongoing cost optimization,
- having available sufficient financial liquidity even should financial markets become tight, and

- securing the know-how within the Group with a view to continuing the long-term expansion of our leadership in quality and technology even more efficiently than previously.

Tangible measures have been developed and implemented in order to minimize or eliminate risks identified within the Group in the past. They aim at reducing the extent of potential loss and/or minimizing the likelihood of these risks occurring.

In conclusion, from today's standpoint the risks faced by the voestalpine Group are limited and manageable and do not endanger the survival of the Group.

### Report on the key features of internal control and risk management systems with respect to accounting procedures

In accordance with § 243a (2) of the Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*) as amended by the Austrian Company Law Amendment Act of 2008 (*Unternehmensrechts-Änderungsgesetz – URÄG*), companies whose shares are traded on the regulated markets must describe in their management reports the key features of their internal control and risk management system with respect to accounting procedures.

It is the responsibility of the Management Board to establish a suitable internal control and risk

management system for accounting procedures pursuant to § 82 of the Austrian Stock Corporation Act (*Aktiengesetz – AktG*). For that purpose, the Management Board has passed guidelines which are binding for the whole Group.

In line with the decentralized structure of the voestalpine Group, the local management of each Group company is obliged to establish and design an internal control and risk management system for accounting procedures which meets the demands of that individual company and ensures adherence to existing Group-wide guidelines and regulations.

The entire procedure, from procurement to settlement, is subject to strict Group guidelines which are designed to avoid the risks associated with the business processes. These Group guidelines set out measures and regulations for avoiding risk. They include, for example, the separation of functions, signatory systems, and the authority to sign for settlements which is exclusively collective and limited to only a few persons ("four eyes" principle).

In this context, control measures for IT security constitute a cornerstone of the internal control system. The separation of sensitive activities is supported through the restrictive issuing of IT authorizations. Accounting at each Group company is basically effected using SAP software. The operational capability of this accounting system is also guaranteed by automatic IT controls, amongst others, in the system.

In preparing the consolidated financial statements, the data for fully consolidated or proportionately consolidated entities is transferred to the unified Group consolidation and reporting system.

The unified Group accounting policies for recording, booking, and balancing commercial transactions are regulated by the voestalpine consolidated financial statements handbook and are binding for all Group companies concerned. Automatic controls built into the reporting and consolidation system, together with numerous manual controls, are implemented in order to avoid material misstatements. These controls extend from management reviews of income and expenses for each period through to the specific reconciliation of accounts.

The form in which the Group reports its accounting processes is summarized in the voestalpine controlling handbook.

The accounting and controlling departments at each Group company submit monthly reports with Key Performance Indicators (KPIs) to their own managing directors and management board members, and, after authorization, to Corporate Accounting & Reporting. Here these reports are summarized, consolidated, and reported to the Group Management Board. Quarterly reports include additional information such as detailed target-performance comparisons and are dealt with in a similar manner. Quarterly reports are submitted to the supervisory or advisory board of each Group company and a consolidated report is submitted to the Supervisory Board of voestalpine AG.

As with operative risks, accounting procedures are also subject to risk management. Potential accounting risks are regularly surveyed and avoidance measures implemented. The focus is placed on those risks which are regarded as fundamental to the activities of that company. Compliance with the internal control system and its quality is monitored on an ongoing basis in the form of audits at Group company level. The Internal Audit department works closely with the responsible management board members and managing directors. The Internal Audit department reports directly to the CEO and submits reports periodically to the Management Board of voestalpine AG and subsequently to the Audit Committee of the Supervisory Board.

The control systems of each company division are also subject to control by the auditor as part of the annual financial statements where these controls are relevant to the preparation of the Group's consolidated financial statements and to the fair presentation of the Group's financial statements.

## Disclosures in accordance with § 243a of the Austrian Commercial Code (UGB)

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As of March 31, 2011, the share capital of voestalpine AG amounts to EUR 307,132,044.75 and is divided into 169,049,163 no-par value bearer shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among its shareholders or between its shareholders and third parties that restrict voting rights or the transfer of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, holds more than 15%, the voestalpine Mitarbeiterbeteiligung Privatstiftung, Linz, more than 10%, and Oberbank AG, Linz, more than 5% of the Company's share capital.

The Management Board of the voestalpine Mitarbeiterbeteiligung Privatstiftung exercises the voting rights of shares that are held in trust by the voestalpine Mitarbeiterbeteiligung Privatstiftung for the employees of the Group companies of voestalpine AG participating in the employee shareholding scheme. However, the way in which the voting rights are exercised requires the approval of the Advisory Board of the voestalpine Mitarbeiterbeteiligung Privatstiftung. The Advisory Board decides on the approval with a simple majority. The Advisory Board is constituted on a basis of parity, with six members representing employees and six members representing the employer. The Chairman of the Advisory Board, who must be appointed by the employee representatives, has the deciding vote in the event of a tie.

With regard to the Management Board's powers that are not derived directly from applicable statutes, such as the purchase of the Company's own shares, authorized or contingent capital, reference is made to Item 16 (Equity) of the notes to the consolidated financial statements 2010/11.

The hybrid bond issued in October 2007, the bonds issued in the business year 2008/09 (initial volume of EUR 333 million in fixed-interest securities 2008–2011 as well as volume of EUR 400 million in fixed-interest securities 2009–2013), the bond issued in the reporting period (EUR 500 million in fixed-interest securities 2011–2018), as well as other long-term financing agreements with an initial volume of EUR 2.1 billion, which the Company executed in the business year 2008/09 with national and international banks, contain so-called change-of-control clauses. With the exception of the hybrid bond, according to the terms of these financing agreements, the bondholders or the lending banks have the right to demand redemption of their bonds if control of the Company changes. Under the terms and conditions of the hybrid bond issue, the fixed interest rate of 7.125% (interest rate during the fixed-interest period) or the margin of 5.05% (interest rate during the variable-interest period) goes up by 5% 61 days after a change in control occurs. voestalpine AG has the right to call and redeem the bonds no later than 60 days after a change in control. According to the terms and conditions of the aforementioned bonds and financing agreements, control by voestalpine AG changes when a controlling interest within the meaning of the Austrian Takeover Act (*Übernahmegesetz*) is acquired by another party. In addition to these bonds and financing agreements, a contractually guaranteed liquidity reserve of EUR 120 million also contains a change-of-control clause.

The Company has no compensation agreements with the members of the Management Board, Supervisory Board, or employees in the event of a public tender offer.

## Outlook

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In 2010, the global economic landscape was characterized by a stable upward trend, primarily in the major Asian economies and in parts of South America. During the course of the year, most of the European countries and North America began to experience an economic recovery that accelerated increasingly and whose momentum is continuing in the first half of 2011.

Industry worldwide has recovered surprisingly quickly from the effects of the 2008 and 2009 crisis and is in the process of reestablishing a continuity between the present and the solid economic performance prior to the crisis. Nevertheless, there are considerable risks and uncertainties associated with the current economic environment that represent a potential threat to a truly sustainable economic recovery—from the problem of public-sector debt in various European countries, but particularly in the USA, to persisting weakness in the financial markets and in the banking sector and possible overheating in individual sectors (raw materials, real estate) or regions. All in all, however, from the perspective of industry in the late spring of 2011, the positive aspects outweigh the risks emanating from the

economic environment. All the more so as the euro—despite critical voices—has proven itself as the common European currency, particularly in the challenging periods of the most recent past, and inflation risk appears set to remain manageable for the time being.

Against this backdrop, a continuation of the favorable trend in the most important economic regions across the world seems likely in the second half of 2011, although Japan will be laboring under the consequences of the dramatic events of March 11 of this year for some time to come. Similarly to Brazil and individual countries in South and Central America, China, India, and the entire East Asian region should be able to continue their above-average growth.

The future economic situation in North America will largely depend on how quickly the USA can get its huge national debt and its unemployment rate, which continues to be stubbornly high, under control.

For Europe, one can assume that the solid growth of demand in core Europe and Scandinavia will

not change in the course of the year and that in Central and Eastern Europe (including Russia) the recently noticeable upward trend will continue. In contrast, it can be expected that the south and westernmost part of the continent will not experience a significant economic upswing in 2011 due to the persistent problem of public-sector debt in the countries of these regions.

Looking at the individual industries, the overall scenario for 2011 is quite optimistic. In particular, the automotive and commercial vehicle industries, the mechanical engineering sector, the consumer goods industry, as well as the entire energy sector (both conventional and alternative) give reason to expect that demand will be at a high level. Most recently, demand in the aviation industry has been trending upward as well. Some segments of the construction and construction supply industries still have considerable pent-up demand.


This overall satisfactory economic background leads us to expect that all divisions of voestalpine AG will be utilizing their capacity fully at a price level that will be stable or better for the greater

part of the new business year. Additionally, the continuing implementation of the efficiency improvement and cost optimization programs that were initiated in 2009 will contribute to an improvement in the Group's earnings. Despite some planning uncertainties due to short-term fluctuations of raw materials prices, another significant improvement of the voestalpine results should be possible in 2011/12.



Dr. Wolfgang Eder





"Sometimes things seem very complicated, but if one distills them down to their essence, they are really quite simple. That we must never lose sight of our principles and our corporate objectives is one of them, because no matter what new challenges we must meet, the greatest degree of operational excellence will remain the basis of our success and of each action we undertake. I am deeply convinced that this will enable us to solve all problems that are within our purview from a position of strength. Our real concern is directed toward framework conditions that are shaped by others, for it is these conditions that will ultimately decide our future and that of Europe."

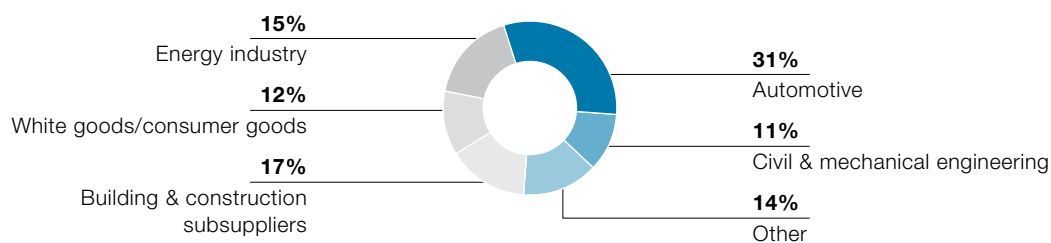
# Steel Division

## Key figures of the Steel Division

In millions of euros	2009/10	2010/11	Change in %
Revenue	3,098.7	4,175.0	34.7
EBITDA	423.3	595.1	40.6
EBITDA margin	13.7%	14.3%	
EBIT	201.4	371.9	84.7
EBIT margin	6.5%	8.9%	
Employees (excl. temporary personnel and apprentices)	9,510	9,622	1.2

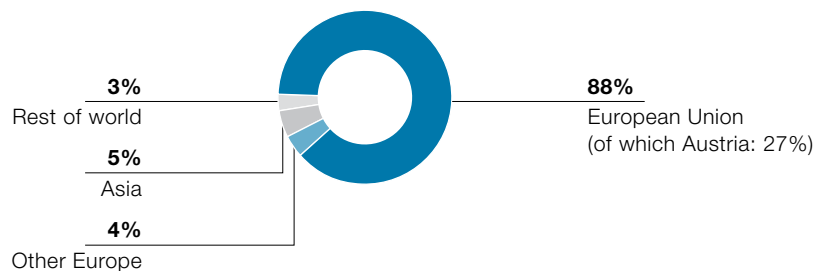
## Customers of the Steel Division

As percentage of divisional revenue  
Business year 2010/11



## Markets of the Steel Division

As percentage of divisional revenue  
Business year 2010/11



## Market environment and business development

In the business year 2010/11, the Steel Division was able to maintain its leading position within the European steel industry, both with regard to capacity utilization and profitability.

100% of the capacity in the division's largest sector of *quality flat steel*, the "classic" strip products, which generates about three quarters of its revenue, was utilized throughout the entire business year 2010/11. Besides, this segment remained largely unaffected by the European price trend for short-term transactions, which had been declining during the second half of the year.

In the meantime, because of the greater volatility on the raw materials markets, the result of the departure from the previous system of annual pricing in favor of quarterly pricing, all longer-term agreements contain appropriate "raw materials clauses."

In the *heavy plate* segment, the recovery that had begun in the spring of 2010 continued throughout the business year. The positive development, especially in the energy and mechanical engineering sectors, was associated with a rising price level and increased incoming orders in the top-quality product segments. Therefore, contrary to the trend in Europe, here too capacity could again be fully utilized from the second half of the business year 2010/11 onwards.

Compared to the previous year, business performance also improved substantially in the *found-*

*ries*. As a result of significantly increased incoming orders, especially from the thermal energy segment, here too, during most of the year, capacity utilization was extremely stable.

The business year 2010/11 was very positive for the *Steel Service Center (SSC)* activities in the Steel Division, ending with new record figures for both revenue and operating result.

Similarly to the heavy plate segment, in the spring of 2010, the *preprocessing activities* business sector experienced an upswing that subsequently gained considerable additional momentum. A development particularly worthy of mention is the project activities in the renewable energies segment which improved significantly toward the end of the business year.

The divisional "*Future*" project, whose goal is not only the expansion of the division's technology and quality leadership in the most crucial product segments, but also the attainment of cost leadership for the Steel Division, is being successfully implemented.

Based on the cost projections made in the fall of 2008, the project envisions annual cost savings of about EUR 380 million from the business year 2012/13 on. In addition to classic cost optimization, the project aims at enhancing all divisional processes and making them more consistent so that the organization is fully able to adapt and respond to continually increasing future market volatility.

This is directly associated with a complete redesign of the division's IT architecture from the bottom up in the next three years.

## Development of the key figures

The strongly improved economic climate in practically all of the Steel Division's important customer industries and sales regions resulted in a significant increase in revenue and operating results, which was driven by all of the division's business segments. The main factors were significant increases in volumes resulting in full capacity utilization, price levels that were higher than those of the previous year, and the stepped-up optimization of the product mix toward the qualitatively most demanding markets with a correspondingly attractive margin profile.

*Revenues* rose by 34.7% from EUR 3,098.7 million to EUR 4,175.0 million in the business year 2010/11. *EBITDA* rose by 40.6% from EUR 423.3 million to EUR 595.1 million, resulting in a slight increase of the *EBITDA margin* from 13.7% to 14.3% compared to the previous year.

The Steel Division's operating result showed a comparatively above-average gain, with *EBIT* going up compared to the business year 2009/10

by 84.7% from EUR 201.4 to EUR 371.9 million, putting the *EBIT margin* at 8.9% (previous year: 6.5%).

In the course of the business year 2010/11, the Division's *number of employees* rose slightly compared to the previous year by 1.2% from 9,510 to 9,622 (excl. apprentices and temporary personnel).

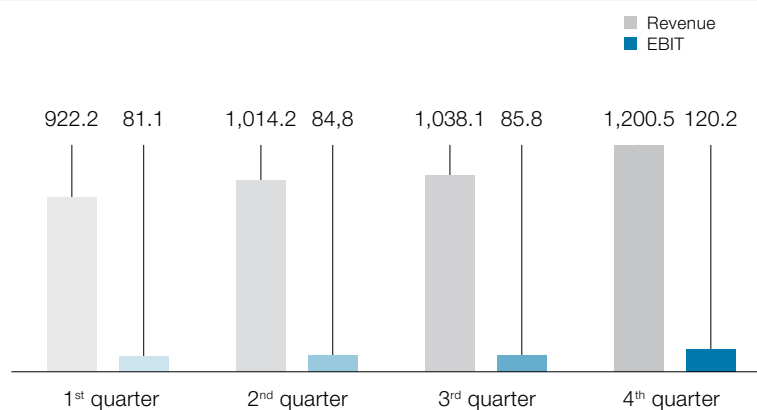
The *quarterly development* during the course of the business year showed continuous increases in both revenue and operating result. In the fourth quarter of the business year, *revenue growth* was 15.6% (from EUR 1,038.1 million to EUR 1,200.5 million) compared to the immediately preceding quarter and was primarily the result of an optimization of the product mix. In the same period, the Steel Division improved its *EBITDA* by 25.2% from EUR 142.6 million to EUR 178.5 million, with its *EBIT* rising even more strongly by 40.1% (from EUR 85.8 million to EUR 120.2 million). Thus, the *EBITDA margin* rose from 13.7% to 14.9%, and the *EBIT margin* went up from 8.3% to 10.0%.

### Quarterly development of the Steel Division

In millions of euros	1 <sup>st</sup> quarter 2010/11	2 <sup>nd</sup> quarter 2010/11	3 <sup>rd</sup> quarter 2010/11	4 <sup>th</sup> quarter 2010/11	BY 2010/11
Revenue	922.2	1,014.2	1,038.1	1,200.5	4,175.0
EBITDA	134.6	139.4	142.6	178.5	595.1
EBITDA margin	14.6%	13.7%	13.7%	14.9%	14.3%
EBIT	81.1	84.8	85.8	120.2	371.9
EBIT margin	8.8%	8.4%	8.3%	10.0%	8.9%
Employees (excl. temporary personnel and apprentices)	9,516	9,488	9,473	9,622	9,622


### Quarterly development of the Steel Division

In millions of euros  
Business year 2010/11





Dipl.-Ing. Franz Rotter



"We must change our view of the world and leave the beaten path. Especially in times of uncertainty and change, it is particularly important to have a clear image of the future before you. My personal image of the voestalpine Group in the year 2030: 60 to 70% of our revenue will come from outside Europe. And we will still be the leading steel company, not only in quality and technology, but also in energy efficiency and environmental issues."

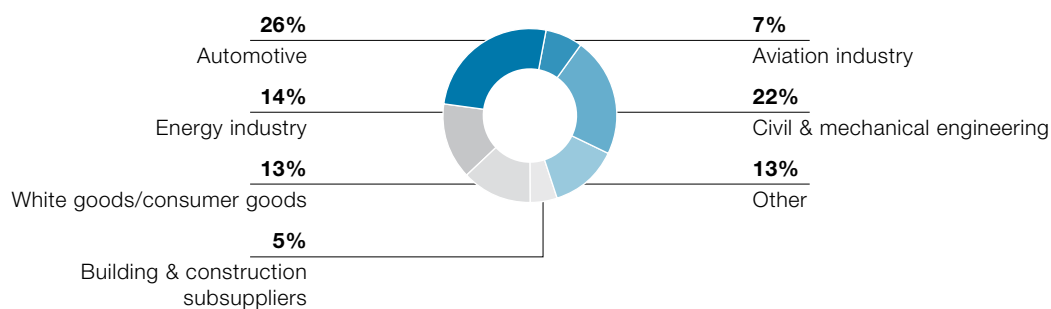
# Special Steel Division<sup>1</sup>

## Key figures of the Special Steel Division

In millions of euros	2009/10	2010/11	Change in %
Revenue	1,895.4	2,631.3	38.8
EBITDA	93.6	388.1	314.6
EBITDA margin	4.9%	14.7%	
EBIT	-103.2	208.5	302.0
EBIT margin	-5.4%	7.9%	
Employees (excl. temporary personnel and apprentices)	10,968	11,364	3.6

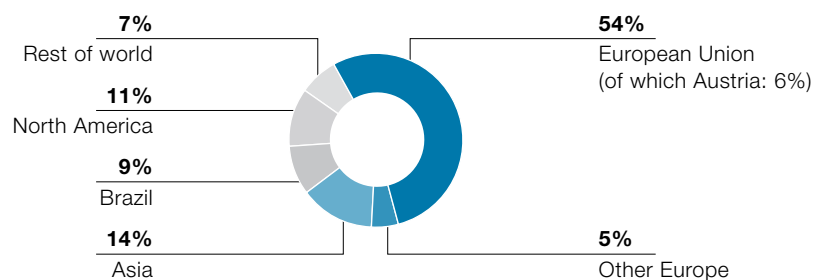
## Customers of the Special Steel Division

As percentage of divisional revenue  
Business year 2010/11



## Markets of the Special Steel Division

As percentage of divisional revenue  
Business year 2010/11





## Market environment and business development

Development of the Special Steel Division's economic environment remained positive throughout the entire business year 2010/11. The high number of incoming orders enabled full capacity utilization of the division's production facilities during the second half of the year. While at the beginning of the business year it was the build-up of customer inventories in particular that drove the recovery, subsequently, the surprisingly strong economic upswing in many of the division's core regions created a favorable and solidly reliable growth environment.

The significantly increased demand for special steel and special steel products compared to the difficult business year 2009/10 was primarily driven by the automotive, electronics, consumer goods, and oil and gas exploration *customer sectors*. The energy generation sector, however, declined even further over the year, with the exception of the alternative energy segment (particularly wind power) which saw an increase in demand. Demand from the aviation industry remained largely cautious during the majority of the reporting period although the first signs of an easing of the situation became apparent during the course of the year.

Viewed *regionally*, it is particularly the markets in Asia (China, India) and South America (Brazil) that continue to be the major drivers of growth. The economic climate in North America brightened somewhat in the course of the business year, but, viewed overall, it remained a volatile environment.

In Europe, the disparate trends became even more entrenched in the past year. The North and Central European region reported a substantial revival of demand—in particular thanks to the strong export showing of the German economy, which acted as a growth driver—and Eastern Europe showed the first signs of recovery, whilst there was no perceptible sustained and sustainable uptrend in the Southern European markets.

With regard to the individual *product groups* of the Special Steel Division, the greatest increases in demand compared to the previous year were for tool steel, high-speed steel, valve steel, and to some degree special structural steel as well. These segments profited from solid demand from the automotive and automotive supplier industries, the consumer goods industry, as well as the mechanical and plant engineering sectors. Furthermore, higher demand from the electronics industry increased sales of powder-metallurgical special steels. Top-quality special steels also made gains, for example, anti-magnetic drill collars, for which there is massive demand due to the accelerated pace of oil and gas production worldwide.

As far as the division's two *business sectors* are concerned, *high performance metals* profited particularly from the recovery in the automotive industry, which was fueled by the introduction of numerous new models. Generally, apart from aviation and power engineering, the broadly based upswing became more firmly established, including from a regional perspective.

While the early part of the business year 2010/11 was still difficult for the *special forging* sector, it subsequently experienced a trend reversal in its

<sup>1</sup> A new organizational structure of the Special Steel Division, which is focused on the two core business segments of *high performance metals* und *special forging*, became effective as of April 1, 2010. On the same effective date, the *welding consumables* and *precision strip* segments were transferred to the Railway Systems and Profillform Divisions, respectively. In order to enable a better means of comparison, the previous year's figures of the Special Steel Division were adjusted accordingly.

major customer segments, particularly the European commercial vehicle industry, and recorded a significant increase in incoming orders during the course of the year.

### Development of the key figures

The Special Steel Division continuously improved its performance in the course of the business year 2010/11 and achieved significant increases in both revenue and operating result compared to the previous year with its challenging economic environment.

Due to rising sales volumes, higher base prices, and full utilization of production capacity that was achieved in the course of the year, *revenue* increased compared to the business year 2009/10 by 38.8% from EUR 1,895.4 million to EUR 2,631.3 million.

Together with consistently implemented cost optimization measures, this significant boost in sales resulted in an above-average increase in earnings.

In the business year 2010/11, *EBITDA* more than quadrupled, improving from EUR 93.6 million to EUR 388.1 million, while *EBIT* surged dramatically into positive territory at EUR 208.5 million compared to the previous year's figure of EUR –103.2 million. These figures resulted in an *EBITDA margin* for the business year 2010/11 that

rose from 4.9% to 14.7% and an improvement of the *EBIT margin* from –5.4% to 7.9%.

(In the past business year, *EBIT* was still impacted by EUR 55.7 million in ppa effects. Therefore, prior to application of the ppa, the operating result is EUR 264.2 million, with an *EBIT margin* of 10.0%.)

As of March 31, 2011, the Special Steel Division had 11,364 *employees* (excl. apprentices and temporary personnel). Compared to the same reporting date in the preceding year (10,968 employees), this corresponds to an increase of 3.6% due to the improved economy and greater capacity utilization.

Viewed *from quarter to quarter* in the business year 2009/10, the Special Steel Division achieved marked increases in revenue as well as gains in the operating results. In the fourth quarter of the business year, *revenue* rose by another 11.9% compared to the third quarter, going from EUR 658.2 million to EUR 736.2 million, due mainly to increases in sales volumes at a slightly higher price level.

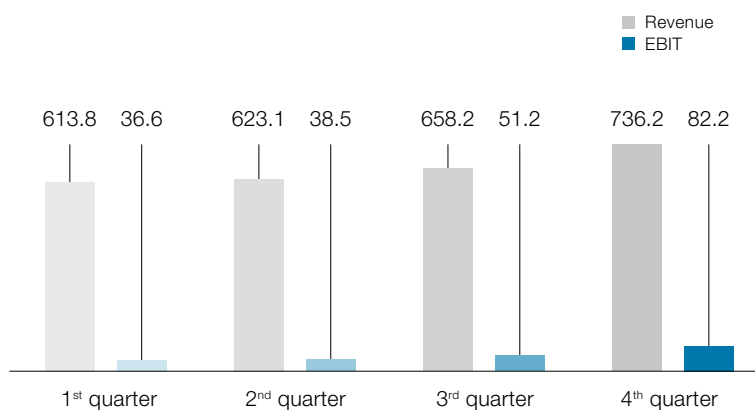
In the final quarter, *EBITDA* climbed by 51.6% compared to the immediately preceding quarter, going from EUR 92.5 million to EUR 140.2 million, while the *EBITDA margin* rose from 14.1% to 19.0%. In the same period, the Special Steel Division reported an increase of its *EBIT* by 60.5% from EUR 51.2 million to EUR 82.2 million, which corresponds to an *EBIT margin* in the fourth quarter of 11.2% (third quarter: 7.8%).


### Quarterly development of the Special Steel Division

In millions of euros	1 <sup>st</sup> quarter 2010/11	2 <sup>nd</sup> quarter 2010/11	3 <sup>rd</sup> quarter 2010/11	4 <sup>th</sup> quarter 2010/11	BY 2010/11
Revenue	613.8	623.1	658.2	736.2	2,631.3
EBITDA	77.1	78.3	92.5	140.2	388.1
EBITDA margin	12.6%	12.6%	14.1%	19.0%	14.7%
EBIT	36.6	38.5	51.2	82.2	208.5
EBIT margin	6.0%	6.2%	7.8%	11.2%	7.9%
Employees (excl. temporary personnel and apprentices)	11,097	11,135	11,207	11,364	11,364

### Quarterly development of the Special Steel Division

In millions of euros  
Business year 2010/11





“The demographic changes alone will lead to the development of new transportation concepts in the coming decades—both for the passengers and the goods traffic. voestalpine’s worldwide leadership position in technology, its high diversity of products and services, and its broad expertise in the entire mobility sector provide us with the proper prerequisites to shape sustained developments in this sector in the long term. After all, safety, cost-effectiveness, and reliability will be critical factors for the rail-based transportation infrastructure of the future.”



