Letter to Shareholders
1st – 3rd Quarter 2011/12

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ONE STEP AHEAD.

voestalpine Group Key Figures

Q 1 – Q 3 2010/11 vs. Q 1 – Q 3 2011/12

In millions of euros	**Q 1 – Q 3 2010/11** 04/01– 12/31/2010	**Q 1 – Q 3 2011/12** 04/01– 12/31/2011	Change in %
Revenue	7,936.6	8,877.2	11.9
EBITDA	1,107.0	1,118.0	1.0
EBITDA margin	13.9%	12.6%	
EBIT	658.2	676.4	2.8
EBIT margin	8.3%	7.6%	
Profit before tax	514.9	533.8	3.7
Profit for the period[1]	400.3	411.4	2.8
Earnings per share (euros)	2.02	2.09	3.5
Investments	276.1	353.8	28.1
Depreciation	448.9	441.5	–1.6
Capital employed	8,066.8	8,456.9	4.8
Equity	4,553.4	4,873.9	7.0
Net financial debt	2,977.4	2,989.4	0.4
Net financial debt in % of equity	65.4%	61.3%	
Employees (excl. temporary personnel and apprentices)	40,078	41,216	2.8

[1] Before non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

The year 2012 began differently than many of us had expected this past fall—namely with confidence, increasing optimism, and a restored trust in the future. Admittedly, we are speaking about the USA instead of Europe. The economy there has undergone amazing development over the last several months, giving itself a real "jolt," so to speak. And it is poised to restore faith in its own strengths, despite an ever increasing national debt and persistent high unemployment.

What is going on at the same time in Europe? The "Old World," by contrast, looks exactly like what it's called—old! Both politically and socially, Europe has been deadlocked; instead of inspiring courage and belief in the future, it fosters procrastination and doubt. When individual politicians attempt to take the initiative and find solutions, their actions are swiftly condemned as anti-democratic or as an attempt to dominate Europe. With globalization advancing at an ever accelerating pace, now more than ever Europe is challenged to find its own path, its own policy, explicitly and without debilitating compromises. Doing so demands leadership, management skills, and the implementation abilities—and above all, a grasp of feasibility and reality. In today's highly competitive times, there is little room for wistful dreams of utopia or extreme positions on issues like climate protection or resource efficiency. It is therefore crucial to find solutions swiftly that, on the one hand, foster the European social model that—by global comparison—is still humane and socially-oriented, and that, on the other hand, will not result in its failure because of global reality.

It is a fact that many European nations have long since passed the threshold of costs they could afford—and pass on to the population and to businesses through taxes and duties.
For decades, those companies that have remained consistently successful have pursued a regimen of "lean management" and permanent cost controls, in the interest of maintaining their competitive edge and, ultimately, protecting their existence over the long term. The more successful they are in doing so, the more desirable they are as employers, and the more secure their jobs.

Europe will have to get accustomed to "lean management," and so will the public sector, even if many still want to resist it. There are no alternatives unless we want to call into question our standard of living, our social order and, ultimately, our future. Living on credit no longer works—not in our private lives, not in the business world, and not in the public sector.

Linz, February 15, 2012

The Management Board

Wolfgang Eder   Franz Hirschmanner   Franz Kainersdorfer

Robert Ottel   Franz Rotter   Wolfgang Spreitzer

Highlights

- Business performance and operating results for the voestalpine Group during the first nine months of the business year 2011/12 affected by an ambivalent economic environment.

- Quarterly tightening of the economic parameters as consequence of the escalating debt and financial market crisis, and successive retractions in global growth expectations.

- Notwithstanding, demand in the automobile, mechanical engineering, energy and aviation industries, which are important to the voestalpine Group, remains stable and at a satisfactory level. Weak ordering activity in the consumer goods, white goods and particularly the construction industries.

- Despite the challenging environment during the third quarter of the business year, development in the processing divisions (Special Steel, Railway Systems, Profilform and Automotive) largely stable, the Steel Division significantly impacted by a short-term, cyclical contraction.

- A slump in demand resulting from fears of recession together with significant falls in raw materials prices and massive stock disposal during the last quarter of 2011 leads to capacity utilization problems and sharply falling steel prices throughout Europe.

- Nevertheless, during the first nine months of the business year 2011/12 voestalpine Group managed to exceed the previous year's figures in revenue and all reporting categories.

- Boost in revenue by 11.9% from EUR 7,936.6 million to EUR 8,877.2 million.
- Improvement of EBITDA by 1.0% from EUR 1,107.0 million to EUR 1,118.0 million, and EBIT by 2.8% from EUR 658.2 million to EUR 676.4 million.
- Increase in net income of 2.8% from EUR 400.3 million to EUR 411.4 million.
- Rise in equity by 7.0% from EUR 4,553.4 million to EUR 4,873.9 million per December 31, 2011.
- Net financial debt stable at EUR 2,989.4 million (EUR 2,977.4 million per December 31, 2010).
- Gearing (net financial debt as a percentage of equity) reduced from 65.4% to 61.3% over the previous year, but largely unchanged over the previous quarter (60.9%) despite build-up of the winter stock of raw materials.
- As of December 31, 2011, compared to the beginning of the business year the number of core employees (excluding temporary personnel and apprentices) up by 516 employees to 41,216. In the same period, the total workforce (core staff, temporary personnel, apprentices) increases from 46,066 to 46,468 employees.

Interim Management Report

Market environment

The market environment of the business year 2011/12 proved to be exceedingly irregular and therefore extremely challenging overall. After an economically powerful start, market conditions began to deteriorate in summer 2011, primarily as a result of the turbulence in the international stock exchanges and the financial markets.

This circumstance was triggered by the consistently worsening national debt crises in the USA, and in the eurozone in particular, and the feared impact on the global economy. As a further consequence, growth expectations projected for 2012 gradually had to be revised downward in practically all economic regions, and as direct impact of the escalating insecurity, consumer behavior became even more cautious—to a varying extent, depending on region and industry.

Nonetheless, it is important to note that, the customer industries most important to the voestalpine Group in terms of sales have developed in a predominantly stable manner and at a good level over the entire first three business quarters. This applies first and foremost to the automobile industry (especially in Germany), mechanical engineering, the energy segment in the oil and gas exploration sectors, railroad infrastructure, and the aviation industry—all industries in which 2011 was characterized by consistently dynamic market development.

By contrast, the demand from the white goods and consumer goods segments and the Steel Service Center remained markedly weaker since the summer. The construction industry tended to remain at the same weak level, with few prospects for recovery; initial signs of recovery in East Europe in spring 2011 have not yet solidified there over the course of the year.

Based on the largely positive development of the most important customer industries, the processing divisions at the voestalpine Group (Special Steel, Railway Systems, Profilform, and Automotive) were mostly able to sustain the excellent sales and earnings level from the summer quarter, and as a result, achieved an essentially stable overall performance in the first nine months of the business year 2011/12.

By contrast, as a direct consequence of the uncertain macroeconomic environment after summer 2011, a massive inventory reduction took place in the steel industry, which was tied to the purchasing restraint exhibited by customers; this exerted massive pressure, initially on volumes, and then on steel prices as well, both in Europe and globally. In response to this development, the European steel industry took relatively swift action by cutting production—even voestalpine AG lowered volumes to around 90% of available

capacities at its Linz site—but the industry was unable to put a stop to price deterioration, because in the same time period, raw materials prices (first and foremost for ore and coal) likewise fell substantially, thereby triggering additional downward price pressures.
The downward spiral caused by purchasing restraint and price declines came to a halt at the beginning of calendar year 2012, so that in the third quarter of business year 2011/12, in contrast to the processing divisions, the Steel Division had to absorb a marked downturn in operating results compared to the summer.