Dipl.-Ing. Josef Müllner

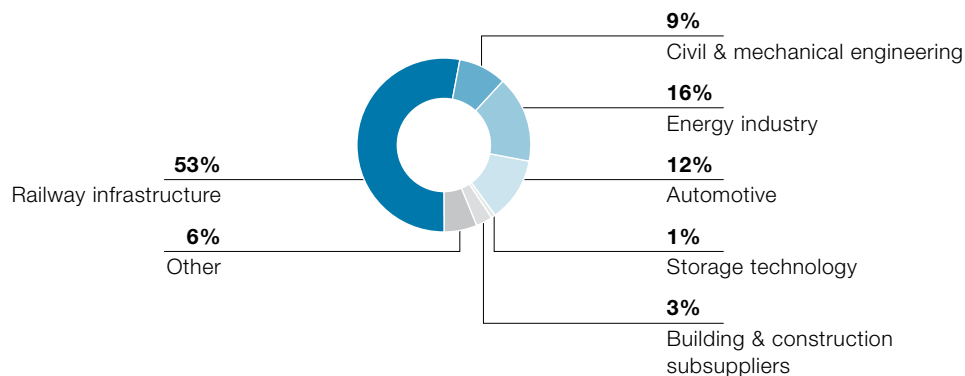
# Railway Systems Division

## Key figures of the Railway Systems Divisions

In millions of euros	2009/10	2010/11	Change in %
Revenue	2,295.8	2,723.3	18.6
EBITDA	367.7	422.4	14.9
EBITDA margin	16.0%	15.5%	
EBIT	241.2	308.9	28.1
EBIT margin	10.5%	11.3%	
Employees (excl. temporary personnel and apprentices)	9,730	10,078	3.6

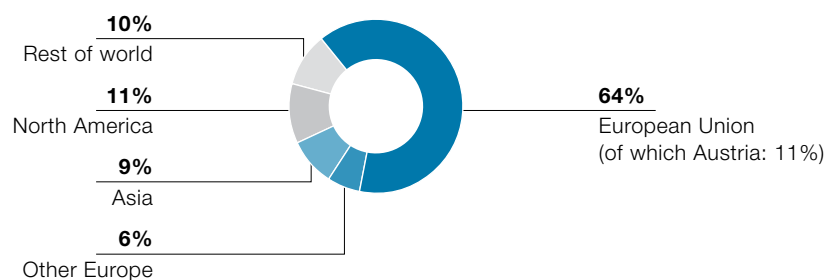
## Customers of the Railway Systems Division

As percentage of divisional revenue  
Business year 2010/11



## Markets of the Railway Systems Division

As percentage of divisional revenue  
Business year 2010/11



## Market environment and business development

The market environment in the business year 2010/11 varied greatly for the individual business areas of the Railway Systems Division.

For example, while the *railway markets* in the *rail segment* were characterized by stable demand in Europe and high demand from overseas export markets, standard products particularly were impacted by a significant price decline, aggressive quantity competition, and increased pressure on profit resulting from massive increases in raw materials costs. It was only at the end of the business year that prices began to gradually bottom out. In contrast, the trend in the premium rails segment, which is even more important for the division, was comparatively stable.

Rising steel prices resulted in a certain amount of temporary pressure on operating results in the *turnout systems* segment, however, overall, this area experienced a continuing stable development, aided by a noticeable recovery in North America and Eastern Europe. The market environment in China, Brazil (driven by the raw materials boom and the infrastructure offensive associated with the Soccer World Championship in 2014), and Australia (also due to raw materials) was extremely dynamic.

The economic situation in the *seamless tube* segment continued to be positive, with high demand

from North America and from the Middle East and increasing oil and natural gas drilling and extraction activities in Europe being particularly noteworthy in this regard.

Due to a consistently positive demand in the wire segment, this area experienced optimum technical and organizational capacity utilization. Consistently focusing the portfolio on products of the highest quality is reflected in the extremely successful business associations that have been formed with technologically sophisticated industries, particularly the automotive and the automotive supplier industries.

In the *steel* segment, after the scheduled major repair of a blast furnace that was carried out in the summer of 2010, both blast furnaces have been in operation since fall. Solid growth in demand enabled subsequent and consistent full capacity utilization right up to the end of the business year 2010/11 and also made it possible to pass on most of the exorbitantly higher raw materials costs (ore, coal/coke, scrap, alloys) to the market.

Compared to the previous business years, the *welding consumables* segment (previously part of the Special Steel Division) is new in the Railway Systems Division's portfolio, which has profited from both the noticeable market recovery in Europe and continuing dynamic growth in China, India, and South America and which has been performing outstandingly.

## Development of the key figures

By virtue of a favorable market environment, the Railway Systems Division increased its *revenue* compared to the previous year's figure of EUR 2,295.8 million, which was already comparatively healthy due to the division's strong resistance to crisis, by a further 18.6% to EUR 2,723.3 million.

As far as the operating result is concerned, margin declines in the rails segment were more than compensated for by the very positive developments in the other business segments.

Divisional *EBITDA* improved in the business year 2010/11 by 14.9% from EUR 367.7 million to EUR 422.4 million, resulting in an *EBITDA margin* of 15.5%, only slightly lower than the previous year's figure (16.0%). *EBIT* rose by 28.1% from EUR 241.2 million to EUR 308.9 million, with the *EBIT margin* going up from 10.5% to 11.3%.

As of March 31, 2011, the Railway Systems Division had 10,078 *employees*. This corresponds to a slight gain (attributable to the economic climate) compared to the previous year (9,730) of 3.6% or 348 employees.

The *quarterly performance* during the course of the business year 2010/11 reflects the ongoing substantial improvement of the division's profitability while maintaining revenue at a largely constant level. Despite a marginal drop in revenue of 0.6% from EUR 695.6 million to EUR 691.4 million during the fourth quarter of the business year 2010/11, the Railway Systems Division recorded both a significant improvement in *EBITDA* of 21.8% from EUR 107.2 million to EUR 130.6 million and an even more marked increase in *EBIT* of 29.8% from EUR 78.2 million to EUR 101.5 million (partly the consequence of special effects during the year) compared to the preceding quarter.

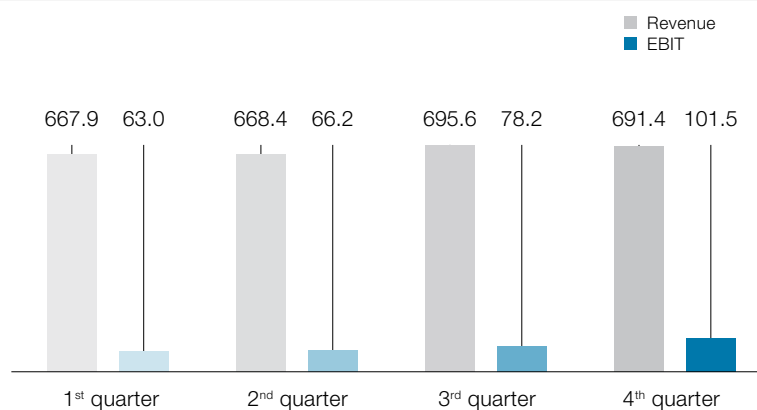



### Quarterly development of the Railway Systems Division

In millions of euros	1 <sup>st</sup> quarter 2010/11	2 <sup>nd</sup> quarter 2010/11	3 <sup>rd</sup> quarter 2010/11	4 <sup>th</sup> quarter 2010/11	BY 2010/11
Revenue	667.9	668.4	695.6	691.4	2,723.3
EBITDA	91.0	93.6	107.2	130.6	422.4
EBITDA margin	13.6%	14.0%	15.4%	18.9%	15.5%
EBIT	63.0	66.2	78.2	101.5	308.9
EBIT margin	9.4%	9.9%	11.2%	14.7%	11.3%
Employees (excl. temporary personnel and apprentices)	9,743	9,833	9,948	10,078	10,078

### Quarterly development of the Railway Systems Division

In millions of euros  
Business year 2010/11





“Against the backdrop of global challenges and new opportunities, we must act even more quickly and decisively in the future. When, in the coming decades, we strive for additional, clearly defined growth away from our traditional markets, we will need new approaches and broader alliances. Why not, for instance, undertake strategic partnerships so that we can better utilize the potential of new technologies and market regions in the long term?”



Mag. Wolfgang Spreitzer

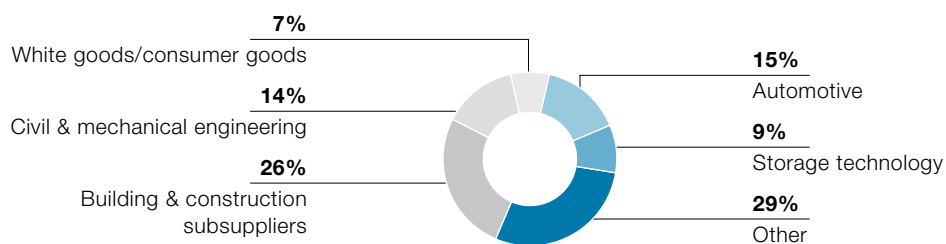
# Profilform Division

## Key figures of the Profilform Division

In millions of euros	2009/10	2010/11	Change in %
Revenue	871.3	1,139.3	30.8
EBITDA	83.0	159.5	92.2
EBITDA margin	9.5%	14.0%	
EBIT	38.6	118.0	205.7
EBIT margin	4.4%	10.4%	
Employees (excl. temporary personnel and apprentices)	4,014	4,200	4.6

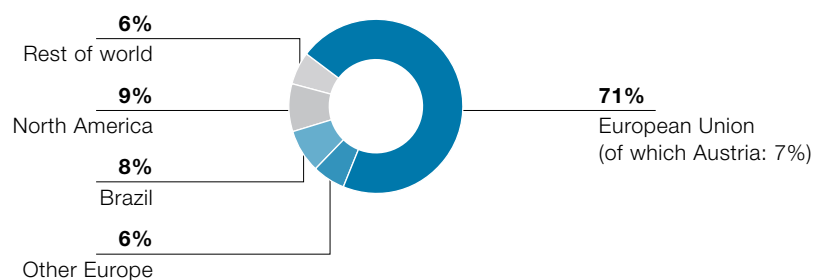
## Customers of the Profilform Division

As percentage of divisional revenue  
Business year 2010/11



## Markets of the Profilform Division

As percentage of divisional revenue  
Business year 2010/11



## Market environment and business development

In the Profilform Division's most important customer industries, the economic recovery that has been ongoing since the beginning of the business year 2010/11 created an upward trend that established itself more firmly during the course of the year.

The *tubes and sections* sector experienced continuously increasing demand, primarily from the solar energy industry. Despite a roll-back of subsidies for alternative energies in a number of European countries, overall demand from the energy generation sector in Europe also remained very satisfactory.

The bus and commercial vehicle manufacturing industries also reported rising sales volumes due to the global economic recovery. Business performance in the agricultural machinery sector was similarly positive, with North and South America at the forefront of demand.

In contrast, the construction and construction supply industries still lagged behind expectations. Whilst in Great Britain this segment began to show a slight recovery trend, business in Russia especially continued to be very restrained.

While the first half of the business year was disappointing in the *storage technology/logistics* segment, here too the last quarter showed a considerable pick-up in demand, with an increase in incoming orders—not only in Europe.

The *precision strip* sector, which was transferred from the Special Steel Division to the Profilform Division as of the beginning of the business year 2010/11, reported high and robust levels of demand from all customer segments. In the course of the business year 2010/11, the pre-crisis level was regained and was even surpassed in some business segments. Due to bottlenecks in the availability of some special steel grades, which are used as pre-materials, continuing steep demand resulted in significantly delayed delivery times for some orders.

*Viewed regionally*, business performance in recent months was generally marked by a significantly invigorated market in Europe (with the exception of Russia) and a continuing stable and positive trend in North America.

Business performance in Brazil, however, noticeably lost some of its momentum during the business year 2010/11 due to extreme fluctuations in pre-materials prices. Nevertheless, the overall economic environment in Brazil remains promising.

## Development of the key figures

Due to the solid overall economic environment, the Profilform Division was able to substantially surpass the previous year's revenue and results figures.

*Revenue* in the business year 2010/11 rose by 30.8% from EUR 871.3 million to EUR 1,139.3 million. The operating results were even more dramatic, with *EBITDA* almost doubling, with an increase of 92.2% from EUR 83.0 million to EUR 159.5 million, and *EBIT* more than tripling, soaring by 205.7% from EUR 38.6 million to EUR 118.0 million. As a result, the division generated an *EBITDA margin* of 14.0% (previous year: 9.5%) and an *EBIT margin* of 10.4% (previous year: 4.4%) for the business year 2010/11.

As of March 31, 2011, the Profilform Division had 4,200 *employees* (excl. apprentices and temporary personnel). Compared to the workforce as of the end of the previous business year (4,014), this corresponds to a gain of 4.6%.

After a largely stable and positive development in the first three *quarters* of the business year, the Profilform Division made even more substantial gains in the final quarter. Compared to the immediately preceding quarter, *revenue* rose by 11.6% from EUR 275.4 million to EUR 307.4 million. *EBITDA* (+19.8% from EUR 36.8 million to EUR 44.1 million) and *EBIT* (+30.8% from EUR 26.3 million to EUR 34.4 million) also went up considerably compared to the two preceding quarters. The *margins* improved in the final quarter from 13.4% to 14.3% (*EBITDA*) and from 9.6% to 11.2% (*EBIT*).

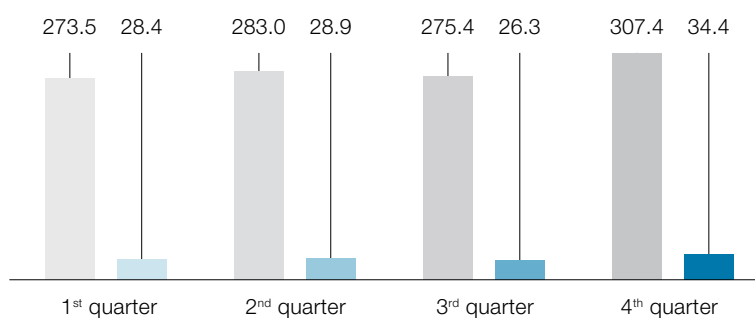
### Quarterly development of the Profiform Division

In millions of euros	1 <sup>st</sup> quarter 2010/11	2 <sup>nd</sup> quarter 2010/11	3 <sup>rd</sup> quarter 2010/11	4 <sup>th</sup> quarter 2010/11	BY 2010/11
Revenue	273.5	283.0	275.4	307.4	1,139.3
EBITDA	39.1	39.5	36.8	44.1	159.5
EBITDA margin	14.3%	14.0%	13.4%	14.3%	14.0%
EBIT	28.4	28.9	26.3	34.4	118.0
EBIT margin	10.4%	10.2%	9.6%	11.2%	10.4%
Employees (excl. temporary personnel and apprentices)	4,032	4,113	4,144	4,200	4,200

### Quarterly development of the Profiform Division

In millions of euros  
Business year 2010/11


■ Revenue  
■ EBIT





Dipl.-Ing. Franz Hirschmanner





"By 2030, every person should have a modern and affordable energy supply at their disposal. Unfortunately, this is still not the case in many parts of the world. Energy means not only quality of life, but also access to knowledge—and is thus an essential requirement for social and economic stability. voestalpine uses its expertise in this area to drive the development of new energy solutions."

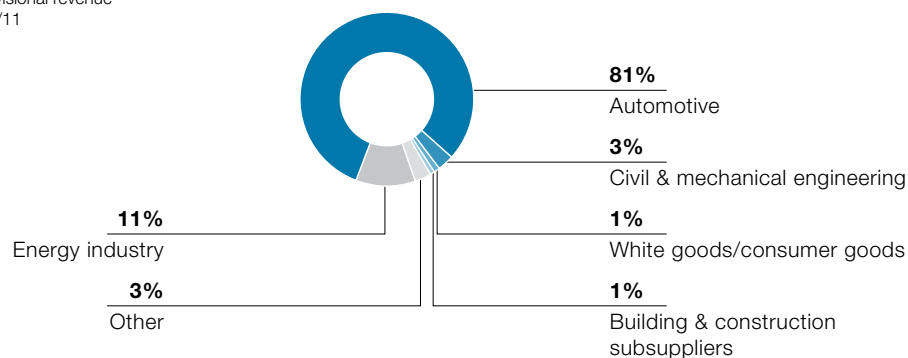
# Automotive Division

## Key figures of the Automotive Division

In millions of euros	2009/10	2010/11	Change in %
Revenue	835.4	1,040.1	24.5
EBITDA	73.8	121.1	64.1
EBITDA margin	8.8%	11.6%	
EBIT	18.0	64.0	255.6
EBIT margin	2.2%	6.2%	
Employees (excl. temporary personnel and apprentices)	4,551	4,789	5.2

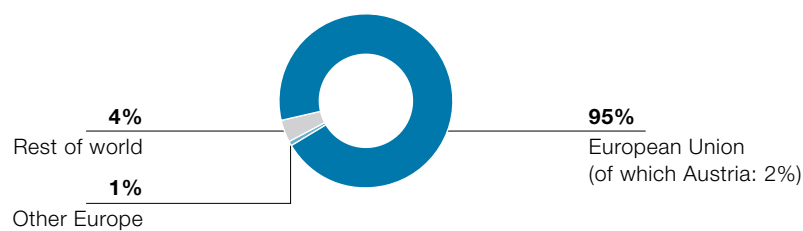
## Customers of the Automotive Division

As percentage of divisional revenue  
Business year 2010/11



## Markets of the Automotive Division

As percentage of divisional revenue  
Business year 2010/11



## Market environment and business development

The underlying economic tendency that has prevailed in the automotive industry worldwide for some time continued during the business year 2010/11: Brazil, India, and China as well as North America—albeit with some delay and to a somewhat lesser extent—continue to be the drivers of the industry's global growth, while *automobile sales* in Europe are still stagnating at a rather moderate level.

Within Europe too, which remains the Automotive Division's largest market by far in terms of revenue, the disparate development of the past several years continued, marked by a significant sales pick-up in Eastern Europe, a slight decline in demand in Western and Central Europe, which was anticipated after the discontinuation of government incentive programs, and ongoing consumer reticence in Southern Europe.

However, the *production figures* of European automobile manufacturers developed much more favorably. Primarily due to the strong export per-

formance of Western European premium brands—the division's main customer segment—, overall European automobile production during the business year 2010/11 increased substantially, although it still remained about 12% below the pre-crisis level.

The commercial vehicle industry showed a continuing uptrend, and it is expected that its recovery will continue and increasingly accelerate in the current business year.

Against this backdrop, the Automotive Division's capacity utilization at almost all of its production sites and in practically all segments showed ongoing improvement so that by the end of the reporting period, all facilities were largely running at full capacity. Furthermore, the measures to increase efficiency that were initiated during the economic crisis and that have been rigorously implemented (for example, the product and technology offensive or the optimization of organization and internal processes) have shown considerable positive effects.

## Development of the key figures

Driven by the continuing positive development in global demand, the momentum of exports by European premium-class automobile manufacturers and by customers from the automotive supplier industry, the Automotive Division has been able to improve significantly compared to the previous year.

With an increase of *revenue* in the business year 2010/11 by 24.5% from EUR 835.4 million to EUR 1,040.1 million, the division exceeded the revenue benchmark of EUR 1 billion for the first time since its establishment in 2001.

The improvement of the operating results strongly reflects the reorganization and efficiency improvement programs that have been consistently implemented during recent years. *EBITDA* rose by 64.1% from EUR 73.8 million to EUR 121.1 million, resulting in an *EBITDA margin* of 11.6% (previous year: 8.8%). With an increase in *EBIT* from EUR 18.0 million to EUR 64.0 million, representing growth of more than 250%, the improvement of the operating result is even more significant. Thus, the Automotive Division's *EBIT margin* in the business

year 2010/11 was 6.2% (previous year: 2.2%), placing it in the top ranks of comparable international automotive suppliers.

As of March 31, 2011, the division had 4,789 *employees* (excluding apprentices and temporary personnel). In comparison to the number of employees as of the end of the previous business year (4,551), this corresponds to an increase of 5.2%, which is due to the improved economy and greater capacity utilization.

Looking at the *individual quarters* of the business year 2010/11 shows a clearly positive trend over the course of the year, both with regard to revenue and operating result, in tune with the continually improving market environment. Compared to the immediately preceding quarter, in the fourth quarter of the business year 2010/11 the Automotive Division reported an increase in revenue of 12.0% (from EUR 265.8 million to EUR 297.6 million), an improvement of *EBITDA* by 25.5% (from EUR 30.2 million to EUR 37.9 million), and a rise in *EBIT* of 35.5% (from EUR 16.6 million to EUR 22.5 million). In the last quarter of the business year the *EBITDA margins* were 12.7% (third quarter: 11.4%) and *EBIT margins* 7.6% (third quarter: 6.2%).

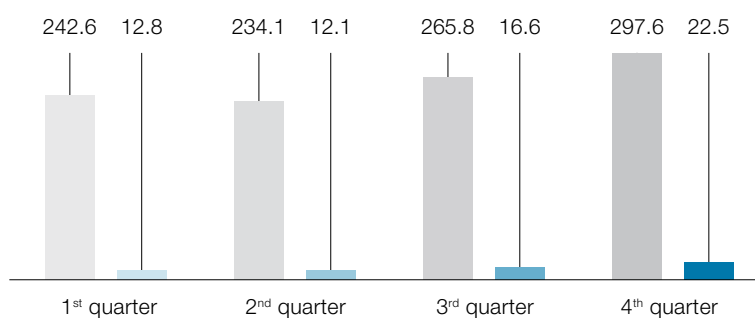
### Quarterly development of the Automotive Division


In millions of euros	1 <sup>st</sup> quarter 2010/11	2 <sup>nd</sup> quarter 2010/11	3 <sup>rd</sup> quarter 2010/11	4 <sup>th</sup> quarter 2010/11	BY 2010/11
Revenue	242.6	234.1	265.8	297.6	1,040.1
EBITDA	26.4	26.6	30.2	37.9	121.1
EBITDA margin	10.9%	11.4%	11.4%	12.7%	11.6%
EBIT	12.8	12.1	16.6	22.5	64.0
EBIT margin	5.3%	5.2%	6.2%	7.6%	6.2%
Employees (excl. temporary personnel and apprentices)	4,555	4,638	4,658	4,789	4,789

### Quarterly development of the Automotive Division

In millions of euros  
Business year 2010/11

■ Revenue  
■ EBIT





"The fundamental transformation of the economic environment will continue for the foreseeable future. Instead of continuous and linear developments, we will have to adjust to quickly occurring upheavals that cause far-reaching shifts as well as to an overall greater degree of volatility. voestalpine has already struck a good balance between short-term economic optimization and strategic responsiveness to long-term changes, but its challenge will be to continue to improve."



Mag. Dipl.-Ing. Robert Ottel, MBA

voestalpine AG  
Consolidated Financial Statements 2010/11

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Consolidated  
Financial Statements

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## Report of the Supervisory Board on the business year 2010/11

During the business year 2010/11, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions, two meetings of the Audit Committee, and four meetings of the General Committee. The Management Board provided comprehensive information both orally and in written form regarding the state of business and the situation of the Company.

The annual financial statements and the Group's consolidated financial statements as of March 31, 2011, were audited by Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH, Vienna, which was engaged as mandated by § 270 of the Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*).

The audits did not give rise to any objections and showed that the annual financial statements and the consolidated financial statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by § 245a of the Austrian Commercial Code, conform to the statutory regulations. The auditor issued an unqualified audit opinion both for the annual financial statements and the consolidated financial statements and confirmed that

the Management Report and the Consolidated Management Report are consistent with the annual financial statements and the consolidated financial statements.

After they had been considered by the Audit Committee on May 30, 2011, the Supervisory Board reviewed and approved the annual financial statements as of March 31, 2011. The annual financial statements are herewith deemed adopted pursuant to § 96 (4) of the Austrian Stock Corporation Act (*Aktiengesetz – AktG*). Furthermore, after they had been considered by the Audit Committee, the Supervisory Board acknowledged and approved the Management Report as well as the consolidated financial statements together with the Consolidated Management Report and the Corporate Governance Report.

The Corporate Governance Report was also audited by Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH, Vienna, within the scope of the annual external review, and it was determined that the report is in agreement with actual circumstances.

It has been established that the business year 2010/11 has ended with a net profit of EUR 136,000,000; it is being recommended that a dividend of EUR 0.80 per dividend-bearing share be paid to the shareholders and that the remaining amount be carried forward.