Business performance of the voestalpine Group

Despite the overall very challenging economic environment, in the first three quarters of the business year 2011/12, the voestalpine Group was able to exceed the comparison values of the previous year, both in revenue and in all reporting categories. Revenue, driven by growth in all divisions, increased by 11.9% from EUR 7,936.6 million to EUR 8,877.2 million. In terms of operating result, EBITDA increased by 1.0%, rising from EUR 1,107.0 million to EUR 1,118.0 million when compared to the first nine months of the previous year, while EBIT rose by 2.8% from EUR 658.2 million to EUR 676.4 million. This equates to an EBITDA margin of 12.6% and an EBIT margin of 7.6% for this period. Due to the above average rise in revenue, margins were slightly below the level of the first nine months of the last business year (EBITDA margin 13.9%, EBIT margin 8.3%).

Cumulatively, the overall positive development was mainly established in the first half of the year, whereas in the third quarter, while revenue held at virtually the same level (EUR 2,899.5 million as opposed to EUR 2,926.2 million in the preceding quarter), earnings were shown to be markedly lower, due to the economic climate. The stable development of the processing divisions was unable to compensate for the collapse in earnings in the Steel Division; however it markedly subdued the impact on the Group's earnings level. Specifically, in the third quarter 2011/12, this resulted in a decline in EBITDA compared to the immediately preceding quarter (EUR 361.3 million) by 18.7% to EUR 293.8 million (EBITDA margin: 10.1%), and a falling EBIT (EBIT margin: 5.0%) by 32.2%, from EUR 213.8 million to EUR 145.0 million.

In a nine-month comparison, both profit before tax increased again (by 3.7%, from EUR 514.9 million to EUR 533.8 million) as well as profit for the period (net income) (by 2.8%, from EUR 400.3 million to EUR 411.4 million) when compared to the previous year.

Accordingly, a comparison of the same period of the previous year with the first three quarters of the business year 2011/12 indicates an increase in equity by 7.0%, from EUR 4,553.4 million to EUR 4,873.9 million. Net financial debt remained nearly unchanged, at EUR 2,989.4 million over the previous year (EUR 2,977.4 million). This resulted in a reduction of the gearing ratio (net financial debt as a percentage of equity) as of December 31, 2011 by 4.1 percentage points compared to the previous year's figure, from 65.4% to 61.3%.

Due to the production cutback in the third quarter of the business year in the Steel Division, raw steel production of the voestalpine Group showed a slightly downward trend in the first three quarters of 2011/12 compared to the previous year. While production continued at the highest level during both of the first two quarters (despite the renovation work at the hot strip mill in Linz), a downward trend in raw steel volume resulted for the nine-month reporting period compared to the previous year, by 1.4% from 5.71 million tons to 5.63 million tons.

Comparison of the quarterly and nine-month figures of the voestalpine Group

In millions of euros				Q 1 – Q 3		
	Q 1 2011/12 04/01–06/30/2011	Q 2 2011/12 07/01–09/30/2011	Q 3 2011/12 10/01–12/31/2011	2010/11 04/01–12/31/2010	2011/12 04/01–12/31/2011	Change in %
Revenue	3,051.5	2,926.2	2,899.5	7,936.6	8,877.2	11.9
EBITDA	462.9	361.3	293.8	1,107.0	1,118.0	1.0
EBITDA margin	15.2%	12.3%	10.1%	13.9%	12.6%	
EBIT	317.6	213.8	145.0	658.2	676.4	2.8
EBIT margin	10.4%	7.3%	5.0%	8.3%	7.6%	
Employees (excl. temporary personnel and apprentices)	40,939	41,168	41,216	40,078	41,216	2.8

Steel Division[1]

In millions of euros				Q 1 – Q 3		
	Q 1 2011/12 04/01– 06/30/2011	Q 2 2011/12 07/01– 09/30/2011	Q 3 2011/12 10/01– 12/31/2011	2010/11 04/01– 12/31/2010	2011/12 04/01– 12/31/2011	Change in %
Revenue	1,038.3	978.1	995.2	2,741.1	3,011.6	9.9
EBITDA	155.9	116.1	68.2	414.8	340.2	–18.0
EBITDA margin	15.0%	11.9%	6.9%	15.1%	11.3%	
EBIT	101.3	59.8	9.9	250.0	171.0	–31.6
EBIT margin	9.8%	6.1%	1.0%	9.1%	5.7%	
Employees (excl. temporary personnel and apprentices)	9,544	9,499	9,516	9,456	9,516	0.6

Market environment and business development

The European steel market was characterized by intense pressure on volume and pricing in the last three months of calendar year 2011. Declining global prices for raw materials and softened demand resulting from broad economic uncertainty led to overproduction and a considerable deterioration in prices on all fronts. As a consequence, European steel manufacturers have adjusted their production capacities to the diminished demand. Since lower prices for raw materials barely had an impact on costs due to extensive inventories in the last calendar quarter of 2011, while at the same time, price losses had to be absorbed in the spot market and short-term transactions business, this triggered additional pressure on margins during this period.
In the first nine months of business year 2011/12, the automobile and automotive supplier industry experienced very stable development at a high level, primarily in the premium segment, whereas a mild weakening occurred in volume segment and in the commercial vehicle sector, foremost toward the end of the reporting period.
The European—and especially German—mechanical engineering industry likewise experienced very solid progress over the entire year 2011.
In the energy sector—vital to the heavy plate business segment—the conventional sector (oil, gas) continued to exhibit very robust momentum, especially in Australia, Brazil, and the Middle East. The foundries remained vigorously utilized over the past few months, while the Steel Service Center and pre-processing business segments, which tended to deteriorate in the summer of 2011, have since returned to stable performance, albeit at a low level.
Since spring 2011, the white goods industry in Europe has been contending with increased competition, primarily from Asian imports.
The weakness of the business cycle in the construction and construction supplier industry continues unabated.

Development of the key figures

In the first nine months of the business year 2011/12, the Steel Division—despite deteriorating delivery volumes due to the (scheduled) shutdown of the hot rolling mill in the second quarter, and the generally strained demand situation in the third quarter—increased its revenue by just under 10% compared to the first three quarters of the previous year, from EUR 2,741.1 million to EUR 3,011.6 million. The most significant factors for this included, first and foremost, price increases resulting from the sharply rising costs of certain

[1] Since April 1, 2011, the two subsidiaries voestalpine Rohstoffbeschaffungs GmbH and Importkohle Gesellschaft m.b.H are no longer being managed and reported within the Steel Division. In these interim consolidated financial statements, the two entities were allocated to the operating segment Other. The preceding year's comparative figures were adjusted accordingly.

raw materials at the beginning of the current business year. The development of the operating result nonetheless remains clearly in decline when compared to the previous year. The generally challenging economic environment since summer 2011 led to a deterioration of EBIT by 31.6%, from EUR 250.0 million to EUR 171.0 million.

While revenue in the third quarter was slightly above the immediately preceding quarter (+1.7%, rising from EUR 978.1 million to EUR 995.2 million) due to an approximately 5% higher delivery volume related to inventory reductions, the Steel Division's EBIT slumped from the second quarter to the third quarter. Beside lower raw steel production, negative effects were also caused by the delayed impact of raw materials costs—which have been on the decline since September 2011—while simultaneously, steel prices for short-term transactions have already been noticeably lower. As a consequence, when compared to the preceding quarter, profits from operations dropped by 83.4% in the third quarter, from EUR 59.8 million to EUR 9.9 million.
As of December 31, 2011, the Steel Division had 9,516 employees on its roster, which represents an increase in the number of core personnel by 0.6%, or 60 employees, compared to the previous year (9,456).