The Supervisory Board



Dr. Joachim Lemppenau  
(Chairman)

Linz, May 30, 2011

**voestalpine AG**

# Consolidated statement of financial position

for the year ended March 31, 2011

**Assets**

	Notes	03/31/2010	03/31/2011
<b>A. Non-current assets</b>			
Property, plant and equipment	8	4,484,043	4,371,380
Goodwill	9	1,420,404	1,419,550
Other intangible assets	10	462,416	379,888
Investments in associates	11	126,525	142,799
Other financial assets	11	167,154	158,695
Deferred tax assets	12	411,681	383,196
		<b>7,072,223</b>	<b>6,855,508</b>
<b>B. Current assets</b>			
Inventories	13	2,198,300	2,824,106
Trade and other receivables	14	1,458,113	1,709,767
Other financial assets	10	536,827	453,633
Cash and cash equivalents	15	1,028,619	1,233,433
		<b>5,221,859</b>	<b>6,220,939</b>
<b>Total assets</b>		<b>12,294,082</b>	<b>13,076,447</b>

In thousands of euros

## Equity and liabilities

	Notes	03/31/2010	03/31/2011
<b>A. Equity</b>			
Share capital		307,132	307,132
Capital reserves		417,511	421,083
Hybrid capital		992,096	992,096
Reserve for own shares		-34,450	-24,485
Other reserves		-163,902	-167,482
Retained earnings		2,671,216	3,089,439
<b>Equity attributable to equity holders of the parent</b>		<b>4,189,603</b>	<b>4,617,783</b>
Non-controlling interests		72,844	73,330
	16	<b>4,262,447</b>	<b>4,691,113</b>
<b>B. Non-current liabilities</b>			
Pensions and other employee obligations	17	853,045	833,156
Provisions	18	57,435	83,324
Deferred tax liabilities	12	246,021	237,010
Financial liabilities	19	3,268,281	3,070,553
		<b>4,424,782</b>	<b>4,224,043</b>
<b>C. Current liabilities</b>			
Provisions	18	382,002	402,073
Tax liabilities		50,951	134,719
Financial liabilities	19	1,448,033	1,427,930
Trade and other payables	20	1,725,867	2,196,569
		<b>3,606,853</b>	<b>4,161,291</b>
<b>Total equity and liabilities</b>		<b>12,294,082</b>	<b>13,076,447</b>

In thousands of euros

## voestalpine AG

# Consolidated statement of cash flows 2010/11

	Notes	2009/10	2010/11
<b>Operating activities</b>			
Profit for the period		186,799	594,559
Adjustments	23	546,942	600,011
Changes in working capital		872,386	-236,950
<b>Cash flows from operating activities</b>		<b>1,606,127</b>	<b>957,620</b>
<b>Investing activities</b>			
Additions of other intangible assets, property, plant and equipment		-615,419	-467,155
Income from disposals of assets		31,819	11,904
Cash flows from changes in the consolidation range and acquisitions of non-controlling interests		-3,304	-11,647
Additions of other financial assets		-327,586	100,237
<b>Cash flows from investing activities</b>		<b>-914,490</b>	<b>-366,661</b>
<b>Financing activities</b>			
Dividends paid		-246,776	-155,525
Dividends paid to non-controlling interests/other changes in equity		-7,636	-6,112
Acquisitions/disposals of own shares		4,104	5,160
Borrowing/repayment of financial liabilities		-289,256	-233,984
<b>Cash flows from financing activities</b>		<b>-539,564</b>	<b>-390,461</b>
<b>Net decrease/increase in cash and cash equivalents</b>			
		<b>152,073</b>	<b>200,498</b>
Cash and cash equivalents, beginning of year		857,737	1,028,619
Net exchange differences		18,809	4,316
<b>Cash and cash equivalents, end of year</b>	15	<b>1,028,619</b>	<b>1,233,433</b>

In thousands of euros

## voestalpine AG

# Consolidated income statement 2010/11

	Notes	2009/10	2010/11
<b>Revenue</b>	1	<b>8,550,049</b>	<b>10,953,695</b>
Cost of sales		-6,880,198	-8,519,672
<b>Gross profit</b>		<b>1,669,851</b>	<b>2,434,023</b>
Other operating income	2	365,218	334,015
Distribution costs		-853,199	-959,173
Administrative expenses		-509,125	-554,805
Other operating expenses	3	-320,773	-269,213
<b>Profit from operations (EBIT)</b>		<b>351,972</b>	<b>984,847</b>
Share of profit of associates	4	20,379	30,088
Finance income	5	93,895	54,107
Finance costs	6	-282,903	-288,074
<b>Profit before tax (EBT)</b>		<b>183,343</b>	<b>780,968</b>
Income tax expense	7	3,456	-186,409
<b>Profit for the period</b>		<b>186,799</b>	<b>594,559</b>
Attributable to:			
Equity holders of the parent		108,403	512,745
Non-controlling interests		6,382	9,800
Share planned for hybrid capital owners		72,014	72,014
<b>Basic earnings per share (euros)</b>	30	<b>0.65</b>	<b>3.04</b>
<b>Diluted earnings per share (euros)</b>	30	<b>0.65</b>	<b>3.04</b>
<b>Statement of comprehensive income 2010/11</b>			
<b>Profit for the period</b>		<b>186,799</b>	<b>594,559</b>
<b>Other comprehensive income</b>			
Hedge accounting		-19,538	7,344
Currency translation		85,070	9,503
Actuarial gains/losses		-13,202	-21,110
<b>Other comprehensive income for the period, net of income tax</b>		<b>52,330</b>	<b>-4,263</b>
<b>Total comprehensive income for the period</b>		<b>239,129</b>	<b>590,296</b>
Attributable to:			
Equity holders of the parent		154,716	509,165
Non-controlling interests		12,399	9,117
Share planned for hybrid capital owners		72,014	72,014
<b>Total comprehensive income for the period</b>		<b>239,129</b>	<b>590,296</b>

In thousands of euros

## voestalpine AG

Consolidated  
statement of changes in equity 2010/11

	Share capital	Capital reserves	Hybrid capital	Reserve for own shares	Translation reserve
<b>Balance as of April 1, 2009</b>	<b>305,042</b>	<b>402,063</b>	<b>992,096</b>	<b>-46,855</b>	<b>-76,960</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>					
Hedge accounting	0	0	0	0	0
Currency translation	0	0	0	0	79,040
Actuarial gains/losses	0	0	0	0	0
<b>Other comprehensive income for the period, net of income tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,040</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,040</b>
Own shares acquired/disposed	0	-8,301	0	12,405	0
Dividends	0	0	0	0	0
Capital increase	2,090	18,786	0	0	0
Share-based payment	0	0	0	0	0
Other changes	0	4,963	0	0	0
	<b>2,090</b>	<b>15,448</b>	<b>0</b>	<b>12,405</b>	<b>0</b>
<b>Balance as of March 31, 2010 = Balance as of April 1, 2010</b>	<b>307,132</b>	<b>417,511</b>	<b>992,096</b>	<b>-34,450</b>	<b>2,080</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>					
Hedge accounting	0	0	0	0	0
Currency translation	0	0	0	0	10,151
Actuarial gains/losses	0	0	0	0	0
<b>Other comprehensive income for the period, net of income tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,151</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,151</b>
Own shares acquired/disposed	0	-4,805	0	9,965	0
Dividends	0	0	0	0	0
Capital increase	0	0	0	0	0
Share-based payment	0	-5,165	0	0	0
Other changes	0	13,542	0	0	0
	<b>0</b>	<b>3,572</b>	<b>0</b>	<b>9,965</b>	<b>0</b>
<b>Balance as of March 31, 2011</b>	<b>307,132</b>	<b>421,083</b>	<b>992,096</b>	<b>-24,485</b>	<b>12,231</b>

Other reserves						Total equity
Hedging reserve	Actuarial gains(+)/losses (-)	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests		
-7,958	-125,297	2,743,796	4,185,927	76,581	4,262,508	
0	0	180,417	180,417	6,382	186,799	
-19,515	0	0	-19,515	-23	-19,538	
0	0	0	79,040	6,030	85,070	
0	-13,212	0	-13,212	10	-13,202	
-19,515	-13,212	0	46,313	6,017	52,330	
-19,515	-13,212	180,417	226,730	12,399	239,129	
0	0	0	4,104	0	4,104	
0	0	-246,776	-246,776	-7,769	-254,545	
0	0	0	20,876	0	20,876	
0	0	0	0	0	0	
0	0	-6,221	-1,258	-8,367	-9,625	
0	0	-252,997	-223,054	-16,136	-239,190	
-27,473	-138,509	2,671,216	4,189,603	72,844	4,262,447	
0	0	584,759	584,759	9,800	594,559	
7,317	0	0	7,317	27	7,344	
0	0	0	10,151	-648	9,503	
0	-21,048	0	-21,048	-62	-21,110	
7,317	-21,048	0	-3,580	-683	-4,263	
7,317	-21,048	584,759	581,179	9,117	590,296	
0	0	0	5,160	0	5,160	
0	0	-155,525	-155,525	-8,490	-164,015	
0	0	0	0	0	0	
0	0	0	-5,165	7	-5,158	
0	0	-11,011	2,531	-148	2,383	
0	0	-166,536	-152,999	-8,631	-161,630	
-20,156	-159,557	3,089,439	4,617,783	73,330	4,691,113	

In thousands of euros

**voestalpine AG**

# Notes to the consolidated financial statements 2010/11

## A. General information and corporate purpose

voestalpine AG and its Group companies (hereinafter referred to as the "Group") are primarily engaged in the production, processing, and distribution of materials made of steel, research and development in the area of metallurgy, metal processing, and materials technology.

voestalpine AG is the Group's ultimate parent company and prepares the consolidated financial statements. It is registered in the commercial register of Linz and has its registered office in voestalpine-Strasse 1, 4020 Linz, Austria. The shares of voestalpine AG are listed on the stock exchange in Vienna, Austria.

The consolidated financial statements for the year ended March 31, 2011, (including comparative figures for the year ended March 31, 2010) have

been prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union.

The consolidated financial statements are presented in euros (= functional currency of the parent company) rounded to the nearest thousand.

The consolidated income statement has been prepared using the cost of sales method.

The Management Board of voestalpine AG approved the consolidated financial statements and authorized the consolidated financial statements for submission to the Supervisory Board on May 18, 2011.



## B. Summary of accounting policies

### General information

With the exception of financial instruments, which are measured at fair value, the consolidated financial statements are prepared on the historical cost basis.

The accounting policies applied to the consolidated financial statements are consistent with those of the previous year with the exceptions listed below.

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profillorm Division and the Railway Systems Division (previously Special Steel Division). In these consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profillorm Division (Precision Strip) and Railway Systems Division (Welding Consumables). The previous year's comparative figures were adjusted accordingly.

The following new and revised Standards were adopted for the first time in the business year 2010/11:

Standard	Content	Effective date <sup>1</sup>
IAS 27 (2008)	Consolidated and Separate Financial Statements	July 1, 2009
IAS 32	Classification of Rights Issues	February 1, 2010
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	July 1, 2009
IFRS 1	First-Time Adoption of International Financial Reporting Standards	July 1, 2009/ January 1, 2010
IFRS 2 (2009)	Group Cash-Settled Share-Based Payment Transactions	January 1, 2010
IFRS 3 (2008)	Business Combinations	July 1, 2009
Various Standards	Improvements to IFRS 2009	January 1, 2010

<sup>1</sup> These Standards are applicable to reporting periods beginning on or after the effective date.

The first-time adoption of the revised IFRS 3 and IAS 27 did not have any impact on the Group's consolidated financial statements during this or previous reporting periods as they refer exclusively to future acquisitions of entities and no entities were acquired during the business year 2010/11 that fall within the scope of application of IFRS 3. The most important change within the revised IFRS 3 and IAS 27 concerns the recognition of acquisitions of less than 100% of the shares in an entity. The option, which could be exercised anew for each acquisition, is being introduced to recognize the goodwill from an acquisition under the full goodwill method, i.e., including the amount of the share allocable to the non-controlling shareholders. In addition, acquisitions and/

or partial sales of shares without loss of control will be reported as transactions between shareholders with no effect on profit or loss (as had been the case previously in the voestalpine Group). Moreover, the full incidental acquisition costs will now be reported as expenses.

The first-time adoption of the remaining new Standards in the business year 2010/11 had no impact on the consolidated financial statements.

The following Standards have been endorsed by the European Union as of the reporting date, but their application was not yet mandatory for the business year:

Standard	Content	Effective date <sup>1</sup>
IAS 24 (2009)	Related Party Disclosures	January 1, 2011
IFRS 1 (2010)	First-Time Adoption of International Financial Reporting Standards	July 1, 2010
Various Standards	Improvements to IFRS 2010	January 1, 2011

<sup>1</sup> These Standards are applicable to reporting periods beginning on or after the effective date.

The Group did not early adopt these Standards and does not expect that the new Standards will have a significant impact on the consolidated financial statements.

The use of automated calculation systems may result in rounding differences.

## Basis of consolidation

The annual financial statements of fully consolidated or proportionately consolidated entities are prepared using uniform accounting policies. For entities included using the equity method, local accounting policies and different reporting dates are maintained if the relevant amounts are immaterial.

In the case of initial consolidation, assets, liabilities, and contingent liabilities are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the net of the assets acquired and liabilities assumed is recognized as goodwill. If the net of the assets acquired and liabilities assumed exceeds the cost of acquisition, the difference is recognized immediately in profit or loss. Non-controlling interests in the acquired entity are stated at the non-controlling proportion of the net fair values of the acquired assets, liabilities, and contingent liabilities.

All intra-group profits, receivables and payables, income and expenses are eliminated.

## Foreign currency translation

In accordance with IAS 21, annual financial statements in foreign currencies that are included in the consolidated financial statements are translated into euros using the functional currency method. The relevant national currency is the functional currency in all cases since, from a

financial, economic, and organizational perspective, these entities all operate independently. Assets and liabilities have been translated using the exchange rate on the reporting date. Income and expenses have been translated using the average exchange rate for the business year.

Equity is translated using the historical exchange rate. Currency translation differences are recognized directly in equity in the currency translation reserve.

In the separate financial statements of consolidated entities, foreign currency transactions are translated into the functional currency of the entity using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from translation at the transaction date and reporting date are recognized in the consolidated income statement.

Currency exchange rates (ECB fixing) of key currencies have changed as follows:

<b>Closing exchange rate</b>	<b>03/31/2010</b>	<b>03/31/2011</b>
USD	1.3479	1.4207
GBP	0.8898	0.8837
<b>Average annual rate</b>		
	<b>2009/10</b>	<b>2010/11</b>
USD	1.4136	1.3223
GBP	0.8856	0.8496

## Uncertainties in accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires the management to make accounting estimates and assumptions that may significantly affect the recognition and measurement of assets and liabilities, the recognition of other obligations as of the reporting date, and the recognition of income and expenses during the business year.

The following assumptions bear a significant risk of causing a material adjustment to assets and liabilities within the next business year:

- The assessment of the recoverability of intangible assets, goodwill, as well as property, plant and equipment is based on assumptions concerning the future. The determination of the recoverable amount in the course of an impairment test is based on various assumptions, such as future net cash flows and discount rates. The net cash flows correspond to the amounts in the most current business plan at the time of the preparation of financial statements.
- Where the fair values of financial instruments cannot be derived from active markets, they are determined using alternative mathematical models. The underlying parameters used in the determination of the fair values are based partially on assumptions concerning the future.
- The valuation of existing severance payments and pension obligations is based on assumptions regarding interest rate, retirement age, life expectancy, labor turnover, and future salary/wage increases.
- Recognition of deferred tax assets is based on the assumption that sufficient taxable profit will be generated in the future to utilize these tax loss carryforwards.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates if the determining factors at the reporting date differ from the expectations. Revisions to accounting estimates are recognized through profit or loss in the period in which the estimates are revised and the assumptions are adjusted accordingly.

## Recognition of revenue and expenses

Revenue arising from the provision of goods and services is realized when all material risks and rewards arising from the goods or services provided have passed to the buyer. Operating expenses are recognized when goods or services are used or when the expense is incurred.

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized on an accrual basis, corresponding to the associated expenses. Government grants of EUR 11.5 million (2009/10: EUR 17.9 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income during the reporting period. Expenses for research and development amounted to EUR 109.0 million (2009/10: EUR 108.8 million) in the business year 2010/11.

## Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed property, plant and equipment includes direct costs and an appropriate portion of indirect materials and indirect labor.

Depreciation is calculated on a straight-line basis over the expected useful lives. Land is not subject to depreciation. Depreciation is based on the following rates:

Buildings	2.0–20.0%
Plant and equipment	3.3–25.0%
Fixtures and fittings	5.0–20.0%

In respect of borrowing costs relating to qualifying assets, for which the commencement date for capitalization is on or after April 1, 2009, the Group capitalizes borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The commencement date for capitalization is the date when expenditures for the asset and borrowing costs are incurred as well as activities are undertaken that are necessary to prepare the asset for its intended use or sale. Previously, the Group immediately recognized all borrowing costs as an expense.

Investment property is measured following the cost model. Useful lives and depreciation methods are identical to property, plant and equipment recognized under IAS 16.

## Leases

Leased assets are treated as finance leases when they are considered asset purchases subject to long-term financing in economic terms. Lease agreements in which the Group assumes substantially all the risks and rewards of ownership as a lessee are considered asset purchases subject to long-term financing and are classified as finance leases; otherwise, they are classified as operating leases. Lease payments under operating leases are shown as expenses in the consolidated income statement.

Finance leases are initially recognized as Group assets at fair value or the lower present value of the minimum lease payments at the inception of the lease. The corresponding liability to the lessor is recorded under financial liabilities in the consolidated statement of financial position.

Finance leases are depreciated over their expected useful lives on the same basis as comparable assets or, where shorter, over the term of the relevant lease. The Group does not act as a lessor.

## Goodwill

All corporate acquisitions are accounted for by applying the purchase method. Goodwill arises from the acquisition of subsidiaries and investments in associates.

Goodwill is allocated to cash-generating units and, in accordance with IFRS 3, is not amortized, but tested at least annually for impairment. The

carrying amount of investments in associates also includes the carrying amount of goodwill.

Negative goodwill arising from an acquisition is immediately recognized as income.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Other intangible assets

Expenses for research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred. In accordance with IAS 38.57, development expenditure is capitalized if the relevant criteria are satisfied. Usually, the relevant criteria are not satisfied. Capitalized development costs are therefore not significant. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment charges. Amortization is charged on a straight-line basis over the expected useful life of the asset. The maximum expected useful lives are as follows:

Backlog of orders	1 year
Customer relations	11 years
Technology	5 years

### Impairment testing of goodwill, other intangible assets, and property, plant and equipment

Cash-generating units that include goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually. All other assets and cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped at the lowest levels at which cash flows are independently generated (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the management monitors cash flows.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the fair value less cost to sell and value in use. Impairment losses recognized in respect of cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces pro-rata the carrying amounts of the assets of the cash-generating unit.

With the exception of goodwill, impairment losses are reversed when previous indications of impairment no longer exist.

## Investments in associates

The proportional results and equity of associates that are not of minor significance are included in the consolidated financial statements using the equity method.

## Financial instruments

Derivative financial instruments are used exclusively for the purpose of hedging the foreign currency risk, interest rate risk, and raw materials price risk. Derivative financial instruments are carried at fair value. Hedge accounting in accordance with IAS 39 is used for the majority of the Group's derivative financial instruments. Gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or directly in equity, depending on whether a fair value hedge or cash flow hedge is involved.

Loans and receivables are carried at amortized cost. Since the Group's securities meet the criteria in accordance with IAS 39.9 for application of the fair value option, securities are recognized at fair value through profit or loss. There are no held-to-maturity financial instruments.

## Other investments

Investments in subsidiaries, joint ventures, and associates that are not included in the consolidated financial statements by full consolidation,

proportionate consolidation, or the equity method are reported under other investments at the lower of cost or market value.

Securities are carried at fair value. The fair value option is applied. Changes in the fair value are recognized through profit or loss in the income statement.

## Income taxes

Income tax expense represents the total of current and deferred tax. Current tax is based on taxable income and is calculated using the tax rates currently applicable.

In accordance with IAS 12, all temporary differences between items in the consolidated financial statements and their tax bases are included in deferred taxes. Deferred tax assets on carry-forwards of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized.

The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted.

## Emission certificates

Emission certificates are measured at zero cost, as the rights have been allocated free of charge. In the case of under-allocation, proportional

amounts for CO<sub>2</sub> emission certificates are included in the other provisions. The necessary certificates are measured using the average hedged prices or the fair value at the reporting date.

## Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale. In exceptional cases, the replacement cost of raw materials and supplies may serve as the basis of measurement in accordance with IAS 2.32.

The cost of inventories of the same type is determined by the weighted average price method or similar methods. Cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Interest costs and general administrative and sales expenses are not recognized in inventory.

## Trade and other receivables

Trade and other receivables are stated at their nominal value. Credit insurance is acquired to cover individually identifiable risks. Non-interest- or low-interest-bearing receivables with a remaining period of more than one year are recognized at their discounted present value. Sold receivables, for which the default risk is transferred to the buyer and for which the seller assumes a contingent liability to the extent of the retained amount from credit insurances, are derecognized because the power of disposition has transferred to the buyer.

For construction contracts, the percentage of completion method is used to realize profit over time based on a reliable estimate of the degree of completion, total costs, and total revenue.

Accruals and deferrals are reported under other receivables and other liabilities.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and checks and are carried at market value.

## Pensions and other employee obligations

Pensions and other employee obligations include provisions for severance payments, pensions, and long-service bonuses and are recognized in accordance with IAS 19 using the projected unit credit method.

Employees of Austrian entities who started their employment before January 1, 2003, are entitled to receive a one-off severance payment if their employment is terminated by the employer or if they retire. The amount to be paid depends on the number of years of service and the employee's salary or wage at the time employment ends. For employees who started their employment after December 31, 2002, severance obligations are transferred to a contribution-based system. The contributions to external employee pension funds are recognized as expenses.

Both defined contribution and defined benefit pension plans exist within the Group. Defined contribution plans involve no additional future



obligations after the payment of premiums. Defined benefit plans guarantee the employee a specified pension, which is based on a certain percentage of salaries or wages depending on years of service or on a valorized fixed amount per year of service. Defined benefit obligations are stated in the annual financial statements of the respective entities until the contractual vesting date. After that date the pensions are transferred to a pension fund.

In accordance with IAS 19.93A, actuarial gains and losses in respect of severance and pension obligations are recognized directly in equity in the year in which they are incurred. Actuarial gains and losses in respect of provisions for long-service bonuses are recognized immediately in profit or loss.

The calculation of employee benefits in all countries where the Group has material operations is based on the following parameters:

	2009/10	2010/11
Interest rate (%)	5.25	4.75
Salary/wage increases (%)	3.50	3.25
Pension increases (%)	2.50	2.25
Retirement age men/women (years)	max. 65	max. 65
Mortality tables	AVÖ 2008-P	AVÖ 2008-P

Interest expenses resulting from employee benefits are included in the consolidated income statement under finance costs.

## Other provisions

Other provisions due to present obligations arising from past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material.

The assumptions that underlie the provisions are reviewed on an ongoing basis. The actual figures can deviate from the assumptions if the underlying circumstances as of the reporting date have not developed as expected. As soon as better information is available, changes are recognized through profit and loss and the assumptions are adjusted accordingly.

## Contingent liabilities

Contingent liabilities are present obligations arising from past events, where it is not probable that an outflow of resources will be required to settle the obligation, or possible obligations arising from past events whose existence or non-existence depends on less certain future events, which are not within the company's full control. When, in extremely rare cases, an existing debt cannot be stated in the statement of financial position as a provision because a reliable estimate of the debt is not possible, a contingent liability shall also be recognized.

With regard to possible obligations, we are invoking the safeguard clause according to which information about contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

## Liabilities

Liabilities, except liabilities from derivative financial instruments, are stated at amortized cost.

## Stock option program

A resolution approving a stock option plan for members of the Management Board and executives of the voestalpine Group was passed at the Annual General Meeting on July 5, 2006.

These stock options can be exercised at any time between July 1, 2008, and June 30, 2011, in compliance with the Issuer Compliance Directive. The options can be exercised if the participant is a current employee or member of the Management Board of voestalpine AG or a Group company.

Each option entitles the holder to receive one voestalpine AG share after the exercise requirements have been fulfilled. voestalpine AG's intention at the time the options were granted was to provide settlement in shares. The holder of the option has no choice of settlement. Under IFRS 2, the transaction is therefore considered a share-based payment transaction. Due to the changed circumstances after the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft, the Management Board of voestalpine AG has decided to settle the obligation related to the options in cash. Options (personnel expenses) are carried at fair value at the time of the grant. The offsetting entry is recorded directly in equity. The cash settlement on the exercise date is also recognized directly in equity.

## Employee stock ownership plan

The employee stock ownership plan in Austrian Group companies is based on the appropriation of a part of the salary and wage increase due to collective bargaining agreements over several business years. For the first time in the business year 2000/01, employees received voestalpine AG shares in return for a 1% lower salary or wage increase.

In each of the business years 2002/03, 2003/04, 2005/06, 2007/08, and 2008/09, between 0.3% and 0.5% of the total amount of wages and salaries required for the increase were used to provide voestalpine AG shares to employees. The actual amount is calculated from the monthly amount of wages and salaries waived, based on November 1, 2002, 2003, 2005, 2007, and 2008, applying an annual increase of 3.5%.

The Works Council and each company shall execute an agreement for implementation of the Austrian employee stock ownership plan. Shares are acquired by the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme), which transfers the shares to employees according to the wages and salaries they have waived. The value of the consideration provided is independent of price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on lower collective bargaining agreements.

An international participation model was developed for Group companies outside Austria, which

was initially implemented in several companies in Great Britain and Germany in the business year 2009/10. Due to very positive experience gained in these pilot projects, the model was expanded in these countries so that a total of 34 companies are participating in the international employee stock ownership program in 2010/11.

In addition, employee bonuses are partially provided in the form of shares. Under IFRS 2, share-based payments settled with equity instruments are recognized as personnel expenses at fair value, with the offsetting entry recognized directly in equity.

On March 31, 2011, the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme) held approximately 13.0% of voestalpine AG's shares in trust for employees.

## C. Scope of consolidated financial statements

The consolidated Group (see "Investments" appendix to the notes) is established in accordance with IFRS. In addition to the annual financial statements of voestalpine AG, the consolidated financial statements also include the financial statements of entities controlled by voestalpine AG (and its subsidiaries).

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint ventures are included in the consolidated financial statements using proportionate consolidation. The annual financial statements of subsidiaries and joint ventures are included in the consolidated financial statements from the acquisition date until disposal date.

Associates are entities over which the Group has significant influence without having control over the financial and operating policies. The annual financial statements of associates are included in the consolidated financial statements using the equity method, from the acquisition date until disposal date. The Group's associates are listed in the "Investments" appendix to the notes.

The following table shows the proportionate amounts included in the consolidated financial statements by proportionate consolidation:

	03/31/2010	03/31/2011
Non-current assets	29.4	27.4
Current assets	53.6	91.0
	<b>83.0</b>	<b>118.4</b>
Equity	28.2	30.4
Non-current provisions and liabilities	10.0	11.3
Current provisions and liabilities	44.8	76.7
	<b>83.0</b>	<b>118.4</b>
	<b>2009/10</b>	<b>2010/11</b>
Revenue	144.9	245.9
Cost of sales	104.4	179.8
Profit for the period	25.2	42.0

In millions of euros

The following table shows the values (100%) for entities included in the consolidated financial statements using the equity method:

	<b>03/31/2010</b>	<b>03/31/2011</b>
Non-current assets	315.6	328.2
Current assets	577.8	700.7
	<b>893.4</b>	<b>1,028.9</b>
Equity	334.7	369.1
Non-current provisions and liabilities	66.7	69.5
Current provisions and liabilities	492.0	590.3
	<b>893.4</b>	<b>1,028.9</b>
	<b>2009/10</b>	<b>2010/11</b>
Revenue	1,742.9	2,129.5
Profit for the period	52.8	88.5

In millions of euros

The scope of consolidated financial statements changed as follows during the business year:

	Full consolidation	Proportionate consolidation	Equity method
<b>As of April 1, 2010</b>	<b>296</b>	<b>2</b>	<b>13</b>
Acquisitions			
Change in consolidation method			
Acquisitions	4		
Disposals			-1
Reorganizations	-9		
Divestments or disposals	-3		
<b>As of March 31, 2011</b>	<b>288</b>	<b>2</b>	<b>12</b>
Of which foreign companies	231	0	5

The two proportionately consolidated entities are voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG that are jointly controlled with NOV Grant Prideco.

The following entities were deconsolidated during the business year 2010/11:

<b>Name of entity</b>	<b>Date of deconsolidation</b>
<b>Full consolidation in the previous year</b>	
Hilarius Haarlem Holland B.V.	January 31, 2011
Hilarius Holding B.V.	January 31, 2011
voestalpine Elmsteel Romania SRL	September 30, 2010
<b>Reorganization</b>	
Bohler-Uddeholm Specialty Metals, Inc.	April 1, 2010
Buderus Edelstahl Band GmbH	April 1, 2010
HBW Light Rail B.V.	April 1, 2010
Nordmark-Klarälvens Järnvägsaktiebolag	April 1, 2010
Villares Metals Suomi Oy	April 1, 2010
voestalpine Hügel GmbH & Co KG	April 1, 2010
voestalpine Hügel Verwaltungsgesellschaft mbH	April 1, 2010
voestalpine Polynorm B.V.	April 1, 2010
voestalpine Rotec Vertriebs GmbH	April 1, 2010
<b>Equity method in the previous year</b>	
COGNOR Stahlhandel GmbH	April 1, 2010

## D. Acquisitions and other additions to the scope of consolidated financial statements

The following entities were included in the consolidated financial statements for the first time during the business year 2010/11:

<b>Name of entity</b>	<b>Interest in %</b>	<b>Date of initial consolidation</b>
<b>Full consolidation</b>		
Bohler High Performance Metals Private Limited	100.000%	April 1, 2010
voestalpine Steel Service Center Romania SRL	100.000%	April 1, 2010
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	51.000%	May 26, 2010
voestalpine Straßensicherheit GmbH	100.000%	April 1, 2010

These entities have contributed EUR –0.5 million to the profit for the period and EUR 6.8 million to sales since initial consolidation.

The pro-forma values "as though the acquisition date had been at the beginning of the period" are not stated due to immaterial differences of the above mentioned figures.

Additions to the scope of consolidated financial statements include one start-up, one spin-off, and the consolidation of previously non-consolidated entities.

In accordance with IFRS 3, the acquired companies are included in the consolidated financial statements at the fair value of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. In accordance with IFRS 3, intangible assets, inventories, and provisions shall be considered provisional due to uncertainties.



The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the business year 2010/11, EUR 16.9 million were paid for the acquisition of non-controlling interests. Non-controlling interests amounting to EUR 4.6 million were derecognized, and the remaining amount of EUR 12.3 million (2009/10: EUR 3.5 million) was charged directly in equity.

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

Open put options, which are charged against equity, had a fair value of EUR 2.5 million (2009/10: EUR 13.9 million) as of March 31, 2011.

## E. Explanations and other disclosures

### 1. Operating segments

The voestalpine Group operates in six reportable segments: Steel Division, Special Steel Division, Railway Systems Division, Profilform Division, Automotive Division, and Other. The reporting system, which is essentially based on the nature of the products provided, reflects the internal financial reporting, the management structure of the organization, and the predominant sources of risks and rewards of the Company.

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In these consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profilform Division (Precision Strip) and Railway Systems Division (Welding Consumables). The previous year's comparative figures were adjusted accordingly.

The *Steel Division* focuses on the production and processing of flat steel products for the automotive, white goods, and construction industries. This division is a top-three European supplier of high-quality strip steel and heavy plate for the most demanding applications. The division produces and processes hot- and cold-rolled steel as well as electrogalvanized, hot-dip galvanized, and organically coated plate and electrical steel strip. Its other activities include heavy plate production, a foundry, and a number of downstream processes.

The *Special Steel Division* is a global market leader in tool steel. Furthermore, it has a leading position in the special forging segment. The division manufactures long steel products, medium-wide strip steel, open-die forgings, and drop forgings. The main customer group is the tool industry, which mainly supplies the automotive industry and the consumer goods industry. The division's second foothold is energy technology—from exploration to components for gas and steam turbines. Furthermore, the Special Steel Division is a global supplier of the aviation industry.

The *Railway Systems Division* is the global market leader in switches, the European market leader in rails and processed wire, as well as a leader in welding technology. The division has access to its own steel production and manufactures the world's widest range of high-quality rails and switch products, rod wire, drawn wire, prestressing steel, seamless tubes, welding filler materials, and semi-

finished products. Furthermore, the division is also a full-service provider for railway construction, including planning and engineering, transportation, logistics, and system installation.

The *Profilform Division* combines the tube and section production activities of the voestalpine Group. It manufactures welded tubes and hollow sections, open standard sections, and all types of custom roll forming of special tubes and sections. In addition, the division also produces high-bay racking systems and components for road safety. The division is the global market leader in the special sections and the custom roll forming segments as well as a leader in precision strip steel. It focuses on supplying the construction and automotive supplier industries as well as the transportation, storage, and furniture industries.

The *Automotive Division* combines all activities of the voestalpine Group involving the processing of steel and other materials, such as plastics and composite material, into components, modules, and systems for the automotive industry. It focuses on body-in-white components, precision parts, and safety technology components. The Automotive Division has become a top-three player in the European automotive component supplier industry for body-in-white components, laser-welded blanks, and tubular components.

The holding company, several Group financing companies, as well as the entities of group-IT are included in *Other*. These companies are combined in this segment because their focus is on providing coordination and assistance to the subsidiaries.

Segment revenue, segment expenses, and segment results include transfers between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. These transactions have been eliminated in the consolidated financial statements.

The voestalpine Group uses the profit from operations (EBIT) to measure the performance of the segments because it is commonly used in the steel and steel processing industry as a comparative measure of financial performance. In addition, the voestalpine Group considers it a widely accepted indicator for measuring the Group's profitability.

The operating segments<sup>1</sup> of the Group are presented as follows:

#### Operating segments

	Steel Division		Special Steel Division		Railway Systems Division	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Segment revenue	3,098.7	4,175.0	1,895.4	2,631.3	2,295.8	2,723.3
Of which revenue with third parties	2,746.2	3,548.5	1,862.6	2,567.0	2,264.6	2,688.3
Of which revenue with other segments	352.5	626.5	32.8	64.3	31.2	35.0
EBITDA	423.3	595.1	93.6	388.1	367.7	422.4
Depreciation and amortization of property, plant and equipment and intangible assets	221.9	223.3	196.8	179.6	126.5	113.5
Of which impairment	0.0	0.0	0.0	7.7	3.1	0.0
Of which reversal of impairment	0.0	0.0	0.0	0.0	0.0	0.0
Profit from operations (EBIT)	201.4	371.9	-103.2	208.5	241.2	308.9
EBIT margin	6.5%	8.9%	-5.4%	7.9%	10.5%	11.3%
Share of profit of associates	10.5	15.9	0.0	0.0	3.8	7.7
Interest and similar income	3.7	1.9	14.2	14.3	4.4	3.9
Interest and similar expenses	57.9	58.2	47.2	53.1	34.0	32.4
Income tax expense	-25.0	-67.8	24.8	-52.5	-51.0	-74.5
Profit for the period	139.5	270.0	-106.8	118.9	164.2	213.5
Segment assets	3,342.3	3,724.5	3,925.5	4,095.0	2,319.3	2,428.6
Of which investments in associates	83.5	92.6	0.0	0.0	13.3	18.5
Net financial debt	949.3	797.3	784.4	728.4	414.0	402.2
Investments in property, plant and equipment and intangible assets	240.7	152.6	146.6	87.5	77.8	94.7
Employees (excl. temporary personnel and apprentices)	9,510	9,622	10,968	11,364	9,730	10,078

<sup>1</sup> Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In these consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profilform Division (Precision Strip) and Railway Systems Division (Welding Consumables). The previous year's comparative figures were adjusted accordingly.

Profilform Division		Automotive Division		Other		Reconciliation		Total Group	
2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
871.3	1,139.3	835.4	1,040.1	88.4	94.7	-535.0	-850.0	8,550.0	10,953.7
841.8	1,109.7	833.1	1,037.4	1.7	2.8	0.0	0.0	8,550.0	10,953.7
29.5	29.6	2.3	2.7	86.7	91.9	-535.0	-850.0	0.0	0.0
83.0	159.5	73.8	121.1	-60.8	-56.3	23.7	-24.3	1,004.3	1,605.6
44.4	41.5	55.9	57.1	6.7	5.8	0.1	0.0	652.3	620.8
0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	3.1	10.4
0.0	0.0	9.3	3.4	0.0	0.0	0.0	0.0	9.3	3.4
38.6	118.0	18.0	64.0	-67.7	-62.2	23.7	-24.3	352.0	984.8
4.4%	10.4%	2.2%	6.2%					4.1%	9.0%
0.0	0.0	0.0	0.0	6.0	5.7	0.1	0.8	20.4	30.1
3.8	2.6	2.2	1.4	162.6	128.4	-123.2	-106.1	67.7	46.4
20.0	18.2	10.9	11.6	234.3	218.4	-124.9	-108.4	279.4	283.5
-1.9	-27.5	8.2	-2.4	51.7	33.1	-3.3	5.2	3.5	-186.4
20.5	75.4	16.4	51.5	-233.5	626.8	186.5	-761.5	186.8	594.6
1,000.3	1,083.7	866.7	930.2	8,662.8	9,107.4	-7,822.8	-8,293.0	12,294.1	13,076.4
0.0	0.0	0.0	0.0	1.0	2.3	28.7	29.4	126.5	142.8
178.0	151.6	283.8	228.6	504.4	449.1	-76.6	-44.1	3,037.3	2,713.1
47.6	52.3	22.5	28.0	4.4	5.3	0.1	0.0	539.7	420.4
4,014	4,200	4,551	4,789	633	647	0	0	39,406	40,700

In millions of euros

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

<b>EBITDA</b>	<b>2009/10</b>	<b>2010/11</b>
Net exchange differences incl. result from valuation of derivatives	18.3	-3.5
Value adjustments for receivables/waiver of receivables	-1.7	-18.5
Consolidation	7.2	-1.9
Other	-0.1	-0.4
<b>EBITDA – Total reconciliation</b>	<b>23.7</b>	<b>-24.3</b>

In millions of euros

<b>EBIT</b>	<b>2009/10</b>	<b>2010/11</b>
Net exchange differences incl. result from valuation of derivatives	18.3	-3.5
Value adjustments for receivables/waiver of receivables	-1.7	-18.5
Consolidation	7.2	-1.9
Other	-0.1	-0.4
<b>EBIT – Total reconciliation</b>	<b>23.7</b>	<b>-24.3</b>

In millions of euros

For the most part, all other key ratios contain solely the effects of consolidation.

### Geographical information

The following table provides selected financial information subsumed into the major geographical areas. External revenue is allocated by geographical location of the customers' companies. Non-current assets and investments are reported by geographical location of the companies.

	<b>Austria</b>		<b>European Union</b>		<b>Other countries</b>	
	<b>2009/10</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2010/11</b>
External revenue	774.3	1,079.4	5,345.1	6,834.7	2,430.6	3,039.6
Non-current assets	4,350.0	4,225.4	1,598.5	1,537.0	544.9	547.6
Investments in property, plant and equipment and intangible assets	403.9	271.3	105.7	109.8	30.1	39.3

In millions of euros

The voestalpine Group does not record any revenue from transactions with a single external customer amounting to 10% or more of the entity's revenue.

## 2. Other operating income

	2009/10	2010/11
Gains on disposal of property, plant and equipment	11.1	6.3
Income from reversal of provisions	34.3	37.8
Exchange profits and income from the valuation of derivatives	78.5	47.8
Other operating income	241.3	242.1
	<b>365.2</b>	<b>334.0</b>

In millions of euros

In the business year 2010/11, operating income of EUR 105.1 million (2009/10: EUR 130.1 million) from the sale of products and services not generated in the course of ordinary activities is included in other operating income.

## 3. Other operating expenses

	2009/10	2010/11
Taxes other than income taxes	13.9	15.6
Losses on disposal of property, plant and equipment	3.3	4.1
Exchange losses and expenses from the valuation of derivatives	45.6	43.4
Other operating expenses	258.0	206.1
	<b>320.8</b>	<b>269.2</b>

In millions of euros

In the business year 2010/11, expenses of EUR 117.7 million (2009/10: EUR 124.5 million) from operating products and services not generated in the course of ordinary activities are included in other operating expenses.

#### 4. Share of profit of associates

	2009/10	2010/11
Income from associates	20.7	30.1
Expenses from associates	-0.3	0.0
	<b>20.4</b>	<b>30.1</b>

In millions of euros

Income from associates is primarily attributable to CNTT Chinese New Turnout Technologies Co., Ltd., Scholz Austria GmbH, and VA Intertrading Aktiengesellschaft.

#### 5. Finance income

	2009/10	2010/11
Income from investments	6.7	5.0
Of which from affiliated companies	5.1	3.5
Income from other long-term securities and loans	3.4	2.9
Of which from affiliated companies	0.0	0.0
Other interest and similar income	64.3	43.5
Of which from affiliated companies	1.3	0.6
Income from disposals and fair value measurements of investment at fair value through profit or loss	19.5	2.7
	<b>93.9</b>	<b>54.1</b>

In millions of euros



## 6. Finance costs

	2009/10	2010/11
Expenses from investments		
Net loss from fair value measurement of investment at fair value through profit or loss	1.6	4.1
Expenses from affiliated companies	1.7	0.0
Other expenses	0.2	0.5
	<b>3.5</b>	<b>4.6</b>
Other interest and similar expenses	279.4	283.5
Of which from affiliated companies	2.3	0.3
	<b>282.9</b>	<b>288.1</b>

In millions of euros

## 7. Income tax expense

Income tax expense includes income taxes paid and owed as well as deferred taxes (+ income tax expense/- income tax benefit).

	2009/10	2010/11
<b>Current tax expense</b>	<b>55.7</b>	<b>163.6</b>
Effective tax expense	55.8	161.4
Adjustments of taxes of previous periods	-0.1	2.2
<b>Deferred tax expense</b>	<b>-59.2</b>	<b>22.8</b>
Origination/reversal of temporary differences	-56.6	44.9
Impact of changes in tax rates	-0.8	-0.5
Consideration of tax losses of previous periods	-1.8	-21.6
	<b>-3.5</b>	<b>186.4</b>

In millions of euros

The following reconciliation shows the difference between the Austrian corporate tax rate of 25% and the effective Group tax rate:

	2009/10		2010/11	
<b>Profit before tax</b>		<b>183.3</b>		<b>781.0</b>
Income tax using the Austrian corporate tax rate	25.0%	45.8	25.0%	195.3
Difference to foreign tax rates	-4.2%	-7.7	1.1%	8.5
Non-taxable income and expenses	-0.5%	-0.9	1.4%	11.1
Non-taxable income from participations	-3.7%	-6.8	-1.1%	-8.8
Effects from the depreciation of participations and utilization of previously unrecognized losses carried forward	3.0%	5.5	0.5%	4.0
Taxes from previous periods	-8.1%	-14.9	0.3%	2.7
Own shares	-0.3%	-0.5	0.1%	0.8
Hybrid bond	-9.9%	-18.2	-2.3%	-18.2
Other differences	-3.2%	-5.8	-1.1%	-9.0
<b>Effective Group tax rate (%)/income tax expense</b>	<b>-1.9%</b>	<b>-3.5</b>	<b>23.9%</b>	<b>186.4</b>

In millions of euros

In Austria, dividends (interest) on hybrid capital represent a tax-deductible expense. The tax reduction is recognized through profit and loss.

## 8. Property, plant and equipment

	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	2,259.4	7,260.5	880.8	812.8	11,213.5
Accumulated depreciation and impairment	-1,112.2	-5,083.4	-637.7	-1.9	-6,835.2
<b>Carrying amount as of April 1, 2009</b>	<b>1,147.2</b>	<b>2,177.1</b>	<b>243.1</b>	<b>810.9</b>	<b>4,378.3</b>
Gross carrying amount	2,454.8	7,670.2	923.7	594.1	11,642.8
Accumulated depreciation and impairment	-1,165.7	-5,316.1	-675.5	-1.5	-7,158.8
<b>Carrying amount as of March 31, 2010</b>	<b>1,289.1</b>	<b>2,354.1</b>	<b>248.2</b>	<b>592.6</b>	<b>4,484.0</b>
Gross carrying amount	2,542.6	8,159.7	926.8	275.6	11,904.7
Accumulated depreciation and impairment	-1,222.5	-5,612.5	-698.2	-0.1	-7,533.3
<b>Carrying amount as of March 31, 2011</b>	<b>1,320.1</b>	<b>2,547.2</b>	<b>228.6</b>	<b>275.5</b>	<b>4,371.4</b>

In millions of euros

The following table shows a reconciliation of the carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as of March 31, 2011:

	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
<b>Carrying amount as of April 1, 2009</b>	<b>1,147.2</b>	<b>2,177.1</b>	<b>243.1</b>	<b>810.9</b>	<b>4,378.3</b>
Changes in the scope of consolidated financial statements	0.0	1.2	-0.6	0.0	0.6
Additions	52.7	183.8	38.9	247.8	523.2
Transfers	125.1	321.4	25.6	-476.0	-3.9
Disposals	-3.3	-3.5	-1.8	-2.9	-11.5
Depreciation	-59.2	-376.5	-65.1	-0.2	-501.0
Impairment	-1.5	-0.9	-0.1	0.0	-2.5
Reversal of impairment	4.2	4.4	0.2	0.5	9.3
Net exchange differences	23.9	47.1	8.0	12.5	91.5
<b>Carrying amount as of March 31, 2010</b>	<b>1,289.1</b>	<b>2,354.1</b>	<b>248.2</b>	<b>592.6</b>	<b>4,484.0</b>
Changes in the scope of consolidated financial statements	0.8	0.0	0.0	0.8	1.6
Additions	20.6	171.4	41.6	176.6	410.2
Transfers	67.1	413.1	-0.7	-493.7	-14.2
Disposals	-1.2	-3.2	-1.9	-2.4	-8.7
Depreciation	-61.8	-392.0	-60.9	0.0	-514.7
Impairment	-0.3	-7.6	0.0	0.0	-7.9
Reversal of impairment	3.4	0.0	0.0	0.0	3.4
Net exchange differences	2.4	11.4	2.3	1.6	17.7
<b>Carrying amount as of March 31, 2011</b>	<b>1,320.1</b>	<b>2,547.2</b>	<b>228.6</b>	<b>275.5</b>	<b>4,371.4</b>

In millions of euros

As of March 31, 2011, restrictions on the disposal of property, plant and equipment amounted to EUR 11.2 million (March 31, 2010: EUR 23.9 million). Furthermore, as of March 31, 2011, commitments for the purchase of property, plant and equipment amounted to EUR 179.9 million (March 31, 2010: EUR 211.2 million).

As in the previous year, immaterial borrowing costs relating to qualifying assets were capitalized in the reporting period. The calculation was based on an average borrowing cost rate of 4.4% (2009/10: 4.4%).

As of March 31, 2011, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) are reported as follows:

	03/31/2010	03/31/2011
Gross carrying amount	31.5	38.5
Accumulated depreciation and impairment	-8.2	-11.7
<b>Carrying amount</b>	<b>23.3</b>	<b>26.8</b>

In millions of euros

The following table shows a reconciliation of the carrying amounts of investment properties for the periods presented in the consolidated financial statements as of March 31, 2011:

	2009/10	2010/11
<b>Carrying amount as of April 1</b>	<b>23.3</b>	<b>23.3</b>
Additions	0.0	7.0
Depreciation	0.0	-3.5
<b>Carrying amount as of March 31</b>	<b>23.3</b>	<b>26.8</b>

In millions of euros

Investment properties are measured at cost. Depreciation is recorded in line with the general accounting policies for property, plant and equipment. Based on comparable sales transactions, the market value of these assets is estimated at EUR 29.0 million (March 31, 2010: EUR 23.9 million). Rental income and expenses for investment properties are immaterial.

The carrying amount for each class of asset under finance leases is reported as follows:

## 2009/10

	Property, plant and equipment				Intangible Assets	Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
Gross carrying amount	78.0	32.3	2.0	1.9	1.3	115.5
Accumulated depreciation and impairment	-19.2	-16.7	-1.3	0.0	-1.3	-38.5
<b>Carrying amount</b>	<b>58.8</b>	<b>15.6</b>	<b>0.7</b>	<b>1.9</b>	<b>0.0</b>	<b>77.0</b>

In millions of euros

## 2010/11

	Property, plant and equipment				Intangible Assets	Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
Gross carrying amount	84.6	33.3	1.3	0.0	1.3	120.5
Accumulated depreciation and impairment	-21.2	-17.8	-0.9	0.0	-1.3	-41.2
<b>Carrying amount</b>	<b>63.4</b>	<b>15.5</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>79.3</b>

In millions of euros

The present value of the minimum finance lease payments is due as follows:

	Minimum finance lease payments		Discounts on finance lease		Present value of the minimum finance lease payments	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Less than one year	8.6	7.5	-2.6	-2.4	6.0	5.1
Between one and five years	34.6	34.1	-8.7	-8.3	25.9	25.8
More than five years	37.4	30.5	-7.0	-4.5	30.4	26.0
	<b>80.6</b>	<b>72.1</b>	<b>-18.3</b>	<b>-15.2</b>	<b>62.3</b>	<b>56.9</b>

In millions of euros

The most significant finance lease agreements for buildings and production plants have a term between 5 and 22 years. Thereby, the Group has the option to purchase the plants at the end of the contracted period or renew the contract.

In addition to finance leases, obligations also exist under operating leases for property, plant and equipment that are not reported on the statement of financial position. These obligations are due as follows:

	2009/10	2010/11
Less than one year	30.6	34.5
Between one and five years	87.3	100.7
More than five years	63.1	59.7
	<b>181.0</b>	<b>194.9</b>

In millions of euros

Payments of EUR 41.0 million (2009/10: EUR 34.7 million) under operating leases have been recognized as expenses.

The most significant operating lease agreements are related to buildings with a lease term of at least 15 years and with a renewal obligation of about 10 years in certain cases. At the end of the lease term there are purchase options. There are no restrictions concerning dividends, additional debt, and further leases.

**Reconciliation of depreciation and amortization of property, plant and equipment and intangible assets by functional area**

	2009/10	2010/11
Cost of sales	523.5	521.0
Distribution costs	82.6	51.9
Administration expenses	34.0	36.6
Other operating expenses	12.2	11.3
	<b>652.3</b>	<b>620.8</b>

In millions of euros

**Impairment losses and reversal of impairment losses**

Impairment losses on property, plant and equipment (primarily due to lower usage thereof) amounting to EUR 7.9 million (March 31, 2010: EUR 2.5 million) were recognized during the reporting period (they affect primarily plant and equipment in the Special Steel Division). These are primarily recognized in the cost of sales.

Reversals of impairment losses on property, plant and equipment amounting to EUR 3.4 million were recognized through profit and loss in the Automotive Division due to an increase of the fair value during the reporting period (March 31, 2010: EUR 9.3 million). These are primarily recognized in other operating income.

## 9. Goodwill

	03/31/2009	03/31/2010	03/31/2011
Gross carrying amount	1,436.3	1,435.8	1,435.0
Impairment loss	-15.4	-15.4	-15.4
<b>Carrying amount</b>	<b>1,420.9</b>	<b>1,420.4</b>	<b>1,419.6</b>

In millions of euros

The following table shows a reconciliation of the carrying amounts of goodwill for the periods presented in the consolidated financial statements as of March 31, 2011:

	Goodwill
<b>Carrying amount as of April 1, 2009</b>	<b>1,420.9</b>
Additions	3.9
Disposals	-3.9
Net exchange differences	-0.5
<b>Carrying amount as of March 31, 2010</b>	<b>1,420.4</b>
Net exchange differences	-0.8
<b>Carrying amount as of March 31, 2011</b>	<b>1,419.6</b>

In millions of euros



**Impairment tests for cash-generating units containing goodwill**

Goodwill is allocated to the following cash-generating units:

	2009/10	2010/11
<b>Total Steel Division</b>	<b>160.2</b>	<b>160.2</b>
High Performance Metals	622.5	621.7
Special Forging	14.0	14.0
<b>Total Special Steel Division</b>	<b>636.5</b>	<b>635.7</b>
Switches	129.9	129.9
Rail	25.2	25.2
Steel	25.8	25.8
Welding Consumables	169.4	169.4
<b>Total Railway Systems Division</b>	<b>350.3</b>	<b>350.3</b>
Tubes and Sections	46.0	46.0
Storage Technology	11.2	11.2
Precision Strip	103.8	103.8
<b>Total Profilform Division</b>	<b>161.0</b>	<b>161.0</b>
Precision Parts and Safety Technology	16.9	16.9
Laser-Welded Blanks	4.5	4.5
Large Pressed Parts	20.9	20.9
Structural Parts	70.1	70.1
<b>Total Automotive Division</b>	<b>112.4</b>	<b>112.4</b>
<b>voestalpine Group</b>	<b>1,420.4</b>	<b>1,419.6</b>

In millions of euros

With regard to the value in use, goodwill is reviewed for impairment applying the discounted cash flow method. The calculation is performed on the basis of cash flows before tax of a medium-term business plan as of the beginning of March. This medium-term business plan is based on historical data as well as on assumptions regarding the expected future market performance. The Group's planning assumptions are extended to include sectoral planning assumptions. Intra-group evaluations are complemented by external market studies. Cash flows are discounted using a pre-tax discount rate (WACC) of 8.4% (2009/10: 8.2%).

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In the course of this restructuring process, Buderus Edelmetall Band GmbH was reclassified from the cash-generating unit Precision Strip to the cash-generating unit High Performance Metals and was then merged with another entity. Allocation of goodwill of the cash-generating unit Precision Strip was based on the values at the time of reorganization.

Both internal and external market forecasts for the sales of flat steel products in Europe were used for the three-year medium-term business plan of the *Steel Division*. The figures allocated to the most significant assumptions in the plan generally correspond to external sources of information. Cash flows of the last plan year are the basis of the terminal value's determination. The terminal value is calculated with a growth rate of 1%.

The impairment tests for the *Special Steel Division* are performed on the basis of a detailed three-year planning period. The actual degree of utilization has been adapted to the market expectations in the plan years. In the Special Steel Division, the growth rate in terminal value amounts to 1%, which is lower than the rate of inflation.

The three-year medium-term business plan for the significant cash-generating units in the *Railway Systems Division* was based on external market forecasts for the sales of switches and rails. On the procurement side, global market forecasts were used for assumptions concerning the use of raw materials. The income level of the third plan year was used to determine the terminal value. Growth rates were not used.

In the *Profilform Division*, the planning assumptions on the sales side are based on market assessments for the most significant customer industries and industry segments and take specific market studies (e.g., the Global Truck Report) into consideration. Forecasts of international research institutes were used as a basis for the trend of pre-materials prices. The third plan year is the basis for the determination of the terminal value. Growth rates were not used.

In the *Automotive Division*, the determination of the degree of utilization was based on automotive production forecasts. External forecasts were revised downward as a result of internal estimates. Impairment tests in the Automotive Division are based on a detailed three-year planning period. The terminal value is calculated with a growth rate of 1%.

The calculation showed that no impairment of goodwill was necessary for the business year 2010/11. A sensitivity analysis showed that with an increase of the discount rate (8.4%) by 10%, the carrying amounts are still covered and there is no need to recognize an impairment loss.

The following cash-generating units contain intangible assets with indefinite useful lives:

	2009/10	2010/11
High Performance Metals	62.5	62.5
Special Steel	149.9	149.9
<b>Total Special Steel Division</b>	<b>212.4</b>	<b>212.4</b>
Welding Consumables	12.6	12.6
<b>Total Railway Systems Division</b>	<b>12.6</b>	<b>12.6</b>
Precision Strip	2.6	2.6
<b>Total Profilform Division</b>	<b>2.6</b>	<b>2.6</b>
<b>voestalpine Group</b>	<b>227.6</b>	<b>227.6</b>

In millions of euros

Intangible assets with indefinite useful lives are solely trademark rights. The period, during which these trademark rights are expected to generate cash flows is not subject to a foreseeable limit. Therefore, trademark rights do not depreciate and are not amortized.