Special Steel Division

In millions of euros	Q 1 2011/12 04/01–06/30/2011	Q 2 2011/12 07/01–09/30/2011	Q 3 2011/12 10/01–12/31/2011	Q 1–Q 3 2010/11 04/01–12/31/2010	Q 1–Q 3 2011/12 04/01–12/31/2011	Change in %
Revenue	750.7	713.0	701.9	1,895.1	2,165.6	14.3
EBITDA	120.6	97.1	93.4	247.9	311.1	25.5
EBITDA margin	16.1%	13.6%	13.3%	13.1%	14.4%	
EBIT	82.7	59.0	55.1	126.3	196.8	55.8
EBIT margin	11.0%	8.3%	7.8%	6.7%	9.1%	
Employees (excl. temporary personnel and apprentices)	11,443	11,502	11,417	11,207	11,417	1.9

Market environment and business development

Business performance in the Special Steel Division slowed down somewhat in the last two quarters compared to the beginning of the year, due to growing economic uncertainty and the consequent tendency of customers to exercise restraint in purchasing; however, the volume of incoming orders remained generally unchanged and at a good level.
The quite favorable overall performance of the Special Steel Division during the entire first nine months of the current business year was driven by the automobile, mechanical engineering, oil and gas exploration, consumer goods production, and aviation sectors, while the energy equipment sector continued to perform at just a moderate level of demand.
From a geographic perspective, the need for special steel and special steel production in all core regions was unabated, and Germany in particular, the single most important market for the division, proved to be extremely robust. In most European countries, in North and South America, and in Asia, no significant weakening could be identified for the entire nine-month period in

general, despite a certain degree of purchasing restraint. Overheated demand in a few markets at the beginning of the year has returned to normal levels over the past few months.
All told, capacity utilization at the production facilities of the Special Steel Division remains quite satisfactory, including the third quarter. Incoming orders and the level of orders booked in the first three quarters of 2011/12 continuously surpassed the comparison values from the previous year.

Development of the key figures

Based on the overall positive market environment, the Special Steel Division experienced marked expansion in the first nine months of the business year 2011/12 compared to the previous year, both in revenue and in earnings. Increases in sales volumes in both the high performance metals and special forgings business segments, together with a general escalation of the base price for special steel, caused revenues to soar by 14.3%, rising from EUR 1,895.1 million to EUR 2,165.6 million. Even more significant was the improvement of EBIT, which climbed by more than half (55.8%), from EUR 126.3 million to EUR 196.8 million.
A comparison of the third quarter with the immediately preceding quarter indicates that the Special Steel Division experienced a marginal downturn in revenue of 1.6%, from EUR 713.0 million to EUR 701.9 million, despite raw steel production remaining virtually unchanged and delivery volumes declining only slightly. For this same reason, EBIT in the third quarter also receded somewhat, declining 6.6% from the second quarter (EUR 59.0 million) to EUR 55.1 million.
As of December 31, 2011, the Special Steel Division had 11,417 employees. Compared to the previous year (11,207 employees), this corresponds to a production-based increase in core personnel of 1.9%, or 210 employees.

Railway Systems Division

In millions of euros				Q 1 – Q 3		
	Q 1 2011/12 04/01–06/30/2011	Q 2 2011/12 07/01–09/30/2011	Q 3 2011/12 10/01–12/31/2011	2010/11 04/01–12/31/2010	2011/12 04/01–12/31/2011	Change in %
Revenue	752.8	751.6	724.1	2,031.9	2,228.5	9.7
EBITDA	120.7	108.2	91.2	291.8	320.1	9.7
EBITDA margin	16.0%	14.4%	12.6%	14.4%	14.4%	
EBIT	92.2	79.7	63.3	207.4	235.2	13.4
EBIT margin	12.2%	10.6%	8.7%	10.2%	10.6%	
Employees (excl. temporary personnel and apprentices)	10,197	10,267	10,332	9,948	10,332	3.9

Market environment and business development

In the first nine months of business year 2011/12, the economic environment of the Railway Systems Division in general remained favorable, though it weakened slightly over the course of the third quarter.
The rail technology business segment was confronted with seasonal declines in delivery volumes, in addition to the ever intensifying competition for standard qualities, with overcapacities and persistent price deterioration. Rail production at the Duisburg site in particular was affected because this development forced it to contend

with considerable capacity utilization problems. By contrast, the situation of the premium quality grades proved to be markedly better at the Donawitz site, where the demand remained at a stable and high level.
The continuing excellent development in the turnout technology segment was driven both by the European core markets as well as the sustained momentum in Asia and South America, although in China, investments in railway infrastructure have declined since summer 2011. Due to continuing tensions around the public budget situation in Southern Europe, the momentum toward growth generally continues to be stymied.
In the first nine months of the current business year, the economic environment in the wire segment—driven by excellent demand from the export-oriented German automotive industry—and the welding technology (welding consumables) segment continue to remain positive and stable. The unceasingly robust investment activity in the oil and gas exploration segment once again led to an excellent development of demand and earnings in the seamless tubes business segment.

Development of the key figures

In comparison to the same period of the previous year, the Railway Systems Division successfully achieved slight growth in revenue and earnings in the first three quarters of 2011/12. Specifically, revenue climbed almost 10%, from EUR 2,031.9 million to EUR 2,228.5 million; EBIT rose in excess of 13%, expanding from EUR 207.4 million to EUR 235.2 million. Due to the overall higher price level, which is attributed primarily to the positive development in demand in the wire and welding technology business segments and the superb economic environment for seamless tubes, the division was able to compensate for the consequences of the marked decline in volumes for standard rails. Apart from this segment, capacity utilization for the Division remained at a stable and high level. When contrasted with the immediately preceding quarter, the third quarter of the business year resulted in a 3.7 percent sales decline, from EUR 751.6 million to EUR 724.1 million, which was primarily attributed to seasonal effects. In the same period, EBIT dropped by 20.6 percent, from EUR 79.7 million to EUR 63.3 million, which—with the exception of seamless tubes—was caused by downward trending price levels triggered by the reduction in raw materials costs, though at the same time, raw materials costs remained high due to inventory coverage.
As of December 31, 2011, there were 10,332 employees in the Railway Systems Division; this figure represents a 3.9% increase, or 384 employees added to total core personnel when compared to last year's reporting date (9,948 employees). This increase is largely related to acquisitions.

Profilform Division

In millions of euros				Q 1 – Q 3		
	Q 1 2011/12 04/01– 06/30/2011	Q 2 2011/12 07/01– 09/30/2011	Q 3 2011/12 10/01– 12/31/2011	2010/11 04/01– 12/31/2010	2011/12 04/01– 12/31/2011	Change in %
Revenue	329.6	302.4	295.1	831.9	927.1	11.4
EBITDA	51.2	33.2	36.7	115.4	121.1	4.9
EBITDA margin	15.5%	11.0%	12.4%	13.9%	13.1%	
EBIT	41.1	23.1	26.7	83.6	90.9	8.7
EBIT margin	12.5%	7.6%	9.0%	10.0%	9.8%	
Employees (excl. temporary personnel and apprentices)	4,232	4,260	4,244	4,144	4,244	2.4

Market environment and business development

Despite the challenging macroeconomic environment, market development in the customer segments of significance to the Profilform Division progressed in a thoroughly satisfactory manner in the third quarter of the business year 2011/12.

Thus, the tubes and sections business segment reported steady demand in this period, albeit at a slightly lower level than in the preceding quarter; this was basically attributed to rather attenuated dealer demand in the standard segment. For quite some time now, demand from the construction and construction supply industries continues to be restrained, whereas the commercial vehicles and agricultural machinery industries, as well as the solar industry, were able to continue their positive progress from the prior reporting periods.

In the precision strip business segment, the stable demand since last summer continued at a favorable pace.

During the past quarter, the storage technology sector was characterized by ongoing favorable market development and a considerable increase in incoming orders.

From a regional perspective, the course of business in Western and Central Europe stabilized at a solid level, while Eastern Europe—and Russia in particular—continued to fall short of expectations due to the heavy dependence on the construction segment. Continuing positive signs with regard to demand came from the USA, first and foremost from the solar industry and cab construction.

Collectively, the production companies of the Profilform Division reported steady capacity utilization at a good level in the third quarter of the business year. Nonetheless, the decline in pre-materials costs triggered intensified price pressure during the course of the quarter.

Development of the key figures

In the first nine months of the business year 2011/12, the Profilform Division successfully augmented both its revenue and earnings positions in comparison to the previous year.

The rise in revenue by 11.4%, from EUR 831.9 million to EUR 927.1 million, was driven by all three business segments equally. Profit from operations (EBIT) improved by 8.7%, from EUR 83.6 million to EUR 90.9 million. Whereas the tubes and sections segment remained at nearly the same level as the previous year, the precision strip business sector already outpaced its very favorable comparison values. When compared to the previous year, the storage technology sector exhibited the strongest growth in percentages, albeit at a more modest level. The division's EBIT margin of 9.8% remained nearly unchanged in the first three quarters of 2011/12 when compared to the previous year (10%).

Compared to the immediately preceding quarter, although revenue declined slightly (by 2.4%, from EUR 302.4 million to EUR 295.1 million), there was a marked improvement in earnings (namely a 15.6% rise from EUR 23.1 million to EUR 26.7 million). While the storage technology and precision strip business segments expanded slightly in the third quarter, both in terms of revenue and earnings, earnings in the tubes and sections segment remained at the same level compared to the second quarter—despite delivery volumes that were approximately 5% lower.

As of December 31, 2011, the Profilform Division had 4,244 employees (excluding temporary personnel and apprentices). This corresponds to a marginal increase in the number of the core employees of 2.4%, or 100 employees, compared to the previous year (4,144).

Automotive Division

In millions of euros				Q 1 – Q 3		
	Q 1 2011/12 04/01–06/30/2011	Q 2 2011/12 07/01–09/30/2011	Q 3 2011/12 10/01–12/31/2011	2010/11 04/01–12/31/2010	2011/12 04/01–12/31/2011	Change in %
Revenue	293.1	291.7	302.1	742.5	886.9	19.4
EBITDA	31.1	24.1	26.3	83.2	81.5	–2.0
EBITDA margin	10.6%	8.3%	8.7%	11.2%	9.2%	
EBIT	18.5	11.1	13.5	41.5	43.1	3.9
EBIT margin	6.3%	3.8%	4.5%	5.6%	4.9%	
Employees (excl. temporary personnel and apprentices)	4,863	4,978	5,036	4,658	5,036	8.1

Market environment and business development

Apart from the customary seasonal effects, in the Automotive Division the first three quarters of the business year 2011/12 were characterized by overall positive market development and outstanding capacity utilization.

The background of this favorable performance was an increase in the global automobile production during the calendar year 2011 by 6% over the previous year. Despite the palpable weakening during the period from October to December, there was still a 3% rise in production during the third quarter of the business year 2011/12 compared to the previous year's levels. German manufacturers benefited from such growth in the global automobile market, particularly those premium car makers who continue to be of crucial importance to the voestalpine Group.

A sustained uptrend was also seen in the commercial vehicle sector during 2011, even though the segment still could not reach pre-crisis levels and also experienced a distinct flattening over the last few months. The overall positive trend in the commercial vehicle sector is expected to carry on well into 2012, with additional growth specifically anticipated in the heavy trucks segment.

In the first nine months of the business year 2011/12, the non-automotive activities of the division—particularly the energy sector (solar/photovoltaic)—continued to develop quite favorably.

Development of the key figures

In the first three quarters of the current business year, the Automotive Division achieved gains in both revenue and earnings when compared to the first nine months of 2010/11. Revenue soared 19.4%, rising from EUR 742.5 million to EUR 886.9 million. EBIT improved—despite higher pre-material costs—by 3.9%, from EUR 41.5 million to EUR 43.1 million.

In the third quarter of 2011/12, the Division also reported an advance in revenue and income from operations when directly compared with the immediately preceding quarter; a slight rise in revenue of 3.6% (from EUR 291.7 million to EUR 302.1 million) was also accompanied by a strong 21.6% gain in EBIT during this period (from EUR 11.1 million to EUR 13.5 million).

As of December 31, 2011, the Automotive Division had 5,036 employees (excluding temporary personnel and apprentices). When compared to the previous year (4,658) the number of core employees increased (for reasons related to production and utilization capacity) by 378 workers, or 8.1%.

Streamlining the Corporate Structure

To support and reinforce the long-term growth strategy, in December 2011 the Supervisory Board of voestalpine AG unanimously set the course for a partial reorganization of the Group. The hitherto separately managed Automotive and Profilform divisions will soon be merged into one division. This merger will be accompanied by a change to the Management Board, in preparation for quite some time already, whereby Dipl-Ing. Herbert Eibensteiner will take over the management of the new division, and in this capacity, will succeed Mag. Wolfgang Spreitzer (former head, Profilform Division) and Dipl.-Ing. Franz Hirschmanner (former head, Automotive Division).

In accordance with the resolution of the Supervisory Board, the organizational and personnel changes take effect at the start of the 2012/13 business year, i.e., as of April 1, 2012. In the future, the powers of the Group will thus no longer be bundled into five divisions that vary greatly in size, but instead into four divisions of nearly equivalent size.
In addition to the concentration of know-how as well as research and development activities—particularly in the area of cold forming of high and ultrahigh tensile strength and non-ferrous metals—this change will lead to a substantially more efficient and comprehensive delivery of standard support to important customer segments, particularly in the automotive industry and the energy sector. The new division can additionally count on the global presence of the former Profilform Division when implementing its internationalization strategy in the automotive business.

Squeeze-out BÖHLER-UDDEHOLM AG – review of the cash settlement

On November 24, 2011 an agreement was reached in the review procedure of the cash settlement to non-controlling shareholders of BÖHLER-UDDEHOLM AG pending with the Commercial Court of Vienna. This settlement obliges voestalpine AG to make a supplementary payment of EUR 6.50 per share, including 5.19% interest dated from June 24, 2008 (date of the squeeze-out resolution at the BÖHLER-UDDEHOLM AG Annual General Meeting). Furthermore, voestalpine AG is obliged to pay the applicant's process costs and legal fees. The settlement comes into effect after authorization by the Commercial Court of Vienna which had not yet occurred at the time of reporting.
Almost all the reserves necessary to cover the overall cost of the cash settlement had already been set aside during the last quarter. The base amount was charged directly in equity. Interests associated with the supplementary payment are reported as expenses in the income statement.

Antitrust proceedings relative to railway superstructure material

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

Business transactions with associated companies or parties

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

Investments

The investment activity of the voestalpine Group in 2011/12 presented a considerably more dynamic picture than in the previous year: In the first three quarters of the current business year, the investment volume expanded by 28.1%—a development driven by increased investments in all divisions—rising from EUR 276.1 million to EUR 353.8 million.

The greatest increase—in absolute numbers, compared with the previous year—was seen in the Steel Division, which expanded its investments by 23.9% from EUR 113.3 million to EUR 140.4 million (this corresponds to roughly 40% of the consolidated volume). This development is attributed foremost to the near completion of the comprehensive "L6" investment program at the main site in Linz; this program aims for the long-term development of new product types and qualities. The re-commissioning of the thoroughly renovated hot rolling mill, which has been expanded both with regard to its capacity and spectrum, as well as the new continuous casting facility 7, was completed in summer 2011. Following these accomplishments, other measures are currently proceeding on schedule: the completion of a new melting pot gas holder; the installation of an additional pusher-type furnace in heavy plate production, and a DeNOx system on the sintering band. Furthermore, construction activities commenced in the third quarter 2011/12 for the new continuous annealing line 2 (focus on electrical steel strip).
In addition, substantial investment plans in pre-processing, Steel Service Center and foundries have been and are being realized according to schedule in each segment.