## 10. Other intangible assets

	Rights	Intangible assets in accordance with IFRS 3		Advance payments	Total
		Brands	Other		
Gross carrying amount	233.0	227.6	799.7	4.7	1,265.0
Accumulated amortization and impairment	-181.5	0.0	-486.8	0.0	-668.3
<b>Carrying amount as of April 1, 2009</b>	<b>51.5</b>	<b>227.6</b>	<b>312.9</b>	<b>4.7</b>	<b>596.7</b>
Gross carrying amount	236.6	227.6	799.6	0.9	1,264.7
Accumulated amortization and impairment	-189.7	0.0	-612.6	0.0	-802.3
<b>Carrying amount as of March 31, 2010</b>	<b>46.9</b>	<b>227.6</b>	<b>187.0</b>	<b>0.9</b>	<b>462.4</b>
Gross carrying amount	244.9	227.6	799.7	1.4	1,273.6
Accumulated amortization and impairment	-201.8	0.0	-691.9	0.0	-893.7
<b>Carrying amount as of March 31, 2011</b>	<b>43.1</b>	<b>227.6</b>	<b>107.8</b>	<b>1.4</b>	<b>379.9</b>

In millions of euros

The following table shows a reconciliation of the carrying amounts of other intangible assets for the periods presented in the consolidated financial statements as of March 31, 2011:

	Rights	Intangible assets in accordance with IFRS 3		Advance payments	Total
		Brands	Other		
<b>Carrying amount as of April 1, 2009</b>	<b>51.5</b>	<b>227.6</b>	<b>312.9</b>	<b>4.7</b>	<b>596.7</b>
Changes in the scope of consolidated financial statements	-0.1	0.0	0.0	0.0	-0.1
Additions	9.6	0.0	0.0	1.2	10.8
Transfers	8.4	0.0	-0.1	-4.2	4.1
Disposals	-0.8	0.0	0.0	-0.8	-1.6
Amortization	-22.7	0.0	-125.8	0.0	-148.5
Net exchange differences	1.0	0.0	0.0	0.0	1.0
<b>Carrying amount as of March 31, 2010</b>	<b>46.9</b>	<b>227.6</b>	<b>187.0</b>	<b>0.9</b>	<b>462.4</b>
Changes in the scope of consolidated financial statements	-1.1	0.0	0.0	0.0	-1.1
Additions	7.3	0.0	0.0	0.8	8.1
Transfers	9.5	0.0	0.0	-0.3	9.2
Disposals	0.0	0.0	0.0	0.0	0.0
Amortization	-19.0	0.0	-76.6	0.0	-95.6
Impairment	0.0	0.0	-2.5	0.0	-2.5
Net exchange differences	-0.5	0.0	-0.1	0.0	-0.6
<b>Carrying amount as of March 31, 2011</b>	<b>43.1</b>	<b>227.6</b>	<b>107.8</b>	<b>1.4</b>	<b>379.9</b>

In millions of euros

The functional areas of cost of sales, distribution costs, administration expenses, and other operating expenses may include amortization of intangible assets.

Impairment losses on intangible assets amounting to EUR 2.5 million (March 31, 2010: EUR 0.0 million) were recognized in the Automotive Division due to lower earnings expectations relative to individual customer relationships.

## 11. Investments in associates and other financial assets

	Investments in affiliated companies	Investments in associates	Other investments	Securities	Loans granted	Total
Gross carrying amount	25.2	131.7	56.9	65.2	14.3	293.3
Accumulated depreciation	-8.1	-2.5	-2.2	-8.2	-1.6	-22.6
<b>Carrying amount as of April 1, 2009</b>	<b>17.1</b>	<b>129.2</b>	<b>54.7</b>	<b>57.0</b>	<b>12.7</b>	<b>270.7</b>
Gross carrying amount	24.3	129.0	61.2	85.1	11.8	311.4
Accumulated depreciation	-7.5	-2.5	-2.2	-3.9	-1.6	-17.7
<b>Carrying amount as of March 31, 2010</b>	<b>16.8</b>	<b>126.5</b>	<b>59.0</b>	<b>81.2</b>	<b>10.2</b>	<b>293.7</b>
Gross carrying amount	19.6	143.2	59.8	85.4	10.4	318.4
Accumulated depreciation	-7.5	-0.4	-2.2	-4.9	-1.9	-16.9
<b>Carrying amount as of March 31, 2011</b>	<b>12.1</b>	<b>142.8</b>	<b>57.6</b>	<b>80.5</b>	<b>8.5</b>	<b>301.5</b>

In millions of euros

	Investments in affiliated companies	Investments in associates	Other investments	Securities	Loans granted	Total
<b>Carrying amount as of April 1, 2009</b>	<b>17.1</b>	<b>129.2</b>	<b>54.7</b>	<b>57.0</b>	<b>12.7</b>	<b>270.7</b>
Changes in the scope of consolidated financial statements	0.0	0.0	0.0	0.0	0.0	0.0
Additions	1.7	15.2	0.4	20.3	0.8	38.4
Transfers	-0.4	-11.9	4.2	0.0	11.6	3.5
Disposals	-0.3	-6.0	-0.3	-0.4	-14.7	-21.7
Depreciation	-1.6	0.0	0.0	0.0	-0.1	-1.7
Revaluation	0.3	0.0	0.0	4.3	0.0	4.6
Net exchange differences	0.0	0.0	0.0	0.0	-0.1	-0.1
<b>Carrying amount as of March 31, 2010</b>	<b>16.8</b>	<b>126.5</b>	<b>59.0</b>	<b>81.2</b>	<b>10.2</b>	<b>293.7</b>
Changes in the scope of consolidated financial statements	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.0	23.1	2.0	0.5	1.2	26.8
Transfers	-3.8	0.0	0.0	-0.1	-0.3	-4.2
Disposals	-0.4	-6.8	-3.4	-0.2	-2.3	-13.1
Depreciation	-0.5	0.0	0.0	-0.9	-0.3	-1.7
Net exchange differences	0.0	0.0	0.0	0.0	0.0	0.0
<b>Carrying amount as of March 31, 2011</b>	<b>12.1</b>	<b>142.8</b>	<b>57.6</b>	<b>80.5</b>	<b>8.5</b>	<b>301.5</b>

In millions of euros

Loans granted comprise the following items:

	03/31/2009	03/31/2010	03/31/2011
Loans to affiliated companies	1.3	1.3	1.1
Loans to associates	0.0	0.0	0.0
Loans to other investments	0.0	0.0	0.0
Other loans	9.5	8.4	6.9
Other receivables from financing	1.9	0.5	0.5
	<b>12.7</b>	<b>10.2</b>	<b>8.5</b>

In millions of euros

Other current investments include shares in the V54 investment fund amounting to EUR 321.4 million (March 31, 2010: EUR 323.1 million), EUR 115.6 million (March 31, 2010: EUR 185.1 million) in another liquidity fund, and other securities amounting to EUR 16.6 million (March 31, 2010: EUR 28.6 million).

Current and non-current securities amounting to EUR 195.2 million (March 31, 2010: EUR 104.5 million) are pledged for investment loans granted by the European Investment Bank.



## 12. Deferred taxes

In accordance with IAS 12.39, deferred taxes on differences resulting from investments in subsidiaries, associates, and joint ventures were not recognized.

The tax effects of temporary differences, tax losses carried forward, and tax credits that result in a recognition of deferred tax assets and liabilities include the following items<sup>1</sup>:

	Deferred tax assets		Deferred tax liabilities	
	03/31/2010	03/31/2011	03/31/2010	03/31/2011
Non-current assets	54.5	42.8	105.7	100.7
Current assets	48.8	33.2	55.7	62.8
Non-current provisions and liabilities	101.2	110.8	30.0	25.7
Current provisions and liabilities	47.6	42.2	31.9	32.5
Losses carried forward	57.6	71.3	0.0	2.8
Netting of deferred taxes to the same tax authority	-146.6	-132.3	-146.6	-132.3
	<b>163.1</b>	<b>168.0</b>	<b>76.7</b>	<b>92.2</b>
Intercompany profit elimination (netted)	21.2	22.1	0.0	0.0
Revalued assets (netted)	0.0	0.0	143.6	125.5
Acquisition-related tax credit	198.7	180.6	0.0	0.0
Other	28.7	12.5	25.7	19.3
<b>Net deferred taxes</b>	<b>411.7</b>	<b>383.2</b>	<b>246.0</b>	<b>237.0</b>

<sup>1</sup> In the previous year, the allocation of temporary differences, tax losses carried forward, and tax credits as well as the reconciliation for reported deferred taxes based on the Group tax rate were shown in this table. Deferred taxes on losses carried forward were allocated to non-current assets in the previous year.

In millions of euros

Pursuant to IAS 12.34, the tax benefit from the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft is reported as unused tax credit and will be released over a period of 14 years with an amount of EUR 18.1 million per year. This is offset by actual tax savings.

Deferred tax assets on losses carried forward in the amount of EUR 71.3 million (March 31, 2010: EUR 57.6 million) were recognized. As of March 31, 2011, there is a total of unused tax losses of approximately EUR 53.5 million (corporate income tax) (March 31, 2010: total of approximately EUR 38.6 million), for which no deferred tax asset has been recognized. Up to 2021, approximately EUR 26.0 million of tax loss carryforwards (corporate income tax) will expire.

Deferred tax assets and liabilities in the amount of EUR 5.5 million (March 31, 2010: EUR 8.2 million) for items recognized directly in equity were also recognized in equity with no effect on profit or loss during the reporting period.

Additional disclosures pursuant to IAS 12.81 (a) and IAS 12.81 (ab):

	Change 2009/10	03/31/2010	Change 2010/11	03/31/2011
Deferred taxes on actuarial gains/losses	2.5	44.4	7.2	51.6
Deferred taxes on hedge accounting	5.7	8.4	-1.7	6.7
<b>Total of deferred taxes recognized in equity (Other comprehensive income)</b>	<b>8.2</b>	<b>52.8</b>	<b>5.5</b>	<b>58.3</b>

In millions of euros

### 13. Inventories

	03/31/2010	03/31/2011
Raw materials and supplies	707.4	947.4
Work in progress	532.9	787.8
Finished goods	745.3	854.0
Merchandise	198.4	217.2
As yet unbillable services	8.0	6.3
Advance payments	6.3	11.4
	<b>2,198.3</b>	<b>2,824.1</b>

In millions of euros

Write-downs to the lower net realizable value amounting to EUR 78.6 million (March 31, 2010: EUR 78.8 million) are recorded in the consolidated financial statements. Inventories of EUR 3.1 million (March 31, 2010: EUR 3.1 million) are pledged as security for liabilities. An amount of EUR 6,403.3 million (March 31, 2010: EUR 4,427.3 million) has been recognized as cost of materials.

#### 14. Trade and other receivables

	03/31/2010	Of which over one year	03/31/2011	Of which over one year
Trade receivables	1,114.6	6.0	1,360.3	5.7
Receivables from affiliated companies	12.0	0.0	10.4	0.0
Receivables from other investments	46.1	0.0	41.7	0.0
Other receivables and other assets	285.4	12.6	297.4	7.7
	<b>1,458.1</b>	<b>18.6</b>	<b>1,709.8</b>	<b>13.4</b>

In millions of euros

Trade receivables include the following receivables from construction contracts:

	03/31/2010	03/31/2011
Aggregate amount of costs incurred	99.8	118.5
Aggregate amount of accrued profits	11.8	8.6
Aggregate amount of incurred losses	-1.0	-2.0
<b>Gross receivables from construction contracts</b>	<b>110.6</b>	<b>125.1</b>
Less amount of advances received	-74.9	-87.0
<b>Receivables from construction contracts</b>	<b>35.7</b>	<b>38.1</b>

In millions of euros

Revenue from construction contracts amounts to EUR 181.3 million in the business year 2010/11 (2009/10: EUR 122.2 million).

## 15. Cash and cash equivalents

	03/31/2010	03/31/2011
Cash on hand, cash at banks, checks	1,028.6	1,233.4

In millions of euros

## 16. Equity

### Share capital (incl. disclosures according to § 240 of the Austrian Commercial Code (UGB))

The share capital remained unchanged during the reporting period. As of March 31, 2011, the share capital amounts to EUR 307,132,044.75 and is divided into 169,049,163 ordinary no-par value shares. All shares are fully paid up.

Under § 4 (2) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the share capital of the Company by up to EUR 152,521,231.38 by issuing up to 83,949,516 ordinary no-par value bearer shares (about 49.66%) up to June 30, 2014, against cash contributions and/or, if necessary, by excluding shareholders' subscription rights in full or in part, (i) against contributions in kind, including but not limited to contributions of equity interests, companies, businesses, or business units, and/or (ii) to be issued to employees, executives, and members of the Management Board of the Company or an affiliated company under an employee stock ownership plan or stock option plan (authorized capital increase). The Management Board did not exercise this authority during the reporting period.

Under § 4 (6) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the share capital of the Company by up to EUR 145,345,668.35 by issuing up to 80,000,000 ordinary no-par value bearer shares (= 47.32%) for issuance to creditors of financial instruments within the meaning of § 174 of the Austrian Stock Corporation Act (convertible bonds, income bonds, participation rights); the Management Board was authorized to issue these shares during the Annual General Meeting on July 1, 2009 (contingent capital increase). During the reporting period, the Management Board did not exercise the authority granted on July 1, 2009, to issue financial instruments within the meaning of § 174 of the Austrian Stock Corporation Act.

During the Annual General Meeting on July 7, 2010, the Management Board was authorized to repurchase own shares up to December 31, 2012, representing no more than 10% of the respective share capital. The repurchase price may not be more than 20% below or 10% above the average stock exchange price of the shares on the three market trading days prior to the repurchase. The Management Board did not exercise this authority during the reporting period.

Capital reserves mainly include the share premium (net of capital funding costs), profit/loss from the sale of own shares, and share-based compensation.

Reserves for own shares include cost of acquisition and disposal at cost of repurchased own shares.

Retained earnings include the profit for the period less dividend distributions. When increasing the majority interests, the difference between the costs of acquisition for the additional shares and the pro-rated carrying amount of the non-controlling interests is recognized directly in retained earnings. Actuarial gains and losses in respect of severance and pension obligations are recognized directly in equity in the year in which they are incurred.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

The hedging reserve comprises gains and losses from the effective portion of the cash flow hedges. The cumulative gains or losses on the hedged transactions recognized in the reserves are recognized in the income statement only if the hedged transaction affects the result as well.

The number of shares outstanding for the periods presented in the consolidated financial statements as of March 31, 2011, has changed as follows:

	Number of no-par value shares	Number of own shares	Number of shares outstanding
<b>Balance as of April 1, 2009</b>	<b>167,899</b>	<b>895</b>	<b>167,004</b>
Additions	1,150		1,150
Disposals		-237	237
<b>Balance as of March 31, 2010</b>	<b>169,049</b>	<b>658</b>	<b>168,391</b>
Additions			0
Disposals		-190	190
<b>Balance as of March 31, 2011</b>	<b>169,049</b>	<b>468</b>	<b>168,581</b>

In thousands of shares

**Hybrid capital**

On October 16, 2007, voestalpine AG issued a EUR 1 billion subordinated bond with an indefinite term (hybrid bond). The coupon rate of the bond, which can also be suspended if dividends are suspended, is 7.125%. Seven years after issue of the bond, voestalpine AG, but not the creditors, will have its first opportunity to redeem the bond or to continue it at a variable interest rate (3-month Euribor plus 5.05%).

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognized as part of equity. Accordingly, coupon payments are also presented as dividend payments. The issue costs and the bond discount amounted to EUR 10.5 million. A tax benefit related to this position in the amount of EUR 2.6 million was recognized. Thus, the increase in equity was EUR 992.1 million.

**Non-controlling interests**

The non-controlling interests as of March 31, 2011, result primarily from non-controlling interests in the VAE Group, voestalpine Railpro B.V., and the Danube Equity companies.

**17. Pensions and other employee obligations**

	03/31/2010	03/31/2011
Provisions for severance payments	424.6	436.1
Provisions for pensions	323.0	289.8
Provisions for long-service bonuses	105.4	107.3
	<b>853.0</b>	<b>833.2</b>

In millions of euros

**Provisions for severance payments**

	2009/10	2010/11
<b>Present value of defined benefit obligation (DBO) as of April 1</b>	<b>444.3</b>	<b>424.6</b>
Service costs for the period	10.3	11.6
Interest costs for the period	24.9	21.6
Changes in the scope of consolidated financial statements	-0.4	0.0
Severance payments	-47.8	-32.8
Actuarial gains (-)/losses (+)	-6.7	11.1
<b>Present value of defined benefit obligation (DBO) as of March 31</b>	<b>424.6</b>	<b>436.1</b>

In millions of euros

	03/31/2007	03/31/2008	03/31/2009	03/31/2010	03/31/2011
Present value of defined benefit obligation (DBO)	359.8	447.8	444.3	424.6	436.1
Actuarial gains (+)/losses (-) due to parameter changes in %	-3.0%	2.7%	3.5%	-2.4%	-2.7%

In millions of euros

## Provisions for pensions

	2009/10	2010/11
<b>Present value of defined benefit obligation (DBO) as of April 1</b>	<b>595.4</b>	<b>671.2</b>
Service costs for the period	18.2	8.4
Interest costs for the period	33.4	34.2
Changes in the scope of consolidated financial statements	0.0	0.0
Pension payments	-28.3	-27.0
Net exchange differences	4.3	3.7
Actuarial gains (-)/losses (+)	48.2	22.9
<b>Present value of defined benefit obligation (DBO) as of March 31</b>	<b>671.2</b>	<b>713.4</b>
Plan assets as of March 31	-348.2	-423.6
<b>Provisions for pensions as of March 31</b>	<b>323.0</b>	<b>289.8</b>

In millions of euros

As of March 31, 2011, the present value of the defined benefit obligations amounts to EUR 713.4 million (March 31, 2010: EUR 671.2 million), with EUR 480.3 million (March 31, 2010: EUR 468.0 million) thereof wholly or partly funded; EUR 233.1 million (March 31, 2010: EUR 203.2 million) are unfunded.

	2009/10	2010/11
<b>Plan assets as of April 1</b>	<b>297.0</b>	<b>348.2</b>
Expected return for the period	17.5	20.3
Actuarial gains (+)/losses (-)	32.3	11.2
Net exchange differences	0.5	1.2
Changes in the scope of consolidated financial statements	0.0	0.0
Employer contributions	18.2	59.4
Pension payments	-17.3	-16.7
<b>Plan assets as of March 31</b>	<b>348.2</b>	<b>423.6</b>

In millions of euros

	03/31/2007	03/31/2008	03/31/2009	03/31/2010	03/31/2011
Present value of defined benefit obligation (DBO)	381.4	616.8	595.4	671.2	713.4
Plan assets	-270.0	-337.9	-297.0	-348.2	-423.6
	<b>111.4</b>	<b>278.9</b>	<b>298.4</b>	<b>323.0</b>	<b>289.8</b>
Actuarial gains (+)/losses (-) due to parameter changes in %	1.1%	1.3%	7.4%	-7.3%	-4.3%

In millions of euros



The major categories of plan assets for the periods presented in the consolidated financial statements as of March 31, 2011, are as follows:

	2009/10	2010/11
Equity instruments	26.7%	28.1%
Debt instruments	52.9%	49.1%
Property	6.7%	6.2%
Other	13.7%	16.6%
	<b>100.0%</b>	<b>100.0%</b>

The plan assets include own shares with a fair value of EUR 2.2 million (March 31, 2010: EUR 1.0 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, as well as future estimates of investment returns. The calculation of the provisions for pensions was based on an expected interest rate of 6% on plan assets. The actual interest rate was 9.0%.

The amount recognized as an expense in the income statement for defined contribution plans is EUR 20.5 million (2009/10: EUR 14.4 million).

#### Provisions for long-service bonuses

	2009/10	2010/11
<b>Present value of defined benefit obligation (DBO) as of April 1</b>	<b>111.9</b>	<b>105.5</b>
Service costs for the period	5.0	5.2
Interest costs for the period	5.9	5.2
Changes in the scope of consolidated financial statements	0.0	0.0
Long-service bonus payments	-10.3	-9.2
Actuarial gains (-)/losses (+)	-7.0	0.6
<b>Present value of defined benefit obligation (DBO) as of March 31</b>	<b>105.5</b>	<b>107.3</b>

In millions of euros

	03/31/2007	03/31/2008	03/31/2009	03/31/2010	03/31/2011
Present value of defined benefit obligation (DBO)	94.9	112.6	111.9	105.5	107.3

In millions of euros

Expenses/revenue relative to provisions for severance payments, pensions, and long-service bonuses recognized in the income statement are as follows:

	2009/10	2010/11
Service costs for the period	33.5	25.2
Interest costs for the period	64.2	61.0
Expected return on plan assets for the period	-17.5	-20.3
<b>Expenses/revenue recognized in the income statement</b>	<b>80.2</b>	<b>65.9</b>

In millions of euros

Interest costs for the period are recognized in the finance costs. The balance of the other two items is included in the functional areas of cost of sales, distribution costs, and administration expenses and to a negligible extent in the functional area of other operating expenses.

## 18. Provisions

	Balance as of 04/01/2010	Changes in the scope of consolidated financial statements	Net exchange differences	Use	Reversal	Addition	Balance as of 03/31/2011
<b>Non-current provisions</b>							
Other personnel expenses	18.9	0.0	0.0	-4.0	-0.1	9.4	24.2
Warranties	11.5	0.0	0.1	-3.5	-1.4	0.0	6.7
Other non-current provisions	27.0	0.0	0.0	-2.8	-0.1	28.3	52.4
	<b>57.4</b>	<b>0.0</b>	<b>0.1</b>	<b>-10.3</b>	<b>-1.6</b>	<b>37.7</b>	<b>83.3</b>
<b>Current provisions</b>							
Vacations	90.1	0.0	1.0	-51.4	-0.1	61.1	100.7
Other personnel expenses	107.7	-0.1	0.3	-108.3	-2.7	139.4	136.3
Warranties	54.1	0.0	0.0	-9.3	-17.4	26.7	54.1
Onerous contracts	40.0	0.0	0.0	-34.1	-3.8	17.9	20.0
Other current provisions	90.1	-0.1	0.1	-57.1	-12.1	70.1	91.0
	<b>382.0</b>	<b>-0.2</b>	<b>1.4</b>	<b>-260.2</b>	<b>-36.1</b>	<b>315.2</b>	<b>402.1</b>
	<b>439.4</b>	<b>-0.2</b>	<b>1.5</b>	<b>-270.5</b>	<b>-37.7</b>	<b>352.9</b>	<b>485.4</b>

In millions of euros

The provisions for personnel expenses mainly include bonuses. Provisions for warranties as well as onerous contracts apply to current operating activities. The other provisions mainly consist of provisions for commissions, litigation, legal and consulting fees, and environmental protection obligations.

The amount recognized as a provision for warranties is calculated as the most reliable estimated value of the amount that would be required to settle these obligations at the reporting date. The statistical measure is the expected value, which is based on the probability of occurrence of an event according to past experience.

Provisions for onerous contracts are recognized when the earnings expected to be derived by the Group from contracts are lower than the unavoidable cost of meeting its obligations under these contracts. Before recognizing a separate provision for onerous contracts, the Group recognizes an impairment loss on the assets associated with such contracts.

The other non-current provisions include a provision amounting to EUR 17.1 million for an antitrust fine. In June 2010, the European Commission imposed a fine amounting to EUR 22.0 million on voestalpine Austria Draht GmbH (Railway Systems Division) and on voestalpine AG with joint and several liability due to a violation of EU antitrust law. voestalpine AG and voestalpine Austria Draht GmbH have taken legal action against the decision before the European General Court.

## 19. Financial liabilities

	Up to one year		Over one year	
	03/31/2010	03/31/2011	03/31/2010	03/31/2011
Bank loans and bonds	1,393.2	1,363.0	3,211.3	3,018.4
Liabilities from finance leases	6.0	5.1	56.3	51.8
Liabilities from affiliated companies	17.7	20.6	0.0	0.0
Liabilities from other investments	21.6	22.8	0.1	0.1
Other payables and liabilities	9.5	16.4	0.6	0.3
	<b>1,448.0</b>	<b>1,427.9</b>	<b>3,268.3</b>	<b>3,070.6</b>

In millions of euros

On December 17, 2008, voestalpine AG issued a fixed-interest bond amounting to EUR 333.0 million. The bond is to be redeemed in two tranches: The first payment of EUR 222.0 million was due on December 17, 2010, and the second payment of EUR 111.0 million will be due on December 17, 2011. The fixed interest rate over the entire term of both tranches is 5.75%.

On March 30, 2009, voestalpine AG issued a fixed-interest bond amounting to EUR 400.0 million. The bond will be redeemed on March 30, 2013. The interest rate amounts to 8.75% p.a.

On February 3, 2011, voestalpine AG issued a corporate bond amounting to EUR 500.0 million. The bond will be redeemed on February 5, 2018. The interest rate amounts to 4.75% p.a.

## 20. Trade and other payables

	03/31/2010	03/31/2011
Prepayments received on orders	64.2	65.9
Trade payables	898.7	1,113.2
Liabilities from bills payable	274.8	491.0
Liabilities from affiliated companies	8.3	6.4
Liabilities from other investments	3.0	3.9
Other liabilities from taxes	91.3	114.6
Other liabilities related to social security	38.9	42.0
Other payables and other liabilities	346.7	359.6
	<b>1,725.9</b>	<b>2,196.6</b>

In millions of euros

## 21. Contingent liabilities

	03/31/2010	03/31/2011
Obligations from bills payable	1.4	0.1
Guarantees	5.1	2.9
Other contingent liabilities	0.0	4.5
	<b>6.5</b>	<b>7.5</b>

In millions of euros

## 22. Financial instruments

### General information

The principal financial instruments used by the voestalpine Group consist of bank loans and short-term demand notes, bonds, and trade payables. The primary aim of the financial instruments is to finance the business activities of the Group. The Group holds various financial assets, such as trade receivables, short-term deposits, and non-current investments, which result directly from the Group's business activities.

The Group also uses derivative financial instruments. These instruments mainly include interest rate swaps and forward exchange transactions. These derivative financial instruments are used to hedge interest rate and currency risks and risks from fluctuations in raw materials prices, which result from the business activities of the Group and its sources of financing.

### Capital management

In addition to ensuring availability of the liquidity necessary to support business activities and maximizing shareholder value, the primary objective of the Group's capital management is to ensure appropriate creditworthiness and a satisfactory equity ratio.