The Special Steel Division increased its investments in the first nine months of the current business year from EUR 53.2 million to EUR 63.5 million. This increase of 19.4% resulted from the accelerated implementation of measures aimed at removing production capacity bottlenecks and at shortening throughput times in production, especially for aggregates for production of electro-slag remelted grades (ESR) and powder-metallurgical steels. Thus, at the site in Kapfenberg, Austria, an investment project scheduled for two years is being realized with a volume of roughly EUR 16 million. Among other things, this project entails the building of a new production facility, installation of a second HIP-process (hot-isostatic press) and expansion of melting and atomization capacities by modifying the systems configuration accordingly.

With a 22.0% increase, from EUR 54.9 million to EUR 67.0 million, the Railway Systems Division clearly surpassed the investment volume from the preceding year. Now that the major projects already described in detail in recent publications have been successfully launched and are fully operational, the division currently has an array of smaller projects that are underway as scheduled.

In the first three quarters of the current business year, the Profilform Division expended EUR 39.2 million for investment purposes, which represents a 7.4% increase over the previous year's figure (EUR 36.5 million). The greater part of this figure was applied to the scheduled implementation of the major investment project in the precision strip business segment at the site in Kematen, Lower Austria. The initial expansion stage (consisting of rolling equipment, slitting lines as well as annealing plant and flexible belt equipment) had already been completed with the successful launch of the main aggregates.

The Automotive Division exhibited by far the most substantial growth in investments, increasing by 149.3% over the previous year. The division augmented its investments from EUR 14.8 million to EUR 36.9 million. In addition to minor updates to machines for the manufacture of precision tube components, the focus was mainly on developing the production of stamped components at the existing divisional site in Linz and making the necessary investments in press facilities, including the requisite infrastructure.

Acquisitions

As already presented in detail in previous letters to shareholders with regard to the current business year, thus far two smaller and yet strategically significant acquisitions were transacted in Germany and in the Netherlands (each for the Railway Systems Division).
The voestalpine Group has made no other acquisitions or divestments during the course of the 2011/12 business year thus far.

Employees

By the end of the third quarter of 2011/12, the voestalpine Group had 41,216 employees (excluding temporary personnel and apprentices). This represents a 2.8% increase to the number of core staff, or 1,138 employees, when compared to the previous year (40,078).

As of December 31, 2011, there were an additional 3,649 employees who worked as temporary personnel, which represents an increase of 12.7%, or 412 employees, more than on the same reporting date for the previous year (3,237).
Furthermore, at the end of the third quarter, 1,603 apprentices were in training worldwide; thus the level of apprentices remained almost unchanged compared to the past business year (1,648).

As of December 31, 2011, the voestalpine Group had a total workforce of 46,468 employees (core staff, temporary personnel, and apprentices). This is around 3.3%, or 1,505 persons, above the comparative value for the previous year.

Research and development

The research and development activities at the voestalpine Group are directed toward the development of innovative complete solutions, with a focus on optimizing benefits to the customer while simultaneously lowering overall lifecycle costs.
In this respect, the best possible utilization and networking of the competencies that exist within the entire corporate group is a key factor. So, for example, materials development is always closely tied to the engineering of processing technologies (such as forming and various joining processes) as well as suitable tool steel qualities and welding consumables.

In addition to intensive fundamental research, which is propelled by a multitude of national and international partners, additional efficiency improvements—to an R&D organization that already operates at a very high level—are also advancing at a steady pace. The "Synergy Platform," the Group-wide researcher conference, was held in early fall 2011 for the fifth time. This time, the event, which is directed primarily toward an exchange of information and experience and includes experts from outside the Group, addressed the topic of "numeric simulation," a vital issue for both materials and process development.

When it comes to superior product and process innovations of the recent past, one particularly noteworthy achievement is "phs-ultraform®" technology, which—though only recently demonstrating tremendous success in the market for so-called "indirect" processing—has once again undergone decisive further development. The technology involves a special hot-dip galvanized auto body steel that can now be formed through the new process known as "direct press-hardening." The components are initially cold-pressed before going through a subsequent step where they are heated to 900 degrees Celsius, and then cooled down to 70 degrees within seconds—and thereby hardened. The corrosion-protected components manufactured through this process are both remarkably stronger and substantially lighter. As a result, this new technology plays an important role in lowering fuel consumption while at the same time significantly increasing passenger safety. Thus, the raw material steel shows the way forward, successfully meeting the challenge posed by its rivals, alternative materials like aluminum and carbon.

Environment

A series of highly sensitive environmental projects are entering their decisive phase, both on the European level and globally. By far, the most significant topic at the European level—and doubtlessly the most sensitive when it comes to the future of energy-intensive industries in Europe—is the "Roadmap 2050" that was outlined by the European Commission. The Roadmap envisions primarily carbon-free energy production and real economy in Europe at this point. The exact delineation of the path to reduction in order to achieve this goal is still pending, as is the sector-level evaluation. The European steel association EUROFER will participate in a commensurate manner within the opinion-making process regarding this matter.

The allocation mechanism for CO_2-emissions certificate trading, which identifies uniform, EU-wide benchmarks for the period from 2013 to 2020 and which was passed by the respective EU bodies, is currently being implemented throughout the EU as national law. However, this provision is being contested by the European steel association EUROFER and a number of its member companies. In July last year, the relevant complaints, specifically those against emissions regulations that cannot be achieved with today's technical capabilities, were filed with the European Court of Justice. At present, no specific date for a Court ruling is anticipated in the foreseeable future.

At the UN Global Climate Conference in Durban at the beginning of December 2011, there was a failure to achieve a comprehensive and legally binding global treaty on future climate protection. Instead of establishing standardized and fair international framework conditions, conference participants only succeeded in initiating a process for developing a binding agreement by 2015 that would take effect in 2020. It should also be noted here that the parties (governments) merely agreed on their common "intention" to sign a relevant treaty by no later than 2015. Moreover, it remains to be seen if such a treaty will stipulate binding emissions threshold values for all parties. Given this non-binding outcome of the conference, it appears that the European Commission failed in its strategy to commit to another Kyoto period in exchange for all other world regions acceding to a binding treaty by 2015. The Commission merely succeeded in prolonging the status quo of the Kyoto Protocol until at least 2018, and probably even until 2020, and in holding out the prospect of concluding a legally binding treaty by 2015.

Based on the European REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), since the end of 2010, the evaluation of all roughly 25,000 submitted registrations has been carried out by the European Chemicals Agency. The approval procedure to authorize substances is gaining increasing significance; once a substance has been included in the approval procedure, in the long term it must be substituted with a suitable alternative, and until such time, the substance may be used only if it has a valid substance approval. This affects particularly hazardous substances, for example, carcinogenic substances. By introducing the approval procedure in phases, the potential impact on affected substances must be monitored on a continuous basis. At the same time, additional action may be taken, if necessary, as part of the revision of the REACH regulation, which is scheduled to run until June 1, 2012.

The focus of the Industry Emissions Guideline (2010/75/EU) that took effect in January 2011 is on a Europe-wide standardization of the threshold values for industry facilities and measures to be taken. In the future, they will be codified in the European Commission's BAT (best available techniques) conclusions with regard to the best available techniques in terms of environmental technology in the iron and steel industry, which in turn are derived from the so-called BREFs (best available technique reference documents), part of which are currently still being revised. The publication of the iron and steel BREF and the binding conclusions for coking plants, sintering facilities, blast furnaces as well as oxygen-blown and electric furnace steel plants will presumably transpire over the course of 2012; implementation throughout Europe must be completed within four years. At the voestalpine Group, the relevant plants and facilities are currently being checked to identify any need for adjustments so that the necessary measures and modifications can be planned and realized in a timely manner for implementation of the IED requirements.

In the course of the business year 2011/12 thus far, a number of environmentally relevant measures have been implemented at individual Group locations that continue the sustainable improvement of the standards of the voestalpine Group—which are already higher than average in an international comparative analysis—in the areas of energy and raw materials efficiency, reduction of air and water emissions as well as recycling and the reduction of the amount of waste generated. For further information, we refer the reader to the detailed presentation of the individual projects in the letter to shareholders on the first half of 2011/12.

Outlook

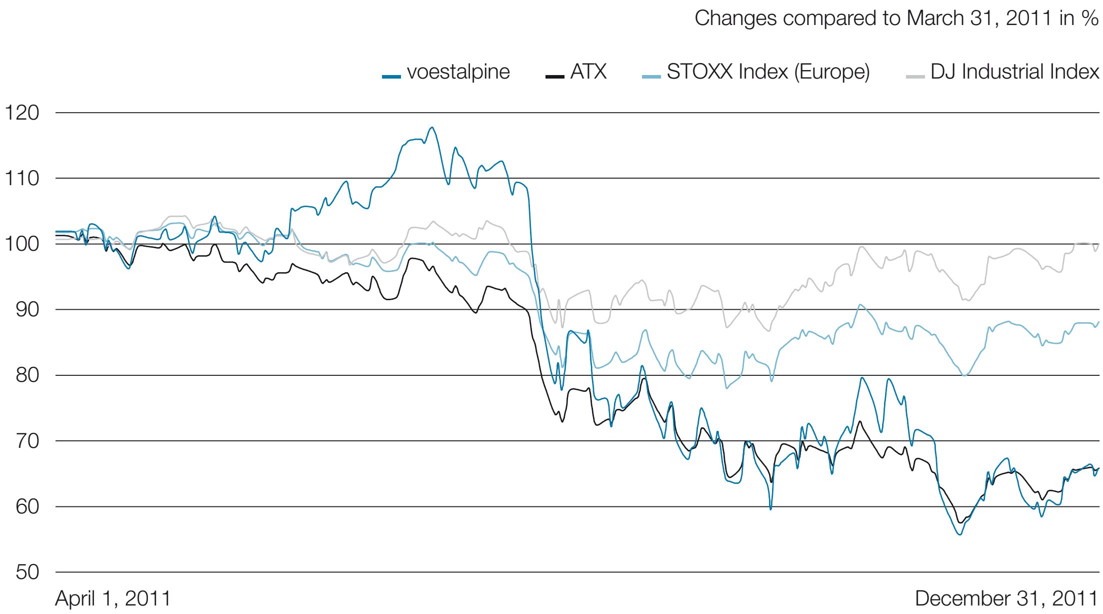
In the Letter to Shareholders of November 2011 on the first half of the current business year, we expressed the expectation that a certain stabilization of economic development in Europe would accompany the changes of the government in Italy and Greece, as well as the European Union's resolutions on expanding the EU "rescue parachute," and the more restrictive rules tied to the requisite budgetary discipline of the member states. This expectation has largely been met. In the meantime, the discussion has turned away from a return of the "crisis" in the form of a "double dip" recession; indeed, the recession anticipated for Europe should be limited.

Nonetheless, the third quarter of the current business year (fourth calendar quarter of 2011) was characterized by extremely cautious customer behavior primarily in the Steel Division, with the corresponding effects both on demand and on prices. This development, which is difficult in and of itself, was further escalated by highly volatile ore and coal prices. By contrast, all four processing divisions have remained largely stable. Overall, the cyclical cooling down period of the last nine months should have reached its nadir by the turn of the year 2011, even in the steel segment, since a recovery in demand, combined with the first price increases during the quarter, became noticeable at the beginning of the fourth quarter of the business year (the first calendar quarter of 2012). Indeed, this market revitalization should last until summer 2012 due to inventory cycle effects alone. The extent to which it will be supplanted by a self-supporting, more sustainable upswing essentially depends on whether the current economic recovery in the USA continues to gain momentum, business cycle development in China proceeds with reasonable stability in 2012, and Europe gets its debt problems under control. In any case, the processing divisions—as gauged by the Steel Division—are less vulnerable to the vicissitudes of the economic cycle; they shall continue to provide for a high earnings stability at the voestalpine Group, as a comparative analysis of the industry would indicate.

For the fourth quarter of the business year, based on the development in the first weeks of 2012 compared to the third quarter, a trend reversal in operating result has emerged. Thus, from today's perspective, the outlook for the year 2011/12 as a whole (without consideration to any one-time effects from the railway supplier segment) continues to remain largely unchanged when compared to the last quarterly report. This means that for 2011/12, a slightly weaker operating result compared to the previous year is anticipated.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

The price development of the voestalpine share during the first nine months of the business year 2011/12 was primarily affected by the slump in the international stock and financial markets in the summer of 2011. Not only was the share unable to exclude itself from the general downslide, but due to its rating as a cyclical paper, it was, instead, disproportionately impacted. Against this backdrop, during the first three quarters of the business year 2011/12 the share experienced an overall price drop of 35% (from EUR 33.13 to EUR 21.67). From its highest level, at the beginning of July (EUR 38.90), to its lowest value, at the end of November 2011 (EUR 18.38), the share even lost more than 50% of its value.

With this development, the voestalpine share has moved almost exactly in unison with Austria's leading share index ATX since the end of August 2011; the nine-month trend, from April to December 2011, is almost identical, with values dropping by a third.
In contrast, the performance of the Stoxx Index Europe and the Dow Jones Industrial Index during this period was disproportionately better.

Apart from a significantly more optimistic economic trend in the USA compared to that in Europe, the ATX's generally worse performance is also an indication that the Vienna Stock Exchange itself has become less attractive than other exchanges, the result of its still comparatively low liquidity, the strong weighting towards financial stocks and its involvement in Eastern Europe which is regarded increasingly critically by international investors.

It should be noted that, since the beginning of the year, the voestalpine share has recovered significantly and in January 2012 the share price rose substantially.

Bonds

Hybrid bond (2007–2014)

The hybrid bond was issued in October 2007 with a volume of EUR 1,000 million in order to refinance the acquisition of BÖHLER-UDDEHOLM AG. After the turbulence on the financial markets in the period since the fall of 2008, the bond price went down to 75 (% of the face value) by the end of the business year 2008/09. However, since April 2009 the price of the bond has recovered relatively quickly, so that by January 2010 it was again trading over 100 (% of the face value); as of the end of the third quarter of 2011/12 it had reached 102 (% of the face value).

Corporate bond 1 (2009–2013)

The corporate bond, which was issued in March 2009 at the height of the credit crisis in order to ensure liquidity (volume EUR 400 million, coupon rate 8.75%), has registered substantial price gains since being issued. Compared to the highest price of over 114 (% of the face value) in March 2010, toward the end of the third quarter of 2011/12, however, the bond price had fallen slightly and was trading at just over 106 (% 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. While the price of the bond, which is traded in the regulated over-the-counter market of the Vienna Stock Exchange, was still just under the issue price at the beginning of April, there were significant gains up to the end of December 2011. The closing price of the security on December 31, 2011 was at 103 (% of the face value).

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

- Bank of America/Merrill Lynch, London
- Barclays Capital, London
- BHF-BANK, Frankfurt
- CA Cheuvreux, Frankfurt/Paris
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Davy, Dublin
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- HSBC, London
- JP Morgan, London
- MainFirst, Frankfurt
- Nomura, London
- Raiffeisen Centrobank, Vienna
- Steubing, Frankfurt
- UBS, London.