Capital management in the voestalpine Group is performed using the net financial debt to EBITDA ratio and the gearing ratio, i.e., the net financial debt to equity ratio. Net financial debt consists of interest-bearing loans less financing receivables and other loan receivables, securities, cash and cash equivalents. Equity includes non-controlling interests in Group companies and the hybrid capital.

The Group's maximum sustainable gearing ratio has been set at 70% and may only be exceeded for a limited period of time. The net financial debt to EBITDA ratio may not exceed 3.0. All growth measures and capital market transactions are based on these ratios.

The following table shows these two ratios for the reporting period:

	03/31/2010	03/31/2011
Gearing ratio in %	71.3%	57.8%
Net financial debt to EBITDA ratio	3.0	1.7

#### Financial risk management – Corporate finance organization

Financial risk management also includes the area of raw material risk management. Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existing policies include targets, principles, duties, and responsibilities for both the Group treasury and individual Group companies. In addition, they govern the areas of pooling, money market, credit and securities management, currency, interest rate, liquidity and commodity price risk, and reporting. The Group treasury, acting as a service center, is responsible for implementation. Three organizationally separate units are responsible for closing, processing, and recording transactions, which guarantees a six-eyes principle. Policies, policy compliance, and all business processes are additionally audited once a year by an external auditor.

It is part of our corporate policy to continuously monitor, quantify, and, where reasonable, hedge financial risks. Our willingness to accept risk is relatively low. The strategy aims at reducing fluctuations in cash flows and income. Hedging of market risks is done to a large extent by means of derivative financial instruments.

To quantify interest rate risk, voestalpine AG uses interest rate exposure and fair value risk as indicators. Interest rate exposure quantifies the impact of a 1% change in the market interest rate on interest income and interest expenses. Fair value risk means the change in the fair value of an interest rate-sensitive item with a 1% parallel shift of the interest yield curve.

voestalpine AG uses the "@risk" concept to quantify currency risk. The maximum loss within one year is determined with 95% certainty. Risk is calculated for the open position, which is defined as the budgeted quantity for the next 12 months less the quantity that has already been hedged. The variance-covariance approach is used to evaluate foreign currency risk.

**Liquidity risk – Financing**

Liquidity risk refers to the risk of not being able to fulfill the payment commitments due to insufficient means of payment.

The primary instrument for controlling liquidity risk is a precise financial plan that is submitted quarterly by the operating entities directly to the Group treasury of voestalpine AG. The funding requirements in respect of financing and bank credit lines are determined by the consolidated results.

Working capital is financed by the Group treasury. A central clearing system performs intra-group netting daily. Entities with liquidity surpluses indirectly put these funds at the disposal of entities requiring liquidity. The Group treasury places any residual liquidity with their principal banks. This allows the volume of outside borrowing to be decreased and net interest income to be optimized.

Financing is mostly carried out in the local currency of the borrower in order to avoid exchange rate risk or is currency-hedged using cross-currency swaps.

voestalpine AG holds securities and current investments as a liquidity reserve. As of March 31, 2011, non-restricted securities amounted to EUR 318.9 million (March 31, 2010: EUR 394.6 million) and current investments to EUR 1,233.4 million (March 31, 2010: EUR 1,028.6 million).

Additionally, adequate credit lines that are callable at any time exist with domestic and foreign banks. These credit lines have not been drawn. In addition to the possibility of exhausting these financing arrangements, a contractually guaranteed liquidity reserve of EUR 150 million is available to bridge any economic downturns.

The sources of financing are managed on the basis of the principle of bank independence. Financing is currently being provided by approximately 25 different domestic and foreign banks. Covenants agreed for a minor part of the total credit volume with a single bank are adhered to. The capital market is also used as a source of financing. In the business year 2010/11, a senior bond with a volume of EUR 500.0 million and a term of seven years was issued.

A maturity analysis of all liabilities existing as of the reporting date is presented below:

#### Liabilities

	Due within one year		Due between one and five years		Due after more than five years	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Bonds	222.0	111.0	510.5	399.7	0.0	496.0
Bank loans	1,171.2	1,252.1	2,676.0	2,109.3	24.8	13.4
Trade payables	898.3	1,113.1	0.4	0.0	0.0	0.0
Liabilities from finance leases	6.0	5.1	25.0	25.8	31.3	26.0
Other financial liabilities	9.5	16.4	0.6	0.3	0.0	0.0
<b>Total liabilities</b>	<b>2,307.0</b>	<b>2,497.7</b>	<b>3,212.5</b>	<b>2,535.1</b>	<b>56.1</b>	<b>535.4</b>

In millions of euros

As estimated as of the reporting date, the following prospective interest charges correspond to these existing liabilities:

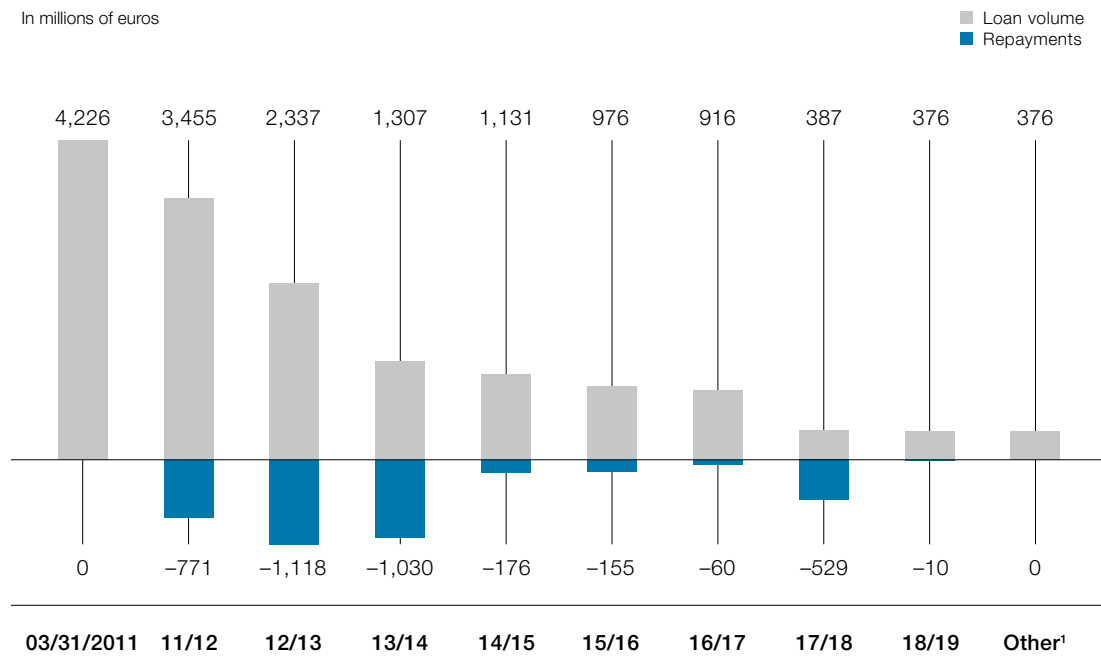
	Due within one year		Due between one and five years		Due after more than five years	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Interest on bonds	54.1	65.3	76.4	130.1	0.0	47.6
Interest on bank loans	113.6	114.4	232.3	181.9	2.5	3.9
Interest on trade payables	0.0	0.0	0.0	0.0	0.0	0.0
Interest on liabilities from finance leases	2.6	2.4	8.7	8.3	7.0	4.5
Interest on other financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total interest charges</b>	<b>170.3</b>	<b>182.1</b>	<b>317.4</b>	<b>320.3</b>	<b>9.5</b>	<b>56.0</b>

In millions of euros



The maturity structure of the loan portfolio has the following repayment profile for the next several years.

### Loan portfolio maturity structure



<sup>1</sup> Contains EUR 376.0 million of revolving export loans

### Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by business partners.

The credit risk of the underlying transactions is kept low by precise management of receivables. A high percentage of delivery transactions is covered by credit insurance. Bankable security is also provided, such as guarantees and letters of credit.

The following receivables, for which no valuation allowance has been recorded, were overdue as of the reporting date:

**Overdue receivables, for which no valuation allowance has been recorded**

	03/31/2010	03/31/2011
Up to 30 days past due	123.4	145.3
31 to 60 days past due	35.8	39.5
61 to 90 days past due	13.7	13.5
91 to 120 days past due	7.3	7.2
More than 120 days past due	22.4	18.2
<b>Total</b>	<b>202.6</b>	<b>223.7</b>

In millions of euros

The following valuation allowances were recorded for receivables during the reporting period:

**Valuation allowances for receivables**

	2009/10	2010/11
<b>Opening balance as of April 1</b>	<b>48.5</b>	<b>45.4</b>
Additions	13.6	17.5
Net exchange differences	1.1	-0.4
Changes in the scope of consolidated financial statements	0.2	-0.1
Reversal	-5.6	-9.3
Use	-12.4	-6.6
<b>Closing balance as of March 31</b>	<b>45.4</b>	<b>46.5</b>

In millions of euros

As most of the receivables are insured, the risk of bad debt losses is limited. The maximum loss, which is theoretically possible, equals the amount at which the receivables are stated in the statement of financial position.

The management of credit risk from investment and derivative transactions is governed by internal guidelines. All investment and derivative transactions are limited for each counterparty, with the size of the limit dependent on the rating of the bank.

The credit risk for derivative financial instruments is limited to transactions with a positive market value and to the replacement cost of such transactions. Therefore, derivative transactions are only valued at their positive market value up to this limit. Derivative transactions are exclusively based on standardized master agreements for financial forward transactions.

#### Breakdown of investments at financial institutions by rating classes

	AAA	AA	A	BBB	NR
Bonds	332	41	74	17	26
Money market investments excl. account credit balances	0	199	710	0	0
Derivatives <sup>1</sup>	0	7	12	0	0

<sup>1</sup> Only positive market value

In millions of euros

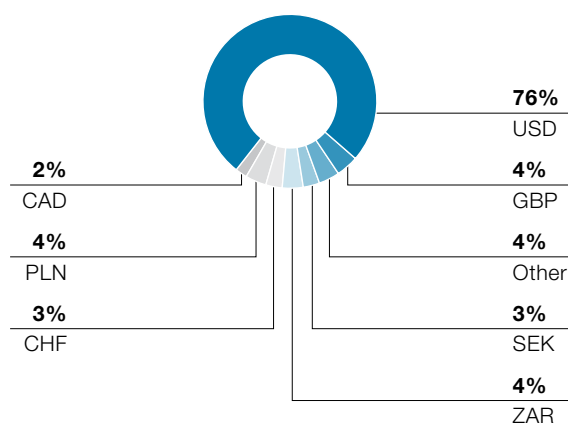
#### Currency risk

The largest currency position in the Group arises from raw materials purchases in USD and to a lesser degree from exports to the "non-euro area."

An initial hedge is provided by naturally covered items where, for example, trade receivables in USD are offset by liabilities for the purchase of raw materials (USD netting). The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted (net) foreign currency payments over the next 12 months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 50% and 100%. The further in the future the cash flow lies, the lower the hedging ratio.

The net requirement for USD was USD 1,143.9 million in the business year 2010/11. The increase compared to the previous year (USD 324.9 million) was due to the rise in quantities and prices of raw materials purchased as well as higher sales prices. The remaining foreign currency exposure, resulting primarily from exports to the "non-euro area" and raw material purchases, is significantly lower than the USD risk.

**Foreign currency portfolio 2010/11 (net)**



Based on the Value-at-Risk calculation, as of March 31, 2011, the risks for all open positions for the upcoming business year are as follows:

<b>Undiversified</b>	<b>USD</b>	<b>PLN</b>	<b>ZAR</b>	<b>GBP</b>	<b>CAD</b>	<b>CHF</b>	<b>SEK</b>	<b>Other</b>
Position	-447.53	-51.71	0.95	10.61	11.51	7.27	5.30	4.19
VaR (95%/year)	72.92	8.49	0.18	1.45	2.10	1.05	0.61	0.82

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 69.0 million.

**Interest rate risk**

voestalpine AG differentiates between cash flow risk (the risk that interest expenses or interest income will undergo a detrimental change) for variable-interest financial instruments and present value risk for fixed-interest financial instruments. The positions shown include all interest rate-sensitive financial instruments (loans, money market, issued and purchased securities, as well as interest rate derivatives).

The primary objective of interest rate management is to optimize interest expenses while taking the risk into consideration.

The variable-interest positions on the liabilities side significantly exceed the positions on the assets side so that a 1% increase in the money market rate increases the interest expense by EUR 6.4 million.

The weighted average interest rate for asset positions is 1.35% with a duration of 0.64 years (including money market investments) and 4.57% for liability positions with a duration of 1.46 years.

	Position <sup>1</sup>	Weighted average interest rate	Duration (years)	Average capital commitment (years) <sup>2</sup>	Sensitivity to a 1% change in the interest rate <sup>1</sup>	Cash flow risk <sup>1</sup>
Assets	1,756.7	1.35%	0.64	0.69	-10.0	-14.2
Liabilities	-4,360.4	4.57%	1.46	3.54	63.8	20.6
Net	-2,603.7				53.8	6.4

<sup>1</sup> In millions of euros

<sup>2</sup> Excluding revolving export loans of EUR 376.0 million

The present value risk determined using the Value-at-Risk calculation for March 31, 2011, is equal to EUR 29.7 million (2009/10: EUR 8.3 million) for positions on the assets side given a 1% change in the interest rate and EUR 199.4 million (2009/10: EUR 64.2 million) for positions on the liabilities side. Therefore, in the event of a 1% drop in the interest rate, voestalpine AG would have an imputed (unrecognized) net present value loss of EUR 169.7 million (2009/10: EUR 55.9 million).

The asset positions include EUR 407.4 million (previous year: EUR 413.1 million) of investments in the V47 and V54 funds of funds. 92.0% of the fund assets are invested in bonds and money market securities in euros or in cash in the three sub-funds V101, V102, and V103 and in three special funds as follows:

Funds	Investment currency	
Sub-fund V101	EUR 132.7 million	with a duration of 0.75
Sub-fund V102	EUR 128.6 million	with a duration of 2.59
Sub-fund V103	EUR 113.7 million	with a duration of 4.67
Special funds	EUR 14.5 million	(only included in V54)

The funds of funds include EUR 16.2 million in equities (3.9% of fund assets), which are divided among two global equity funds with different investment approaches.

For reasons of credit risk management, an amount of EUR 115.6 million has been invested in daily realizable, externally managed money market funds with an AAA rating as a replacement for money market investments.

In the business year 2010/11, the following gains in the funds of funds were recorded:

Funds of funds	Performance
V47	1.34%
V54	1.29%

Securities are measured at fair value. For the determination of the fair value, quoted prices (unadjusted) for identical assets or liabilities in active markets are used. Net profit amounting to EUR 6.9 million (2009/10: net profit EUR 19.4 million) is recognized at fair value through profit or loss for financial instruments that are measured using the fair value option.

### Derivative financial instruments

Portfolio of derivative financial instruments as of March 31, 2011:

	Nominal value (in millions of euros)	Fair value (in millions of euros)	Of which accounted for in equity	Maturity
Forward exchange transactions (incl. currency swaps)	923.3	-15.4	-5.7	< 2 years
Interest rate derivatives	1,402.4	-25.9	-21.2	< 5 years
Commodity swaps	46.7	5.6	0.0	< 1 year
<b>Total</b>	<b>2,372.4</b>	<b>-35.7</b>	<b>-26.9</b>	

The derivative transactions are marked to market daily by determining the value that would be realized if the hedging position were closed out (liquidation method). Input for the calculation of fair values are observable currency exchange rates and raw materials prices as well as interest rates. Based on the input, the fair value is calculated using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are accounted for as follows:

- If the hedged asset or liability is already recognized in the statement of financial position or an obligation not recorded in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit and loss. At the same time, the hedged item is reported at fair value, regardless of its initial valuation method. The resulting unrealized profits and losses are offset with the unrealized results of the hedged transaction in the income statement, so that in total, only the ineffective portion of the hedged transaction is reported in profit or loss for the period (fair value hedges).
- If a future transaction is hedged, the effective portion of the unrealized profits and losses accumulated up to the reporting date is recognized directly in equity. The ineffective portion is recognized through profit and loss. When the transaction that is hedged results in the recognition of an asset or a liability in the statement of financial position, the amount recognized in equity is taken into account when the carrying amount of this item is determined. Otherwise, the amount reported in equity is recognized through profit or loss in accordance with the income effectiveness of the future transaction or the existing obligation (cash flow hedges).

In the business year 2010/11, hedge accounting in accordance with IAS 39 was used for hedging foreign currency cash flows, interest bearing receivables and liabilities, and raw materials purchase agreements. The interest rate and currency hedges are mainly cash flow hedges, while the raw material hedges are designated almost exclusively as fair value hedges. Hedge accounting is only applied to a part of currency and raw material hedges.

Net losses of foreign currency and interest rate derivatives (cash flow hedges) amounting to EUR 16.7 million were recognized through profit and loss in the reporting period.

Profits amounting to EUR 2.8 million on raw material hedges, which are designated as fair value hedges, were recognized through profit and loss. Losses for the corresponding hedged items amounting to EUR 2.8 million were also recognized through profit and loss.

Positive fair values amounting to EUR 10.7 million previously recorded in the reserve for foreign exchange hedges were recognized through profit and loss during the reporting period; negative fair values amounting to EUR 5.7 million were allocated to the reserve. The reserve for interest hedges increased by EUR 25.3 million following changes in the fair values of the hedges.

Derivatives designated as cash flow hedges have the following effects on cash flows and profit or loss for the period:

	Total contractual cash flows		Contractual cash flows					
			< 1 year		> 1 year and < 5 years		> 5 years	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
<b>Interest derivatives</b>								
Assets	137.5	4.5	49.4	2.8	88.1	1.7	0.0	0.0
Liabilities	-184.0	-25.7	-59.8	-6.7	-124.2	-19.0	0.0	0.0
	<b>-46.5</b>	<b>-21.2</b>	<b>-10.4</b>	<b>-3.9</b>	<b>-36.1</b>	<b>-17.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Currency derivatives</b>								
Assets	10.7	1.5	10.4	1.0	0.3	0.5	0.0	0.0
Liabilities	0.0	-7.2	0.0	-7.2	0.0	0.0	0.0	0.0
	<b>10.7</b>	<b>-5.7</b>	<b>10.4</b>	<b>-6.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>

In millions of euros



## Categories of financial instruments

Classes	Financial assets measured at amortized cost	Financial assets measured at fair value		Total
		Loans and receivables	Financial assets measured at fair value through profit or loss	
Categories		Held for trading (derivatives)	Other	
<b>Assets 2009/10</b>				
Other financial assets – non-current	10.2		157.0	167.2
Trade and other receivables	1,433.1	25.0		1,458.1
Other financial assets – current			536.8	536.8
Cash and cash equivalents	1,028.6			1,028.6
<b>Carrying amount</b>	<b>2,471.9</b>	<b>25.0</b>	<b>693.8</b>	<b>3,190.7</b>
<b>Fair value</b>	<b>2,471.9</b>	<b>25.0</b>	<b>693.8</b>	<b>3,190.7</b>
<b>Assets 2010/11</b>				
Other financial assets – non-current	8.5		150.2	158.7
Trade and other receivables	1,697.7	12.1		1,709.8
Other financial assets – current			453.6	453.6
Cash and cash equivalents	1,233.4			1,233.4
<b>Carrying amount</b>	<b>2,939.6</b>	<b>12.1</b>	<b>603.8</b>	<b>3,555.5</b>
<b>Fair value</b>	<b>2,939.6</b>	<b>12.1</b>	<b>603.8</b>	<b>3,555.5</b>

In millions of euros

The item "Other" in the category "Financial assets measured at fair value through profit or loss" contains securities measured using the fair value option as well as other non-consolidated investments.

Classes	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value	Total
Categories	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)	
<b>Liabilities 2009/10</b>			
Financial liabilities – non-current	3,268.3		3,268.3
Financial liabilities – current	1,448.0		1,448.0
Trade and other payables	1,678.0	53.4	1,731.4
<b>Carrying amount</b>	<b>6,394.3</b>	<b>53.4</b>	<b>6,447.7</b>
<b>Fair value</b>	<b>6,467.4</b>	<b>53.4</b>	<b>6,520.8</b>
<b>Liabilities 2010/11</b>			
Financial liabilities – non-current	3,070.6		3,070.6
Financial liabilities – current	1,427.9		1,427.9
Trade and other payables	2,154.3	48.1	2,202.4
<b>Carrying amount</b>	<b>6,652.8</b>	<b>48.1</b>	<b>6,700.9</b>
<b>Fair value</b>	<b>6,716.0</b>	<b>48.1</b>	<b>6,764.1</b>

In millions of euros

The table below analyzes financial instruments measured at fair value, by valuation method. The different levels of valuation methods have been defined as follows:

<b>Level 1</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities
<b>Level 2</b>	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
<b>Level 3</b>	Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2009/10

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		25.0		25.0
Other	618.0		75.8	693.8
	<b>618.0</b>	<b>25.0</b>	<b>75.8</b>	<b>718.8</b>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		53.4		53.4
	<b>0.0</b>	<b>53.4</b>	<b>0.0</b>	<b>53.4</b>
<b>Total</b>	<b>618.0</b>	<b>78.4</b>	<b>75.8</b>	<b>772.2</b>

In millions of euros

2010/11

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		12.1		12.1
Other	534.1		69.7	603.8
	<b>534.1</b>	<b>12.1</b>	<b>69.7</b>	<b>615.9</b>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		48.1		48.1
	<b>0.0</b>	<b>48.1</b>	<b>0.0</b>	<b>48.1</b>
<b>Total</b>	<b>534.1</b>	<b>60.2</b>	<b>69.7</b>	<b>664.0</b>

In millions of euros

Level 3 contains other investments that are measured at fair value in accordance with IAS 39. As the fair value is not reliably determinable 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.

Financial instruments that are classified as Level 3 declined in the reporting period from EUR 75.8 million to EUR 69.7 million. The change is primarily the result of consolidation and the disposal of previously non-consolidated entities.

The table below shows net gains and losses on categories of financial instruments:

	2009/10	2010/11
Loans and receivables	48.8	34.8
Held for trading (derivatives)	35.8	-7.6
Other	26.0	5.7
Financial liabilities	-215.1	-212.6

In millions of euros

Total interest income and total interest expense for financial assets and financial liabilities that were not measured at fair value through profit or loss were recorded as follows:

	2009/10	2010/11
Total interest income	51.8	41.7
Total interest expense	-205.8	-217.0

In millions of euros

The impairment loss on financial instruments measured at amortized cost amounts to EUR 23.8 million (2009/10: EUR 21.4 million).

## 23. Consolidated statement of cash flows

The consolidated statement of cash flows was prepared using the indirect method. Cash and cash equivalents include cash on hand, cash at banks, and checks. The effects of changes in the scope of consolidated financial statements were eliminated and reported in the cash flows from investing activities.

	2009/10	2010/11
Interest received	64.3	43.5
Interest paid	227.3	236.2
Taxes paid	121.6	76.2

In millions of euros

Interest received and paid as well as taxes paid are included in the cash flows from operating activities.

### Non-cash expenses and income

	2009/10	2010/11
Depreciation, amortization, and impairment	640.0	619.0
Result from sale of assets	1.7	-1.3
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	-79.6	5.3
Other non-cash income and expenses	-15.2	-23.0
	<b>546.9</b>	<b>600.0</b>

In millions of euros

Cash flows from operating activities include dividend income of EUR 15.0 million (2009/10: EUR 15.2 million) from associates and other investments.

Cash flows from investing activities include inflows of cash and cash equivalents in the amount of EUR 2.6 million (2009/10: EUR 0.4 million) from initial consolidation of previously non-consolidated subsidiaries. The sale of a subsidiary resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.1 million (2009/10: EUR 0.8 million) and an inflow of the sale price in the amount of EUR 2.8 million (2009/10: EUR 6.0 million).

## 24. Related party disclosures

Business transactions between the Group and non-consolidated subsidiaries and equity-consolidated entities or their subsidiaries as well as proportionately consolidated entities are carried out at arm's length terms and are included in the following items of the consolidated financial statements:

	2009/10		2010/11	
	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries
Revenue	48.2	191.8	86.9	453.1
Material expenses	2.9	96.1	8.4	192.5
Other operating expenses	0.0	34.9	0.0	35.6

	03/31/2010		03/31/2011	
	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries
Trade and other receivables	8.9	18.1	14.8	8.8
Financial liabilities/trade and other payables	23.1	27.4	28.4	28.5

In millions of euros

In the business year 2010/11, 862 temporary employees (2009/10: 843) from a company reported under other investments were employed to cover short-term personnel shortages.

The non-inclusion of non-consolidated entities in the consolidated financial statements has no significant impact on the Group's net assets, financial position, and results of operations.

### Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to the Austrian legal situation and is reviewed periodically.

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board and consisting of quantitative and qualitative targets. The maximum bonus is limited to 135% of the annual gross salary for members of the Management Board and to 175% of the annual gross salary for the Chairman of the Management Board. If the agreed target values for quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed target

values for qualitative targets are achieved, 20% of the maximum bonus applies. The over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The target amounts for the quantitative targets are the profit from operations (EBIT) and return on capital employed (ROCE). Specific target amounts are determined periodically (generally for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. Its basis of calculation is independent of the respective budget and the three-year medium-term business plan, i.e., budget compliance does not mean achieving a bonus. In addition to an ambitious cost savings target, in the business year 2010/11, an explicit, precisely quantified reduction of the gearing was agreed as the qualitative target.

The amount of the contractually approved company pension depends on the length of service for Wolfgang Eder, Franz Hirschmanner, Josef Mülner, Robert Ottel, and Wolfgang Spreitzer. The amount of the annual pension equals 1.2% of the last annual gross salary for each year of service. The pension benefit cannot exceed 40% of the last annual gross salary (without variable compensation). A defined contribution arrangement was made with Dipl.-Ing. Franz Rotter; thereby 15% of his annual gross salary (without bonuses) is paid by the Company into the pension fund.

The members of the Management Board receive severance benefits at the time of termination of their employment by way of analogous application of the Salaried Employees Act (*Angestelltengesetz*).

For the members of the Management Board (as well as for executives) and for the members of the Supervisory Board there is a D&O insurance, the costs of which amounting to EUR 0.2 million (2009/10: EUR 0.2 million) are borne by the entity.

The fixed and variable compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the reporting period:

	Fixed compensation	Variable compensation	Total
Dr. Wolfgang Eder	0.8	1.2	2.0
Dipl.-Ing. Franz Hirschmanner	0.6	0.8	1.4
Dipl.-Ing. Josef Mülner	0.6	0.8	1.4
Mag. Dipl.-Ing. Robert Ottel	0.6	0.8	1.4
Dkfm. Dr. Claus J. Raidl (until 12/31/2010)	0.4	0.6	1.0
Dipl.-Ing. Franz Rotter (as from 01/01/2011)	0.1	0.1	0.2
Mag. Wolfgang Spreitzer	0.6	0.8	1.4
<b>2010/11</b>	<b>3.7</b>	<b>5.1</b>	<b>8.8</b>
2009/10	3.2	3.0	6.2

In millions of euros

Furthermore, EUR 1.3 million were paid to the members of the Management Board from the final accounting of variable compensation for the previous year. In addition to the aforementioned compensation, Dkfm. Dr. Claus J. Raidl received a severance payment amounting to EUR 1.3 million by way of analogous application of the Salaried Employees Act.