Share information

Share capital	EUR 307,132,044.75 divided into 169,049,163 no-par value shares
Shares in proprietary possession as of December 31, 2011	299,728 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 2011 to December 2011	EUR 38.90
Share price low April 2011 to December 2011	EUR 18.38
Share price as of December 31, 2011	EUR 21.67
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of December 31, 2011*	EUR 3,656,800,256.45

* 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	EUR 27.39

Financial calendar 2011/12

Annual Report 2011/12	May 30, 2012
Annual General Meeting	July 4, 2012
Ex-dividend date	July 9, 2012
Dividend payment date	July 16, 2012
Letter to shareholders for the first quarter of 2012/13	August 7, 2012
Letter to shareholders for the second quarter of 2012/13	November 7, 2012

voestalpine AG

Financial data 12/31/2011

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2011	12/31/2011
A. Non-current assets		
Property, plant and equipment	4,371.4	4,308.6
Goodwill	1,419.5	1,421.8
Other intangible assets	379.9	337.8
Investments in associates	142.8	147.4
Other financial assets	158.7	161.1
Deferred tax assets	383.2	355.7
	6,855.5	**6,732.4**
B. Current assets		
Inventories	2,824.1	3,246.3
Trade and other receivables	1,709.8	1,635.4
Other financial assets	453.6	398.6
Cash and cash equivalents	1,233.4	426.9
	6,220.9	**5,707.2**
Total assets	**13,076.4**	**12,439.6**

In millions of euros

Equity and liabilities

	03/31/2011	12/31/2011
A. Equity		
Share capital	307.1	307.1
Capital reserves	421.1	405.7
Hybrid capital	992.1	992.1
Retained earnings and other reserves	2,897.5	3,099.5
Equity attributable to equity holders of the parent	**4,617.8**	**4,804.4**
Non-controlling interests	73.3	69.5
	4,691.1	**4,873.9**
B. Non-current liabilities		
Pensions and other employee obligations	833.2	834.1
Provisions	83.3	78.2
Deferred tax liabilities	237.0	259.4
Financial liabilities	3,070.5	2,617.2
	4,224.0	**3,788.9**
C. Current liabilities		
Provisions	402.1	415.9
Tax liabilities	134.7	101.7
Financial liabilities	1,427.9	1,313.5
Trade and other payables	2,196.6	1,945.7
	4,161.3	**3,776.8**
Total equity and liabilities	**13,076.4**	**12,439.6**

In millions of euros

Consolidated statement of cash flows

	04/01–12/31/2010	04/01–12/31/2011
Operating activities		
Profit for the period	400.3	411.4
Adjustments	399.9	445.8
Changes in working capital	–235.1	–563.7
Cash flows from operating activities	**565.1**	**293.5**
Cash flows from investing activities	**–204.2**	**–324.3**
Cash flows from financing activities	**–796.7**	**–774.4**
Net decrease/increase in cash and cash equivalents	**–435.8**	**–805.2**
Cash and cash equivalents, beginning of period	1,028.6	1,233.4
Net exchange differences	12.5	–1.3
Cash and cash equivalents, end of period	**605.3**	**426.9**

In millions of euros

Consolidated income statement

	04/01–12/31/2010	04/01–12/31/2011	10/01–12/31/2010	10/01–12/31/2011
Revenue	7,936.6	8,877.2	2,744.8	2,899.5
Cost of sales	–6,200.5	–7,065.1	–2,136.3	–2,367.5
Gross profit	**1,736.1**	**1,812.1**	**608.5**	**532.0**
Other operating income	235.2	260.7	68.9	92.7
Distribution costs	–708.2	–713.0	–240.3	–237.4
Administrative expenses	–403.0	–444.4	–137.9	–151.0
Other operating expenses	–201.9	–239.0	–55.2	–91.3
Profit from operations (EBIT)	**658.2**	**676.4**	**244.0**	**145.0**
Share of profit of associates	25.0	14.8	9.0	3.9
Finance income	40.9	68.0	12.2	17.8
Finance costs	–209.2	–225.4	–67.7	–76.2
Profit before tax (EBT)	**514.9**	**533.8**	**197.5**	**90.5**
Income tax	–114.6	–122.4	–46.9	–25.2
Profit for the period	**400.3**	**411.4**	**150.6**	**65.3**
Attributable to:				
Equity holders of the parent	340.3	352.9	131.2	46.4
Non-controlling interests	6.0	4.5	1.4	0.9
Share planned for hybrid capital owners	54.0	54.0	18.0	18.0
Diluted and basic earnings per share (euros)	**2.02**	**2.09**	**0.78**	**0.27**
Statement of comprehensive income:				
Profit for the period	**400.3**	**411.4**	**150.6**	**65.3**
Other comprehensive income				
Hedge accounting	1.5	28.6	13.8	10.9
Deferred tax hedge accounting	0.1	–7.2	–3.5	–2.8
Currency translation	45.1	11.2	26.9	35.2
Other comprehensive income for the period, net of income tax	**46.7**	**32.6**	**37.2**	**43.3**
Total comprehensive income for the period	**447.0**	**444.0**	**187.8**	**108.6**
Attributable to:				
Equity holders of the parent	386.4	387.0	167.8	91.2
Non-controlling interests	6.6	3.0	2.0	–0.6
Share planned for hybrid capital owners	54.0	54.0	18.0	18.0
Total comprehensive income for the period	**447.0**	**444.0**	**187.8**	**108.6**

In millions of euros

Consolidated statement of changes in equity

	Q 1 – Q 3 2010/11			Q 1 – Q 3 2011/12		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**4,189.6**	**72.8**	**4,262.4**	**4,617.8**	**73.3**	**4,691.1**
Total comprehensive income for the period	440.4	6.6	447.0	441.0	3.0	444.0
Dividends to shareholders	–84.3	–6.4	–90.7	–135.0	–8.7	–143.7
Own shares acquired/ disposed	5.2	–	5.2	5.6	–	5.6
Purchase of non-controlling interests	–	2.4	2.4	–	–	–
Dividends to hybrid capital owners	–71.3	–	–71.3	–71.3	–	–71.3
Stock options	–	–	–	–15.5	–0.1	–15.6
Other changes	–3.1	1.5	–1.6	–38.2	2.0	–36.2
Equity as of December 31	**4,476.5**	**76.9**	**4,553.4**	**4,804.4**	**69.5**	**4,873.9**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of December 31, 2011 for the first three quarters of the business year 2011/12 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2010/11 with the following exception: the revised version of the IAS 24 (2009) Related Party Disclosures is being applied for the first time. The amendments do not have a significant impact on the interim consolidated financial statements. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2011, on which these interim consolidated financial statements are based.

Since April 1, 2011, the two subsidiaries voestalpine Rohstoffbeschaffungs GmbH and Importkohle Gesellschaft m.b.H are no longer being managed and reported within the Steel Division. In these interim consolidated financial statements, the two entities were allocated to the operating segment Other. The preceding year's comparative figures were adjusted accordingly.

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

Unless otherwise stated, comparative information relates to the first three quarters of the business year 2010/11 (reporting date: December 31, 2010).

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

Scope of consolidated financial statements/acqusitions

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

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2011	**288**	**2**	**12**
Acquisitions			
Change in consolidation method			
Additions	3		
Disposals			
Reorganizations	–5		
Divestments or disposals	–4		
As of December 31, 2011	**282**	**2**	**12**
Of which foreign companies	225	0	5

Notes on the consolidated statement of financial position

The decrease in non-current assets mainly resulted from lower investment activity in the first three quarters of the business year 2011/12. Depreciations amounting to EUR 441.5 million exceeded investments that amounted to EUR 353.8 million. Inventories have increased by EUR 422.2 million in comparison to March 31, 2011 due largely to increasing volumes. Cash and cash equivalents accrued from current operating activities on the one hand, and on the other hand, they have decreased to EUR 426.9 million due mainly to loan repayments, capital commitment in working capital, and dividend distribution to shareholders.