Defined benefit (current service costs) and defined contribution pension expense for members of the Management Board amounted to EUR 0.3 million in the reporting period.

At the reporting date, the outstanding balance of the variable compensation was EUR 4.3 million. No advances or loans were granted to the members of the Management Board of voestalpine AG. For disclosures of share-based payments (stock option plan), please refer to Item 26.

Directors' dealings notices of the members of the Management Board are published on the website of the Austrian Financial Market Authority at [www.fma.gv.at](http://www.fma.gv.at).

### **Supervisory Board**

Under § 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit for the period reported in the approved consolidated financial statements as compensation. The total amount is divided in proportion to the assigned fractions of 100% for the Chairman, 75% for the Vice-Chairman, and 50% for all other members, with a minimum compensation of EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman, and EUR 10,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the stated amounts. Additionally, members of the Supervisory Board receive an attendance honorarium amounting to EUR 500 per Supervisory Board meeting.

According to this regulation, the shareholders' representatives in the Supervisory Board received the following compensation for the business year 2010/11: Dr. Joachim Lemppenau (Chairman): EUR 80,000 (2009/10: EUR 38,300); Dr. Ludwig Scharinger (Vice-Chairman): EUR 60,000 (2009/10: EUR 28,700); all other shareholders' representatives: EUR 40,000 (2009/10: EUR 19,200). The members of the Supervisory Board nominated by the Works Council do not receive any compensation.

The annual compensation of members of the Supervisory Board and the mode of calculation are conclusively regulated by the Articles of Incorporation and do not require an Annual General Meeting's resolution.

The compensation of the Supervisory Board (incl. attendance honorarium) totaled EUR 0.4 million (2009/10: EUR 0.2 million) in the business year 2010/11. Payment of the compensation of the Supervisory Board for the business year 2010/11 is carried out at the latest 14 days after the Annual General Meeting on July 6, 2011. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

Directors' dealings notices of the members of the Supervisory Board are published on the website of the Austrian Financial Market Authority at [www.fma.gv.at](http://www.fma.gv.at).



As legal counsel to voestalpine AG, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is partner, provided legal advisory services relative to the minority shareholder squeeze-out procedure related to BÖHLER-UDDEHOLM Aktiengesellschaft, the placing of a bond 2011 as well as issues relating to the stock exchange law in the reporting period 2010/11. Fees for these matters are invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. For the business year 2010/11, total net fees of EUR 59,410.84 were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

## 25. Employee information

Total personnel expenses include the following items:

	2009/10	2010/11
Wages	804.2	917.7
Salaries	741.8	816.9
Expenses for severance payments	36.6	25.4
Expenses for pensions	23.3	22.5
Expenses for statutory benefits and payroll-based contributions	353.9	401.6
Other social security expenses	38.9	49.0
	<b>1,998.7</b>	<b>2,233.1</b>

In millions of euros

### Total number of employees

	Reporting date		Average	
	03/31/2010	03/31/2011	2009/10	2010/11
Laborers	24,361	25,533	24,796	24,840
Salaried employees	15,045	15,167	15,270	15,099
Apprentices	1,472	1,330	1,580	1,522
	<b>40,878</b>	<b>42,030</b>	<b>41,646</b>	<b>41,461</b>

## 26. Share-based payments

### Stock option plan

A stock option plan was resolved by the Management Board and approved by the Supervisory Board of the Company in the business year 2006/07. The vesting period ended June 30, 2008. Members of the Management Board (with the exception of the former member of the Management Board Dkfm. Dr. Claus J. Raidl, who retired in the business year 2010/11, and the new member of the Management Board Dipl.-Ing. Franz Rotter, who was appointed in the business year 2010/11) were granted a total of 900,000 options and executives were granted 3,309,795 options. The options and the right to exercise the options are not transferable. The options can be exercised if the participant is a current employee or officer of voestalpine AG or a Group company.

If the share closing price on the exercise date is at least 15% above the exercise price, each stock option plan participant is allowed to exercise 50% of his options. The exercise price is calculated as the average of the closing prices during the period from August 1, 2006, to September 30, 2006. The market value of these options at the time of grant was calculated by an independent expert using the Monte Carlo simulation.

The other 50% of the options may be exercised if the closing price of voestalpine shares is above the Dow-Jones EUROSTOXX 600 on the exercise date, using July 1, 2006, as the starting point for calculating relative performance. The market value of these options at the time of grant was calculated by an independent expert using the binomial method.

The market value of the options at the time of grant is EUR 5.26 per option and was recognized over a period of 22 months on a straight-line basis until the end of the vesting period. The following parameters were used for determining the value of the options at the time of grant:

Strike price	euros	29.78
Share price at grant date	euros	30.16
Expected volatility	%	28.90
Risk-free interest rate	%	3.60
Dividend yield	%	4.00

Expected volatility was calculated using the historical volatilities of the last three years. Based on an expected early exercise of stock options as compared to normal options, early exercise after two or three years was assumed. The requirement that the relative performance of voestalpine shares must exceed that of the Dow Jones EUROSTOXX 600 index was included in the calculation by way of a 7% discount.

During the reporting period, the outstanding options developed as follows:

	2009/10	2010/11
<b>Outstanding options as of April 1</b>	<b>3,855,330</b>	<b>3,855,330</b>
Expired options	0	-12,000
Exercised options	0	-1,188,083
<b>Outstanding options as of March 31</b>	<b>3,855,330</b>	<b>2,655,247</b>

Option exercises averaged a price of EUR 35.6 per option. In the business year 2010/11, the members of the Management Board of voestalpine AG did not exercise any options.

As the relative performance of voestalpine shares since July 1, 2006, has exceeded that of the Dow Jones EUROSTOXX 600, one of the two exercise requirements has been met as of the end of the reporting period. The intrinsic value of the stock options amounted to EUR 4.4 million at the end of the reporting period (March 31, 2010: EUR 0.3 million).

## 27. Expenses for the Group auditor

Expenses for the Group auditor are structured as follows:

	2009/10	2010/11
Expenses for the audit of the financial statements	0.2	0.2
Expenses for other certifications	0.9	0.9
Expenses for tax consulting services	0.0	0.0
Expenses for other services	0.0	0.0
	<b>1.1</b>	<b>1.1</b>

In millions of euros

## 28. Disclosures of transactions not recorded in the statement of financial position according to § 266 (2a) of the Austrian Commercial Code (UGB)

Trade receivables amounting to EUR 614.2 million (March 31, 2010: EUR 418.6 million) were sold and derecognized. With regard to factoring, credit insured trade receivables are assigned to banks at 100% of their nominal value, whereby the acquiring banks assume the default risk (del credere

risk and political risk); moreover, the power of disposition is transferred to the buyer of the receivables. The seller assumes a contingent liability in the amount of the deductible of the credit insurance (range from 10% to 30%). At the reporting date, the maximum risk from the contingent liability amounts to EUR 68.3 million (March 31, 2010: EUR 50.5 million).

## 29. Events after the reporting period

On May 11, 2011, and May 12, 2011, voestalpine AG published the following notifications:

"voestalpine AG hereby announces that today (May 11, 2011) the German Federal Cartel Office conducted searches at the premises of voestalpine Klöckner Bahntechnik GmbH in Duisburg, whose activities include selling rails produced by the Railway Systems Division in Germany. The reason for the searches is the suspicion of anti-competitive practices in the German rail market. voestalpine AG takes these allegations seriously and will openly and fully cooperate with the authorities. Further information cannot be provided at this time."

"voestalpine AG hereby announces that today (May 12, 2011) the German Federal Cartel Office also conducted a search at the premises of rail manufacturer TSTG Schienen Technik GmbH & Co KG in Duisburg. The reason for the search is the suspicion of anti-competitive practices in the German rail market as was the case yesterday at voestalpine Klöckner Bahntechnik GmbH. Further information cannot be provided at this time."

An assessment of the consequences of the searches is not possible at this time. In the interest of the Company, no further disclosures can be made at this time.

## 30. Earnings per share

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

	2009/10	2010/11
<b>Profit attributable to equity holders of the parent</b>	<b>108,403</b>	<b>512,745</b>
Issued ordinary shares (average)	168,204,587	169,049,163
Effect of own shares held (average)	-718,610	-513,338
<b>Weighted average number of outstanding ordinary shares</b>	<b>167,485,977</b>	<b>168,535,825</b>
<b>Basic (undiluted) earnings per share (euros)</b>	<b>0.65</b>	<b>3.04</b>

In thousands of euros

Diluted earnings per share are calculated as follows:

	2009/10	2010/11
Profit attributable to equity holders of the parent	108,403	512,745
Interest charged for convertible bonds (net)	191	0
<b>Base for diluted earnings per share</b>	<b>108,594</b>	<b>512,745</b>
Weighted average number of outstanding ordinary shares	167,485,977	168,535,825
Weighted average potential shares	0	0
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>167,485,977</b>	<b>168,535,825</b>
<b>Diluted earnings per share (euros)</b>	<b>0.65</b>	<b>3.04</b>

In thousands of euros

### 31. Dividend

In accordance with the Austrian Stock Corporation Act, the appropriation of net profit is based on the annual financial statements of voestalpine AG as of March 31, 2011. These financial statements show net retained profits of EUR 136.0 million. The Management Board proposes a dividend of EUR 0.80 per share (2009/10: EUR 0.50).

Linz, May 18, 2011

The Management Board



Wolfgang Eder



Franz Hirschmanner



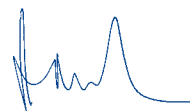
Josef Mülner



Robert Ottel



Franz Rotter



Wolfgang Spreitzer

The consolidated financial statements of voestalpine AG and associated documents will be filed with the commercial register of the Commercial Court of Linz under company register number FN 66209 t.

Appendix to the notes: Investments

# Unqualified auditor's report

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of voestalpine AG, Linz, for the fiscal year from April 1, 2010 to March 31, 2011. These consolidated financial statements comprise the consolidated balance sheet as of March 31, 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended March 31, 2011, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of March 31, 2011 and of its financial performance and its cash flows for the fiscal year from April 1, 2010 to March 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

#### Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

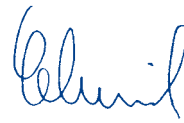
In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, May 18, 2011

Grant Thornton  
Wirtschaftsprüfungs- und Steuerberatungs-GmbH



Univ.-Doz. Dr. Walter Platzer



Dr. Franz Schiessel

Certified Public Accountants

This report is a translation of the original report in German, which is solely valid.

# Management Board statement in accordance with § 82 (4) of the Stock Exchange Act

The Management Board of voestalpine AG confirms to the best of its knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, May 18, 2011

The Management Board



Wolfgang Eder  
Chairman of the Management Board



Franz Hirschmanner  
Member of the Management Board



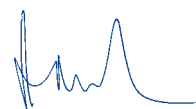
Josef Mülner  
Member of the Management Board



Robert Ottel  
Member of the Management Board



Franz Rotter  
Member of the Management Board



Wolfgang Spreitzer  
Member of the Management Board



## voestalpine AG

# Investments

### Steel Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Stahl GmbH	AUT	100.000%	voestalpine AG	KV
Breuckmann GmbH	DEU	100.000%	vatron gmbh	KV
Importkohle Gesellschaft m.b.H. <sup>1</sup>	AUT	100.000%	voestalpine Rohstoffbeschaffungs GmbH	KV
Logistik Service GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
vatron gmbh	AUT	66.500%	voestalpine Stahl GmbH	KV
vatron gmbh	AUT	5.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
voestalpine Anarbeitung GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Eurostahl GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Giesserei Linz GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Giesserei Traisen GmbH	AUT	100.000%	voestalpine Giesserei Linz GmbH	KV
voestalpine Grobblech GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Personalberatung GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	75.100%	voestalpine Stahl GmbH	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	24.900%	voestalpine Stahl Donawitz GmbH & Co KG	KV
voestalpine Stahl Service Center GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Steel Service Center Polska Sp. z o.o.	POL	100.000%	voestalpine Stahl Service Center GmbH	KV
voestalpine Steel Service Center Romania SRL	ROU	100.000%	voestalpine Stahl Service Center GmbH	KV
GEORG FISCHER FITTINGS GmbH <sup>1</sup>	AUT	49.000%	voestalpine Stahl GmbH	KE
Herzog Coilex GmbH <sup>2</sup>	DEU	25.100%	voestalpine Stahl Service Center GmbH	KE
Industrie-Logistik-Linz GmbH & Co KG <sup>1</sup>	AUT	37.000%	voestalpine Stahl GmbH	KE
Jiaxing NYC Industrial Co., Ltd <sup>1</sup>	CHN	51.000%	voestalpine Giesserei Linz GmbH	KE
Kühne + Nagel Euroshipping GmbH <sup>1</sup>	DEU	49.000%	Logistik Service GmbH	KE
METALSERVICE S.P.A. <sup>1</sup>	ITA	40.000%	voestalpine Stahl Service Center GmbH	KE
Ningxia Kocel Steel Foundry Co. Ltd. <sup>1</sup>	CHN	49.043%	voestalpine Giesserei Linz GmbH	KE
Scholz Austria GmbH <sup>1</sup>	AUT	28.248%	voestalpine Stahl GmbH	KE
Scholz Austria GmbH <sup>1</sup>	AUT	5.160%	voestalpine Stahl Donawitz GmbH & Co KG	KE
Scholz Austria GmbH <sup>1</sup>	AUT	3.712%	BÖHLER Edelstahl GmbH & Co KG	KE
Wuppermann Austria Gesellschaft m.b.H. <sup>1</sup>	AUT	30.000%	voestalpine Stahl GmbH	KE
Austrian Center of Competence in Mechatronics GmbH	AUT	33.333%	vatron gmbh	K0

<sup>1</sup> For fully consolidated and/or equity consolidated companies marked <sup>1</sup>, the reporting date of December 31 applies.

<sup>2</sup> For the equity consolidated company marked <sup>2</sup>, the reporting date of September 30 applies.

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Cargo Service GmbH	AUT	100.000%	Logistik Service GmbH	K0
Caseli GmbH	AUT	100.000%	voestalpine Stahl GmbH	K0
Energie AG Oberösterreich	AUT	2.063%	voestalpine Stahl GmbH	K0
GWL Gebäude- Wohnungs- und Liegenschafts- Verwaltungsgesellschaft m.b.H.	AUT	91.000%	voestalpine Stahl GmbH	K0
Industrie-Logistik-Linz Geschäftsführungs-GmbH	AUT	37.000%	voestalpine Stahl GmbH	K0
Kontext Druckerei GmbH	AUT	64.800%	voestalpine Stahl GmbH	K0
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AUT	33.333 %	voestalpine Stahl GmbH	K0
VA OMV Personalholding GmbH	AUT	50.000%	voestalpine Personalberatung GmbH	K0
vivo Mitarbeiter-Service GmbH	AUT	100.000%	voestalpine Stahl GmbH	K0
voestalpine Belgium NV/SA	BEL	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine CR, s.r.o.	CZE	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine d.o.o.	HRV	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine d.o.o.	SRB	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine d.o.o.	SVN	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Danmark ApS.	DNK	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Deutschland GmbH	DEU	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine France SAS	FRA	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Hungaria Kft.	HUN	99.000%	voestalpine Eurostahl GmbH	K0
voestalpine Hungaria Kft.	HUN	1.000%	Donauländische Baugesellschaft m.b.H.	K0
voestalpine Italia S.r. l.	ITA	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Nederland B.V.	NLD	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Polska Sp.z o.o.	POL	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Romania S.R.L	ROU	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Scandinavia AB	SWE	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Schweiz GmbH	CHE	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Slovakia s.r.o.	SVK	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Stahlwelt GmbH	AUT	50.000%	voestalpine Stahl GmbH	K0
voestalpine Stahlwelt GmbH	AUT	50.000%	voestalpine AG	K0
voestalpine Standortservice GmbH	AUT	100.000%	voestalpine Stahl GmbH	K0
voestalpine UK Ltd.	GBR	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine USA Corp.	USA	100.000%	voestalpine Eurostahl GmbH	K0
Werksgärtnerei Gesellschaft m.b.H.	AUT	100.000%	voestalpine Stahl GmbH	K0

## Special Steel Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
BÖHLER-UDDEHOLM Aktiengesellschaft	AUT	100.000%	voestalpine AG	KV
Aceros Bohler del Ecuador S.A.	ECU	1.753%	BOHLER-UDDEHOLM COLOMBIA S.A.	KV
Aceros Bohler del Ecuador S.A.	ECU	98.247%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Aceros Bohler del Peru S.A.	PER	2.500%	BÖHLER Edelstahl GmbH & Co KG	KV
Aceros Bohler del Peru S.A.	PER	95.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Aceros Bohler del Peru S.A.	PER	2.500%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.	KV
ACEROS BOEHLER UDDEHOLM S.A.	ARG	94.378%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ACEROS BOEHLER UDDEHOLM S.A.	ARG	5.622%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.	KV
Aceros Bohler Uddeholm, S.A. de C.V.	MEX	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ACOS BOHLER-UDDEHOLM DO BRASIL LTDA.	BRA	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Aktiebolaget Finansa	SWE	100.000%	Uddeholms AB	KV
Aktiebolaget Uddeholmsagenturen	SWE	100.000%	Uddeholms AB	KV
ASSAB Celik ve Isil Islem A.S.	TUR	99.888%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ASSAB Celik ve Isil Islem A.S.	TUR	0.036%	Böhler Grundstücks GmbH & Co. KG	KV
ASSAB Celik ve Isil Islem A.S.	TUR	0.036%	BÖHLER-UDDEHOLM Immobilien GmbH	KV
ASSAB Celik ve Isil Islem A.S.	TUR	0.036%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.	KV
ASSAB Celik ve Isil Islem A.S.	TUR	0.003%	Uddeholm Holding AB	KV
ASSAB International Aktiebolag	SWE	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ASSAB Pacific Pte.Ltd.	SGP	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ASSAB SRIPAD STEELS LIMITED	IND	70.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ASSAB Steels (China) Ltd.	CHN	100.000%	ASSAB Steels (HK) Ltd.	KV
ASSAB Steels (HK) Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Steels (Korea) Co., Ltd.	KOR	85.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Steels (Malaysia) Sdn Bhd	MYS	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Steels (Taiwan) Ltd.	TWN	82.500%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Steels (Thailand) Ltd.	THA	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Steels Singapore (Pte) Ltd.	SGP	90.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Technology (Malaysia) Sdn Bhd	MYS	100.000%	ASSAB Steels (Malaysia) Sdn Bhd	KV
ASSAB Tooling (Beijing) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Tooling (Dong Guan) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Tooling (Qing Dao) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
ASSAB Tooling (Xiamen) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Tooling Technology (Chongqing) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Tooling Technology (Ningbo) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
ASSAB Tooling Technology (Shanghai) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.	KV
Associated Swedish Steels Aktiebolag	SWE	100.000%	Uddeholms AB	KV
Associated Swedish Steels Phils., Inc.	PHL	84.970%	ASSAB Pacific Pte.Ltd.	KV
Böhler Aktiengesellschaft	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Bleche GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Bleche GmbH & Co KG	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER BLECHE MULTILAYER GmbH	DEU	100.000%	BÖHLER-UDDEHOLM HOLDING GMBH	KV
BÖHLER Edelstahl GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Edelstahl GmbH & Co KG	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	Böhler Aktiengesellschaft	KV
Böhler Grundstücks GmbH & Co. KG <sup>1</sup>	DEU	100.000%	Böhler Aktiengesellschaft	KV
Bohler High Performance Metals Private Limited	IND	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler International GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler Kereskedelmi KFT.	HUN	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Schmiedetechnik GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Schmiedetechnik GmbH & Co KG	AUT	99.999%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Schmiedetechnik GmbH & Co KG	AUT	0.001%	BÖHLER Schmiedetechnik GmbH	KV
Bohler Uddeholm (Australia) Pty Ltd	AUS	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BOHLER UDDEHOLM AFRICA (PTY) LTD	ZAF	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler Uddeholm CZ s.r.o.	CZE	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler Uddeholm Italia S.p.A.	ITA	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BOHLER UDDEHOLM POLSKA Sp.z.o.o	POL	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BOHLER UDDEHOLM ROMANIA S.R.L.	ROU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER Wärmebehandlung GmbH	AUT	51.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BOHLER-UDDEHOLM (UK) LIMITED	GBR	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Böhler-Uddeholm B.V.	NLD	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	0.009%	BÖHLER Bleche GmbH & Co KG	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	0.009%	BÖHLER Edelstahl GmbH & Co KG	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	90.635%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	9.347%	BÖHLER Edelstahl GmbH	KV
Bohler-Uddeholm Corporation	USA	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER-UDDEHOLM DEUTSCHLAND GMBH	DEU	100.000%	BÖHLER-UDDEHOLM HOLDING GMBH	KV
BÖHLER-UDDEHOLM France S.A.S.	FRA	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER-UDDEHOLM HÄRTEREITECHNIK GmbH	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER-UDDEHOLM HOLDING GMBH	DEU	100.000%	Böhler Aktiengesellschaft	KV
BOHLER-UDDEHOLM HOLDINGS (UK) Limited	GBR	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler-Uddeholm Iberica S.A.U.	ESP	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler-Uddeholm Ltd.	CAN	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Böhler-Uddeholm SLOVAKIA, s.r.o.	SVK	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BÖHLER-YBBSTAL Profil GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
BU Beteiligungs-und Vermögensverwaltung GmbH	AUT	100.000%	BÖHLER Edelstahl GmbH	KV
Buderus Edelstahl GmbH	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Buderus Edelstahl Schmiedetechnik GmbH	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
DIN ACCIAI S.p.A.	ITA	100.000%	Böhler Uddeholm Italia S.p.A.	KV
Densam Industrial Co. Ltd.	TWN	51.000%	ASSAB Pacific Pte.Ltd.	KV
Densam Industrial Co. Ltd.	TWN	49.000%	ASSAB Steels (Taiwan) Ltd.	KV
Deville Rectification S.A.S.	FRA	100.000%	Buderus Edelstahl GmbH	KV
EDRO Engineering, Inc.	USA	100.000%	Bohler-Uddeholm Corporation	KV
EDRO Specialty Steels GmbH	DEU	75.000%	EDRO Specialty Steels, Inc.	KV
EDRO Specialty Steels, Inc.	USA	100.000%	Bohler-Uddeholm Corporation	KV
ENPAR Sonderwerkstoffe GmbH	DEU	85.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
EschmannStahl GmbH & Co. KG <sup>1</sup>	DEU	51.000%	BÖHLER-UDDEHOLM HOLDING GMBH	KV
EschmannStahl GmbH & Co. KG <sup>1</sup>	DEU	49.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ESCHMANN STAL Sp. z o.o.	POL	100.000%	EschmannStahl GmbH & Co. KG	KV

<sup>1</sup> These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. KG and EschmannStahl GmbH & Co. KG according to § 264b of the German Commercial Code.

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Eschmann Textura Internacional – Transformacao de Ferramentas, Unipessoal, LDA	PRT	100.000%	Eschmann Textures International GmbH	KV
Eschmann Textures India Private Limited	IND	70.000%	Eschmann Textures International GmbH	KV
Eschmann Textures International GmbH	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Eschmann Vermögensverwaltung GmbH	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Eschmann-Stahl Portugal-Acos Finos e Transformacao de Ferramentas, Unipessoal Lda	PRT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Gebrüder Böhler & Co. AG	CHE	99.830%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
GMV Eschmann International SAS	FRA	100.000%	Eschmann Textures International GmbH	KV
Grabados Eschmann International S.L.	ESP	100.000%	Eschmann Textures International GmbH	KV
Gravutex Eschmann International Limited	GBR	100.000%	Eschmann Textures International GmbH	KV
Gravutex Textures (UK) Ltd	GBR	100.000%	EschmannStahl GmbH & Co. KG	KV
Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.	AUT	100.000%	BÖHLER Edelstahl GmbH & Co KG	KV
IS Intersteel Stahlhandel GmbH	DEU	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Jing Ying Industrial Co. Ltd.	TWN	100.000%	Densam Industrial Co. Ltd.	KV
OOO BÖHLER-UDDEHOLM	RUS	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
PT Assab Steels Indonesia	IDN	99.900%	ASSAB Pacific Pte.Ltd.	KV
PT Assab Steels Indonesia	IDN	0.100%	ASSAB Steels Singapore (Pte) Ltd.	KV
Sacma Acciai Speciali S.p.A.	ITA	100.000%	Böhler Uddeholm Italia S.p.A.	KV
Schoeller-Bleckmann (UK) Ltd.	GBR	100.000%	BOHLER-UDDEHOLM (UK) LIMITED	KV
Uddeholm A/S	DNK	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Uddeholm AS	NOR	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Uddeholm Eiendom AS	NOR	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Uddeholm Holding AB	SWE	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Uddeholm K.K.	JPN	100.000%	ASSAB Pacific Pte.Ltd.	KV
Uddeholm Machining Aktiebolag	SWE	100.000%	Uddeholms AB	KV
Uddeholm Oy Ab	FIN	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
Uddeholm Svenska Aktiebolag	SWE	100.000%	Uddeholms AB	KV

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Uddeholms AB	SWE	100.000%	Uddeholm Holding AB	KV
Villares Metals International B.V.	NLD	100.000%	Villares Metals S.A.	KV
Villares Metals S.A.	BRA	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
voestalpine Treasury Holding GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	KV
ACEROS BOEHLER BOLIVIA S.A.	BOL	98.000%	Aceros Boehler del Peru S.A.	K0
ACEROS BOEHLER BOLIVIA S.A.	BOL	1.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
ACEROS BOEHLER BOLIVIA S.A.	BOL	1.000%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.	K0
Bohlasia Steels Sdn. Bhd.	MYS	53.333%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
BOHLER-UDDEHOLM (UK) Pension Trustees Ltd.	GBR	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
Böhler-Uddeholm Solidaritätsfonds Privatstiftung	AUT	100.000%	BÖHLER Edelstahl GmbH & Co KG	K0
BÖHLER UDDEHOLM TOPLINSKA OBRADA d.o.o.	HRV	85.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
BÖHLER-UDDEHOLM UKRAINE LLC	UKR	100.000%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
BÖHLER-UDDEHOLM ZAGREB d.o.o.	HRV	83.400%	BÖHLER-UDDEHOLM Aktiengesellschaft	K0
DEGECANDOR Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG	DEU	95.000%	Böhler Aktiengesellschaft	K0
Edelstahlwerke Buderus Nederland B.V.	NLD	100.000%	Buderus Edelstahl GmbH	K0
EDRO Limited	CHN	100.000%	EDRO Specialty Steels, Inc.	K0
Eschmann Beteiligungsgesellschaft mbH	DEU	50.977%	BÖHLER-UDDEHOLM HOLDING GMBH	K0
Eschmann Beteiligungsgesellschaft mbH	DEU	49.023%	Eschmann Vermögensverwaltung GmbH	K0
Flotek (International) Limited	GBR	100.000%	Gravutex Textures (UK) Ltd	K0
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG	DEU	62.916%	Böhler Aktiengesellschaft	K0
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	99.000%	BÖHLER Edelstahl GmbH & Co KG	K0
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	1.000%	BÖHLER Schmiedetechnik GmbH & Co KG	K0
Uddeholm Tooling Latvia, SIA	LVA	100.000%	Uddeholms AB	K0
V.K. Italia S.p.A.	ITA	20.000%	Böhler Uddeholm Italia S.p.A.	K0

## Railway Systems Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Bahnsysteme GmbH & Co KG	AUT	100.000%	voestalpine AG	KV
Advanced Railway Systems GmbH	AUT	100.000%	VAE Eisenbahnsysteme GmbH	KV
Avesta Welding LLC	USA	100.000%	Bohler Welding Group USA Inc.	KV
Böhler Lastechnik Groep Nederland B.V.	NLD	100.000%	Böhler Welding Holding GmbH	KV
Böhler Schweißtechnik Austria GmbH	AUT	100.000%	Böhler Welding Holding GmbH	KV
Böhler Schweißtechnik Deutschland GmbH	DEU	100.000%	Böhler Welding Holding GmbH	KV
Böhler Soldaduras S.A. de C.V.	MEX	99.990%	Böhler Welding Holding GmbH	KV
Böhler Soldaduras S.A. de C.V.	MEX	0.010%	Böhler Welding Group GmbH	KV
Böhler Tecnica de Soldagem Ltda.	BRA	100.000%	Böhler Welding Holding GmbH	KV
Bohler Welding Group Canada Ltd.	CAN	100.000%	Böhler Welding Holding GmbH	KV
Böhler Welding Group Central Eastern Europe GmbH	AUT	100.000%	Böhler Welding Holding GmbH	KV
Böhler Welding Group Greece S.A.	GRC	100.000%	Böhler Welding Holding GmbH	KV
Bohler Welding Group India Private Limited	IND	99.998%	Böhler Welding Holding GmbH	KV
Bohler Welding Group India Private Limited	IND	0.002%	Böhler Welding Group GmbH	KV
BOHLER WELDING GROUP ITALIA s.p.a.	ITA	100.000%	Böhler Welding Holding GmbH	KV
Bohler Welding Group Middle East FZE	ARE	100.000%	Böhler Welding Holding GmbH	KV
Böhler Welding Group Nordic AB	SWE	100.000%	Böhler Schweißtechnik Austria GmbH	KV
Böhler Welding Group Nordic Sales AB	SWE	100.000%	Böhler Welding Group Nordic AB	KV
Böhler Welding Group Schweiz AG	CHE	100.000%	Böhler Welding Holding GmbH	KV
BOHLER WELDING GROUP SRL	ROU	100.000%	Böhler Welding Group GmbH	KV
Bohler Welding Group UK Limited	GBR	100.000%	Böhler Welding Holding GmbH	KV
Bohler Welding Group USA Inc.	USA	100.000%	Böhler Welding Holding GmbH	KV
Böhler Welding Holding GmbH	DEU	94.500%	voestalpine Bahnsysteme GmbH	KV
Böhler Welding Holding GmbH	DEU	5.500%	BÖHLER-UDDEHOLM HÄRTEREITECHNIK GmbH	KV
Böhler Welding Technology (China) Co. Ltd.	CHN	100.000%	Böhler Welding Holding GmbH	KV
Böhler Welding Trading (Shanghai) Co., Ltd.	CHN	100.000%	Böhler Welding Holding GmbH	KV
Contec GmbH Transportation Systems	DEU	62.376%	VAE Eisenbahnsysteme GmbH	KV
Control and Display Systems Limited	GBR	60.003%	VAE Eisenbahnsysteme GmbH	KV
Digvijay Steels Private Limited	IND	50.100%	VAE GmbH	KV



	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
FONTARGEN Gesellschaft mit beschränkter Haftung	DEU	100.000%	Böhler Welding Holding GmbH	KV
Groupe Bohler Soudage France S.A.S.	FRA	100.000%	Böhler Schweißtechnik Austria GmbH	KV
Grupo Bohler Soldadura Espana S.A.	ESP	100.000%	Böhler Welding Holding GmbH	KV
JEZ Sistemas Ferroviarios S.L.	ESP	50.000%	VAE GmbH	KV
Materiel Ferroviaire d'Arberats SASU	FRA	100.000%	JEZ Sistemas Ferroviarios S.L.	KV
Nortrak-Damy, Cambios de Via, S.A.P.I. de C.V.	MEX	51.007%	VAE Nortrak North America Inc.	KV
OOO Böhler Welding Group Russia	RUS	100.000%	Böhler Welding Holding GmbH	KV
PT Bohler Welding Group South East Asia	IDN	95.000%	Böhler Welding Group Nordic AB	KV
PT Bohler Welding Group South East Asia	IDN	5.000%	Böhler Schweißtechnik Austria GmbH	KV
Rahee Track Technologies, (Pvt.) Ltd	IND	51.000%	VAE GmbH	KV
Rene Prinsen Spoorwegmaterialen B.V.	NLD	100.000%	voestalpine Railpro B.V.	KV
Soudokay S.A.	BEL	100.000%	Böhler Welding Holding GmbH	KV
SST Signal & System Technik GmbH	DEU	100.000%	VAE Eisenbahnsysteme GmbH	KV
TENS Spolka z.o.o.	POL	80.000%	VAE Eisenbahnsysteme GmbH	KV
TSF-A GmbH	AUT	50.100%	VAE Eisenbahnsysteme GmbH	KV
TSTG Schienen Technik GmbH & Co KG <sup>1</sup>	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
VAE Africa (Pty) Ltd.	ZAF	100.000%	VAE GmbH	KV
VAE APCAROM SA	ROU	92.918%	VAE GmbH	KV
VAE Brasil Produtos Ferroviários Ltda.	BRA	59.000%	VAE GmbH	KV
VAE Eisenbahnsysteme GmbH	AUT	100.000%	VAE GmbH	KV
VAE Geschäftsführung (Deutschland) GmbH	DEU	100.000%	VAE GmbH	KV
VAE GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
VAE Holding (Deutschland) GmbH	DEU	100.000%	VAE GmbH	KV
VAE Italia S.r.l.	ITA	95.000%	VAE GmbH	KV
VAE Italia S.r.l.	ITA	5.000%	VAE UK Ltd.	KV
VAE Legetecha UAB	LTU	66.000%	VAE GmbH	KV
VAE NORTRAK LTD.	CAN	100.000%	VAE Nortrak North America Inc.	KV
VAE Nortrak North America Inc.	USA	100.000%	VAE GmbH	KV

<sup>1</sup> These consolidated financial statements represent an exemption for TSTG Schienen Technik GmbH & Co KG according to § 264b of the German Commercial Code.

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
VAE Perway (Pty) Ltd.	ZAF	69.000%	VAE Africa (Pty) Ltd.	KV
VAE Polska Sp.z.o.o.	POL	100.000%	VAE GmbH	KV
VAE Railway Systems Pty.Ltd.	AUS	100.000%	VAE GmbH	KV
VAE Riga SIA	LVA	100.000%	VAE GmbH	KV
VAE Sofia OOD	BGR	51.000%	VAE GmbH	KV
VAE UK Ltd.	GBR	100.000%	VAE GmbH	KV
VAE VKN Industries Private Limited	IND	51.000%	VAE GmbH	KV
VAE VKN Industries Private Limited	IND	6.000%	JEZ Sistemas Ferroviarios S.L.	KV
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	VAE GmbH	KV
voestalpine Austria Draht GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
voestalpine Bahnsysteme GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	DEU	100.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
voestalpine BWG GmbH & Co. KG <sup>1</sup>	DEU	99.997%	VAE Holding (Deutschland) GmbH	KV
voestalpine BWG GmbH & Co. KG <sup>1</sup>	DEU	0.003%	VAE Geschäftsführung (Deutschland) GmbH	KV
voestalpine Draht Finsterwalde GmbH	DEU	100.000%	voestalpine Austria Draht GmbH	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	50.960%	VAE GmbH	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	0.020%	VAE Eisenbahnsysteme GmbH	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	0.020%	Weichenwerk Wörth GmbH	KV
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
voestalpine Rail Center Duisburg GmbH	DEU	75.171%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
voestalpine Railpro B.V.	NLD	70.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
voestalpine Schienen GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG	KV

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
voestalpine Stahl Donawitz GmbH & Co KG	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG	KV
voestalpine Stahl Donawitz Immobilien GmbH	AUT	100.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	KV
voestalpine WBN B.V.	NLD	100.000%	VAE GmbH	KV
WBG Weichenwerk Brandenburg GmbH	DEU	100.000%	voestalpine BWG GmbH & Co. KG	KV
Weichenwerk Wörth GmbH	AUT	70.000%	VAE Eisenbahnsysteme GmbH	KV
voestalpine Tubulars GmbH	AUT	50.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	KQ
voestalpine Tubulars GmbH & Co KG	AUT	49.985%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	KQ
voestalpine Tubulars GmbH & Co KG	AUT	0.010%	voestalpine Tubulars GmbH	KQ
CNTT Chinese New Turnout Technologies Co., Ltd. <sup>2</sup>	CHN	29.070%	VAE GmbH	KE
CNTT Chinese New Turnout Technologies Co., Ltd. <sup>2</sup>	CHN	20.930%	voestalpine BWG GmbH & Co. KG	KE
Burbiola S.A.	ESP	50.000%	JEZ Sistemas Ferroviarios S.L.	K0
DRAHT + STAHL GmbH	DEU	30.930%	voestalpine Draht Finsterwalde GmbH	K0
gibSOFT GmbH	DEU	75.000%	SST Signal & System Technik GmbH	K0
Lasa Schienentechnik GmbH	DEU	71.000%	voestalpine BWG GmbH & Co. KG	K0
Liegenschaftsverwaltungs GmbH	AUT	100.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	K0
KW PenzVAEE GmbH	AUT	49.000%	VAE Eisenbahnsysteme GmbH	K0
VAE Murom LLC	RUS	50.000%	VAE GmbH	K0
voestalpine BWG Ltd.	CHN	100.000%	voestalpine BWG GmbH & Co. KG	K0
voestalpine HYTRONICS GmbH	AUT	100.000%	VAE GmbH	K0
voestalpine Stahl Donawitz GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG	K0
VOEST-ALPINE TUBULAR CORP.	USA	100.000%	voestalpine Tubulars GmbH	K0
voestalpine Tubulars Middle East FZE	ARE	100.000%	voestalpine Tubulars GmbH	K0
voestalpine VAE TS d.o.o. Nis	SRB	70.000%	VAE GmbH	K0

<sup>1</sup> These consolidated financial statements represent an exemption for voestalpine BWG GmbH & Co. KG according to § 264b of the German Commercial Code.

<sup>2</sup> For the equity consolidated company marked <sup>2</sup>, the reporting date of December 31 applies.

## Profilform Division

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
voestalpine Profilform GmbH	AUT	100.000%	voestalpine AG	KV
BÖHLER-UDDEHOLM Precision Strip GmbH	AUT	100.000%	voestalpine Profilform GmbH	KV
Böhler Uddeholm Precision Steel AB	SWE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Böhler-Uddeholm Precision Strip AB	SWE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Böhler Uddeholm Precision Strip Trading (Suzhou) Co., Ltd	CHN	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Böhler Uddeholm Saw Steel AB	SWE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Böhler Uddeholm Service Center AB	SWE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Bohler-Uddeholm Strip Steel, LLC	USA	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Compania de Industria y Comercio, S.A. de C.V.	MEX	99.999%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Compania de Industria y Comercio, S.A. de C.V.	MEX	0.001%	voestalpine Profilform GmbH	KV
Global Rollforming Corporation	USA	100.000%	voestalpine Profilform GmbH	KV
Helmold LLC	USA	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Meincol Distribuidora de Acos S.A.	BRA	100.000%	voestalpine Profilform GmbH	KV
Metsec plc	GBR	100.000%	VOEST-ALPINE KREMS U.K. plc	KV
Nedcon Bohemia s.r.o.	CZE	100.000%	Nedcon Groep N.V.	KV
Nedcon France SASU	FRA	100.000%	Nedcon Groep N.V.	KV
Nedcon Groep N.V.	NLD	100.000%	voestalpine Profilform GmbH	KV
Nedcon Lagertechnik GmbH	DEU	100.000%	Nedcon Groep N.V.	KV
Nedcon Magazijnrichting B.V.	NLD	100.000%	Nedcon Groep N.V.	KV
Nedcon USA Inc.	USA	100.000%	Nedcon Groep N.V.	KV
Roll Forming Corporation	USA	100.000%	Global Rollforming Corporation	KV
SADEF N.V.	BEL	100.000%	voestalpine Profilform GmbH	KV
Servitroquel – Notting, S.A. Unipersonal	ESP	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Sharon Custom Metal Forming, Inc.	USA	100.000%	Global Rollforming Corporation	KV
Société Automatique de Profilage (SAP)	FRA	100.000%	voestalpine Profilform GmbH	KV
Société Profilafroid	FRA	100.000%	voestalpine Profilform GmbH	KV
Stratford Joists Limited	GBR	100.000%	Metsec plc	KV
voestalpine Straßensicherheit GmbH	AUT	100.000%	voestalpine Krems Finaltechnik GmbH	KV
voestalpine Krems Finaltechnik GmbH	AUT	100.000%	voestalpine Profilform GmbH	KV
voestalpine Krems GmbH	AUT	100.000%	voestalpine Profilform GmbH	KV
VOEST-ALPINE KREMS U.K. plc	GBR	100.000%	voestalpine Profilform GmbH	KV
voestalpine Präzisionsprofil GmbH	DEU	90.000%	voestalpine Profilform Beteiligung GmbH	KV
voestalpine Präzisionsprofil GmbH	DEU	10.000%	voestalpine Profilform GmbH	KV
voestalpine Profilform Beteiligung GmbH	AUT	100.000%	voestalpine Profilform GmbH	KV
voestalpine PROFILFORM s.r.o.	CZE	100.000%	voestalpine Profilform GmbH	KV
ZAO voestalpine Arkada Profil	RUS	100.000%	voestalpine Profilform Beteiligung GmbH	KV
EURACIER	FRA	20.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	K0
Gemeinnützige Donau-Ennstaler Siedlungs-Aktiengesellschaft	AUT	33.333%	voestalpine Krems GmbH	K0
Martin Miller Blansko, spol.s.r.o. (in Liquidation)	CZE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	K0
Martin Miller North America. Inc.	USA	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	K0
Metal Sections Limited	GBR	100.000%	Metsec plc	K0
Munkfors Värmeverk Aktiebolag	SWE	40.000%	Böhler-Uddeholm Precision Strip AB	K0
SADEF FRANCE S.A.R.L.	FRA	90.000%	SADEF N.V.	K0
SADEF FRANCE S.A.R.L.	FRA	10.000%	voestalpine Krems GmbH	K0
voestalpine Arkada Zapad IP	BLR	100.000%	ZAO voestalpine Arkada Profil	K0

## Automotive Division

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
voestalpine Automotive GmbH	AUT	100.000%	voestalpine AG	KV
Amstutz Levin & Cie	FRA	99.998%	Stamptec France SAS	KV
Flamco AG	CHE	100.000%	Flamco Holding B.V.	KV
Flamco B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Flexcon B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Flexcon Ltd.	GBR	100.000%	Flamco Holding B.V.	KV
Flamco Flexcon Sarl	FRA	100.000%	Flamco Holding B.V.	KV
Flamco Heating Accessories (Changshu) Co., Ltd.	CHN	100.000%	Flamco Holding B.V.	KV
Flamco Holding B.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.	KV
Flamco Hungary Kft.	HUN	100.000%	Flamco Holding B.V.	KV
Flamco IMZ B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Pipe Support B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Polska Sp. z o.o.	POL	100.000%	Flamco Holding B.V.	KV
Flamco STAG Behälterbau GmbH	DEU	94.000%	Flamco Holding B.V.	KV
Flamco STAG Behälterbau GmbH	DEU	6.000%	Polynorm GmbH	KV
Flamco STAG GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH	KV
Flamco UK Ltd.	GBR	100.000%	Flamco Flexcon Ltd.	KV
Flamco WEMEFA GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH	KV
Kadow und Riese Laser- und Umformtechnik GmbH	DEU	100.000%	voestalpine Hügel GmbH	KV
Polynorm GmbH	DEU	100.000%	voestalpine Polynorm B.V.	KV
Polynorm Immobilien GmbH & Co. KG <sup>1</sup>	DEU	100.000%	voestalpine Polynorm B.V.	KV

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Stamptec France SAS	FRA	100.000%	Stamptec-Holding GmbH	KV
Stamptec-Holding GmbH	DEU	95.000%	voestalpine Automotive GmbH	KV
Stamptec-Holding GmbH	DEU	5.000%	voestalpine Polynorm GmbH & Co. KG	KV
voestalpine Automotive Netherlands Holding B.V.	NLD	100.000%	voestalpine Automotive GmbH	KV
voestalpine Automotive Romania S.R.L.	ROU	50.000%	voestalpine Dancke GmbH & Co. KG	KV
voestalpine Automotive Romania S.R.L.	ROU	50.000%	voestalpine Hügel GmbH	KV
voestalpine Dancke GmbH & Co. KG <sup>1</sup>	DEU	100.000%	voestalpine Automotive GmbH	KV
voestalpine Elmsteel Group Limited	GBR	100.000%	voestalpine Rotec GmbH	KV
voestalpine Europlatinen GmbH	AUT	100.000%	voestalpine Automotive GmbH	KV
voestalpine Gutbrod GmbH <sup>2</sup>	DEU	100.000%	Stamptec-Holding GmbH	KV
voestalpine Gutbrod Schmölln GmbH <sup>2</sup>	DEU	100.000%	voestalpine Gutbrod GmbH	KV
voestalpine HTI Beteiligungs GmbH	AUT	100.000%	voestalpine Rotec GmbH	KV
voestalpine Hügel GmbH <sup>2</sup>	DEU	100.000%	Stamptec-Holding GmbH	KV
voestalpine Polynorm B.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.	KV
voestalpine Polynorm GmbH & Co. KG <sup>1</sup>	DEU	100.000%	Polynorm GmbH	KV
voestalpine Polynorm Plastics B.V.	NLD	100.000%	voestalpine Polynorm Van Niftrik B.V.	KV
voestalpine Polynorm Van Niftrik B.V.	NLD	100.000%	voestalpine Polynorm B.V.	KV
voestalpine Rotec AB	SWE	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec France S.A.	FRA	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec GmbH	AUT	100.000%	voestalpine Automotive GmbH	KV
voestalpine Rotec GmbH & Co. KG <sup>1</sup>	DEU	98.996%	voestalpine HTI Beteiligungs GmbH	KV
voestalpine Rotec GmbH & Co. KG <sup>1</sup>	DEU	1.004%	voestalpine Rotec GmbH	KV

<sup>1</sup> These consolidated financial statements represent an exemption for Polynorm Immobilien GmbH & Co. KG, voestalpine Dancke GmbH & Co. KG, voestalpine Polynorm GmbH & Co. KG, and voestalpine Rotec GmbH & Co. KG according to § 264b of the German Commercial Code.

<sup>2</sup> These consolidated financial statements represent an exemption for voestalpine Gutbrod GmbH, voestalpine Gutbrod Schmölln GmbH, and voestalpine Hügel GmbH according to § 264 (3) of the German Commercial Code.

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
voestalpine ROTEC Iberica S.A.	ESP	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec Incorporated	USA	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec Limited	GBR	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec Sp. z.o.o	POL	100.000%	voestalpine Rotec GmbH	KV
voestalpine Vollmer GmbH & Co. KG <sup>1</sup>	DEU	99.667%	voestalpine Vollmer Holding GmbH	KV
voestalpine Vollmer GmbH & Co. KG <sup>1</sup>	DEU	0.333%	voestalpine Automotive GmbH	KV
voestalpine Vollmer Holding GmbH	AUT	100.000%	voestalpine Automotive GmbH	KV
voestalpine Vollmer Pfaffenhofen GmbH & Co. KG <sup>1</sup>	DEU	99.933%	voestalpine Vollmer Holding GmbH	KV
voestalpine Vollmer Pfaffenhofen GmbH & Co. KG <sup>1</sup>	DEU	0.067%	voestalpine Automotive GmbH	KV
W E M E F A Horst Christopeit GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH	KV
DS-Beteiligungs-GmbH	DEU	100.000%	voestalpine Dancke GmbH & Co. KG	K0
Entwicklungsgesellschaft Gügling Ost GmbH & Co. KG	DEU	6.000%	Polynorm GmbH	K0
Entwicklungsgesellschaft Gügling Verwaltungs GmbH	DEU	100.000%	Polynorm GmbH	K0
Polynorm Immobilien Beteiligungs GmbH	DEU	100.000%	voestalpine Polynorm B.V.	K0
voestalpine Polynorm Beteiligungsgesellschaft m.b.H.	DEU	100.000%	voestalpine Polynorm GmbH & Co. KG	K0
voestalpine Polynorm Plastics Limited	GBR	100.000%	voestalpine Polynorm B.V.	K0

<sup>1</sup> These consolidated financial statements represent an exemption for voestalpine Vollmer GmbH & Co. KG and voestalpine Vollmer Pfaffenhofen GmbH & Co. KG according to § 264b of the German Commercial Code.



## Other companies

	<b>Domicile of the company</b>	<b>Interest held</b>	<b>Parent company</b>	<b>Type of consolidation</b>
Danube Beteiligungs Invest MF-AG	AUT	100.000%	Danube Equity Invest AG	KV
Danube Equity Invest AG	AUT	71.373%	voestalpine AG	KV
Danube Equity Invest Management GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine Dienstleistungs- und Finanzierungs GmbH	DEU	100.000%	voestalpine Finanzierungs Holding GmbH	KV
voestalpine Finanzierungs GmbH	AUT	100.000%	voestalpine Finanzierungs Holding GmbH	KV
voestalpine Finanzierungs Holding GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine group-IT AB	SWE	100.000%	voestalpine group-IT GmbH	KV
voestalpine group-IT GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine group-IT GmbH	DEU	100.000%	voestalpine group-IT GmbH	KV
voestalpine group-IT Tecnologia da Informacao Ltda.	BRA	100.000%	voestalpine group-IT GmbH	KV
APK-Pensionskasse Aktiengesellschaft <sup>1</sup>	AUT	19.110%	voestalpine AG	KE
APK-Pensionskasse Aktiengesellschaft <sup>1</sup>	AUT	10.082%	BÖHLER-UDDEHOLM Aktiengesellschaft	KE
VA Intertrading Aktiengesellschaft <sup>1</sup>	AUT	38.500%	voestalpine AG	KE
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	voestalpine AG	K0
Intesy Business & IT Solutions Pty Ltd	AUS	100.000%	voestalpine group-IT GmbH	K0
IVM Industrierversicherungsmakler GmbH	AUT	100.000%	voestalpine AG	K0

## Explanations:

KV Full consolidation

KQ Proportionate consolidation

KE Equity method

K0 No consolidation

<sup>1</sup> For equity consolidated companies marked <sup>1</sup>, the reporting date of December 31 applies.

# Glossary

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**Acquisition.** Takeover or purchase of companies or of interests in companies.

**Affiliated companies.** Companies that are directly or indirectly under the same management—in this case of voestalpine AG—in which voestalpine AG holds, directly or indirectly, a majority of the voting rights or exercises the controlling influence.

**Asset deal.** Company takeover, where the buyer purchases individual assets (rather than shares).

**ATX.** “Austrian Traded Index,” the leading index of the Vienna Stock Exchange, which contains the 20 most important stocks in the prime market segment.

**Borrowed capital.** Inclusive term for provisions, trade and other payables, and liabilities-side accruals posted on the liabilities side of the statement of financial position.

**Borrowed capital ratio.** Ratio of borrowed capital recorded on the statement of financial position to total assets (the higher the ratio, the higher the debt burden).

**Capital employed.** Total employed interest-bearing capital.

**Cash flow.**

- From investing activities: outflow/inflow of liquid assets from investments/disinvestments;

- From operating activities: outflow/inflow of liquid assets not affected by investment, disinvestment, or financing activities.

- From financing activities: outflow/inflow of liquid assets from capital expenditures and capital contributions.

**Cost of materials.** Incorporates all expenditures necessary for the procurement of raw and auxiliary materials required for production.

**Current assets.** Those assets that are expected to be realized in cash or consumed in the short term, that is, they are not expected to be available for a company’s business operations long-term, for example, inventory, trade accounts receivable, or securities.

**EBIT (earnings before interest and taxes).** Earnings: Profit before the deduction of taxes, non-controlling interests, and financial result.

**EBIT margin.** EBIT percentage of revenue.

**EBITDA (earnings before interest, taxes, depreciation, and amortization).** Profit before the deduction of taxes, non-controlling interests, financial result, and depreciation and amortization expenses.

**EBITDA margin.** EBITDA percentage of revenue.

**EBT (result from ordinary activities or earnings before taxes).** Profit before the deduction of taxes and non-controlling interests.

**Equity.** Assets made available to a corporation by the owners through deposits and/or contributions or from retained profits.

**Equity ratio.** Equity divided by total assets.

**Free float.** The portion of the share capital that is actively traded on the stock exchange.

**Gearing.** Ratio of net financial debt to equity.

**Gross profit.** Revenue less manufacturing costs.

**IFRS (International Financial Reporting Standards).** Accounting regulations developed to guarantee comparable accounting and disclosure.

**Joint venture.** A business partnership between two or more companies, which remain independent but which pool capital to pursue a commercial goal, for example, the penetration of a foreign market.

**Market capitalization.** Market capitalization reflects the current market price of an exchange-listed company.

**Net financial debt.** Interest-bearing liabilities less interest-earning assets.

**Purchase price allocation (ppa).** Within the scope of the acquisition of a company, the purchase price is allocated to the assets and liabilities of the acquired enterprise, which are then assigned fair values and recognized in the Group's consolidated financial statements.

**Rating.** An evaluation of the credit quality of a company recognized on international capital markets.

**Return on equity.** ROE is the ratio between profit for the period and equity as recorded in the previous period.

**ROCE (return on capital employed).** ROCE is the ratio of EBIT to average capital employed (until business year 2008/09, EBIT to capital employed), that is, profit generated by the capital invested.

**Share capital.** The minimum capital requirement to be contributed by the shareholders for shares when establishing a stock corporation or limited partnership; it is issued in shares and constitutes a part of equity.

**Volatility.** The degree of fluctuation in stock prices and currency exchange rates or in prices of consumer goods in comparison to the market.

**Weighted average cost of capital (WACC).** Average capital costs for both borrowed capital and equity.

## Contact & Imprint

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