As of December 31, 2011, voestalpine AG's share capital amounted to EUR 307,132,044.75 (169,049,163 shares). The Company held 299,728 of its own shares as of the reporting date. In the first three quarters of the business year 2011/12, the Company sold 168,146 of its own shares.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1 billion. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are being paid. The first call option is after seven years, at which time voestalpine AG (but not the bond holders) may either call the bond at par or extend it at a higher, but variable, coupon rate. This hybrid bond is recognized as a component of equity under IAS 32.

Profit for the period amounting to EUR 411.4 million has contributed to the increase in equity. For the business year 2010/11, a dividend per share of EUR 0.80 was decided upon at the Annual General Meeting on July 6, 2011. Therefore, voestalpine AG distributed dividends amounting to EUR 135.0 million to its shareholders during the current business year. Interest for hybrid capital amounting to EUR 71.3 million was also distributed and recognized in the form of a dividend.

The other changes in equity mainly include expenses for the increase of majority interests that were charged directly in equity. This concerns mainly a supplementary payment from the review procedure of the cash settlement to non-controlling shareholders of BÖHLER-UDDEHOLM Aktiengesellschaft (see also page 15). Interests associated with the supplementary payment are reported as expenses.

Non-current loans developed according to our redemption schedule and non-current financial liabilities therefore declined to EUR 2,617.2 million.

Notes on the consolidated income statement

Revenue for the period from April 1 to December 31, 2011 totaled EUR 8,877.2 million, exceeding the comparable figure for the preceding year (EUR 7,936.6 million) by 11.9%. Profit from operations (EBIT) reached EUR 676.4 million for the same period compared to EUR 658.2 million for the first nine months of the business year 2010/11. EBIT equaled EUR 145.0 million for the third quarter of 2011/12, compared to EUR 244.0 million for the third quarter of 2010/11. After consideration of the financial result and taxes, profit for the period amounted to EUR 411.4 million compared to EUR 400.3 million for the first three quarters of the preceding year.

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

	04/01–12/31/2010	04/01–12/31/2011
Profit attributable to equity holders of the parent (in millions of euros)	340.3	352.9
Weighted average number of issued ordinary shares (millions)	168.5	168.7
Diluted and basic (undiluted) earnings per share (euros)	**2.02**	**2.09**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first three quarters of the business year 2011/12 and business year 2010/11, respectively[1]:

1st – 3rd quarter 2011/12

	Steel Division 04/01–12/31/2011	**Special Steel Division** 04/01–12/31/2011	**Railway Systems Division** 04/01–12/31/2011
Segment revenue	3,011.6	2,165.6	2,228.5
of which revenue with third parties	2,774.0	2,114.2	2,196.2
of which revenue with other segments	237.6	51.4	32.3
EBITDA	340.2	311.1	320.1
Profit from operations (EBIT)	171.0	196.8	235.2
EBIT margin	5.7%	9.1%	10.6%
Segment assets	3,783.5	4,011.4	2,450.2
Employees (excl. temporary personnel and apprentices)	9,516	11,417	10,332

1st – 3rd quarter 2010/11

	Steel Division 04/01–12/31/2010	**Special Steel Division** 04/01–12/31/2010	**Railway Systems Division** 04/01–12/31/2010
Segment revenue	2,741.1	1,895.1	2,031.9
of which revenue with third parties	2,526.5	1,849.0	2,005.6
of which revenue with other segments	214.6	46.1	26.3
EBITDA	414.8	247.9	291.8
Profit from operations (EBIT)	250.0	126.3	207.4
EBIT margin	9.1%	6.7%	10.2%
Segment assets	3,597.9	4,022.1	2,345.9
Employees (excl. temporary personnel and apprentices)	9,456	11,207	9,948

	Profilform Division 04/01–12/31/2011	Automotive Division 04/01–12/31/2011	Other 04/01–12/31/2011	Reconciliation 04/01–12/31/2011	Total Group 04/01–12/31/2011
	927.1	886.9	1,377.6	–1,720.1	8,877.2
	904.7	884.3	3.8	0.0	8,877.2
	22.4	2.6	1,373.8	–1,720.1	0.0
	121.1	81.5	–54.5	–1.5	1,118.0
	90.9	43.1	–59.1	–1.5	676.4
	9.8%	4.9%			7.6%
	1,066.8	871.7	8,859.6	–8,603.6	12,439.6
	4,244	5,036	671	0	41,216

In millions of euros

	Profilform Division 04/01–12/31/2010	Automotive Division 04/01–12/31/2010	Other 04/01–12/31/2010	Reconciliation 04/01–12/31/2010	Total Group 04/01–12/31/2010
	831.9	742.5	1,193.7	–1,499.6	7,936.6
	810.4	740.7	4.4	0.0	7,936.6
	21.5	1.8	1,189.3	–1,499.6	0.0
	115.4	83.2	–42.4	–3.7	1,107.0
	83.6	41.5	–46.8	–3.8	658.2
	10.0%	5.6%			8.3%
	1,046.6	886.3	8,309.9	–7,877.3	12,331.4
	4,144	4,658	665	0	40,078

In millions of euros

[1] Since April 1, 2011, the two subsidiaries voestalpine Rohstoffbeschaffungs GmbH and Importkohle Gesellschaft m.b.H are no longer being managed and reported within the Steel Division. In these interim consolidated financial statements, the two entities were allocated to the operating segment Other. The preceding year's comparative figures were adjusted accordingly.

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

EBITDA

	04/01 – 12/31/2010	04/01 – 12/31/2011
Net exchange differences incl. result from valuation of derivatives	0.9	–4.5
Value adjustments for receivables/debt waiver	–0.4	–0.9
Consolidation	–5.4	3.7
Other	1.2	0.2
EBITDA – Total reconciliation	**–3.7**	**–1.5**

In millions of euros

EBIT

	04/01 – 12/31/2010	04/01 – 12/31/2011
Net exchange differences incl. result from valuation of derivatives	0.9	–4.5
Value adjustments for receivables/debt waiver	–0.4	–0.9
Consolidation	–5.4	3.7
Other	1.1	0.2
EBIT – Total reconciliation	**–3.8**	**–1.5**

In millions of euros

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

Notes on the consolidated statement of cash flows

The improved operating result led to an increase in cash flow before capital changes from EUR 800.2 million to EUR 857.2 million. Taking the change in working capital into consideration (mainly the build-up of inventories), cash flows from operating activities amounted to EUR 293.5 million in comparison to the first three quarters of the preceding year (EUR 565.1 million); this represents a decrease of 48.1%. After the deduction of EUR 324.3 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR –774.4 million (mainly loan repayments and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –805.2 million.

Seasonality and cyclicality

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

Business transactions with associated companies or parties

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

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

Antitrust proceedings relative to railway superstructure material

In May 2011, searches were carried out by the German Federal Cartel Office *(Bundeskartellamt)* (see Annual Report 2010/11) on the business premises of voestalpine Klöckner Bahntechnik GmbH and TSTG Schienen Technik GmbH & Co KG. The reason for the searches was the suspicion of conduct in violation of antitrust law on the German rails market. Based on its leniency application, the Company is assuming that it will be granted immunity from any monetary fines.

On July 12, 2011, another search by the German Federal Cartel Office took place at voestalpine BWG GmbH & Co. KG in Butzbach, Germany.

More detailed information is not available at this time, nor is it possible to assess the consequences. 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.

Events after the reporting period

No significant events after the reporting period have occurred.

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