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Letter to Shareholders, 1st – 3rd Quarter 2008/09

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voestalpine Group Key Figures[1]

In millions of euros	1 Q–3 Q 2007/08[2] 04/01–12/31/2007	1 Q–3 Q 2008/09 04/01–12/31/2008	Change in %
Revenue	7,447.6	9,280.1	24.6
EBITDA	1,361.9	1,510.1	10.9
EBITDA margin (in %)	18.3	16.3	
EBIT	874.6	981.8	12.3
EBIT margin (in %)	11.7	10.6	
Profit before tax	770.5	764.7	–0.8
Profit for the period from continuing operations	612.2	612.7	0.1
Profit for the period[3]	611.9	606.1	–0.9
Earnings per share from continuing operations (in euros)	3.73	3.40	–8.8
Investments	3,605.5	750.6	–79.2
Depreciation	487.3	528.3	8.4
Equity	4,435.7	4,181.3	–5.7
Net financial debt	3,345.5	4,258.0	27.3
Net financial debt in % of equity	75.4	101.8	
Employees excl. apprentices	40,575	42,062	3.7
Capital Employed	8,541.4	9,103.6	6.6

[1] All figures after application of the purchase price allocation (ppa) from the acquisition of BÖHLER-UDDEHOLM.
[2] Last year's figures were retrospectively adjusted.
[3] Before minority interests and interest on hybrid capital.

Ladies and Gentlemen,

This letter to shareholders finds us in the paradoxical situation of having to present the voestalpine Group's best ever nine-month results together with the announcement that the coming quarters will be the most difficult economically for the Group since its IPO 1995. Just how dramatic the global recession has been, both in terms of the speed and the scale at which it has spread to almost all economic sectors and regions, finally reaching the voestalpine Group with full impact from the beginning of the 4th quarter, is indicated not least by the fact that, at the beginning of February, and for the first time since going public, we have felt it necessary to revise our expected results downwards for the year as whole, which only at the end of the half year had seemed so securely positive.
However, two key facts should be noted: On the one hand, the revised earnings estimate for the business year 2008/09, even when measured against the record levels of the previous year, still constitutes a very attractive level of results. On the other, even in an exceptionally difficult 3rd quarter 2008/09, all five of the Group's divisions have managed to generate very positive results.

Not that the voestalpine Group is immune to the collapse in the global financial and economic system, of a scale unparalleled in recent economic history, which we have experienced over the last months. Like many other companies, we have been surprised, too, by the speed and force of the crisis, however it did not meet us unprepared.
We have repeatedly warned in the past, and most recently in the letter from the Management Board in the annual report for the business year 2007/08, that world economic growth, the industrial boom and the consistent exceeding of record level results over the last years, our Group included, should neither be regarded as the norm, nor of unlimited duration. Therefore we took advantage of the period of economic boom to consistently optimize our strategic position and continually improve our cost structures.
Our product and market portfolio is much more widely spread than for traditional steel companies, giving us the advantage of considerably longer value added chains paired with technological and market leadership in attractive product segments. This has played a significant role in limiting the effects of the crisis to their current, manageable level. In spite of this, in various areas over the past weeks there has been a cut in workforce and the introduction of short time working. From today's perspective it is impossible to estimate the extent to which such measures will be required in the future, however we will do everything in our power to make these painful cuts as socially acceptable as possible for all those affected.
We emphatically welcome the fact that governments at national and international level have decided upon comprehensive support measures for the banking system and have passed ambitious economic stimulus packages, faster than has been the case during past crises. However, business and industry will only benefit in general when money is fed into the economic cycle at acceptable conditions, rather than being solely invested in central banks for reasons of mistrust and the fear of risk. The high levels of industry-related employment and the taxes generated by industry – whether by small, medium sized or large companies – should itself be sufficient political motivation to ensure that money is not simply parked but rather, as intended, flows into the economy.

Across almost all of our business segments, developments during the last quarter of the current business year have been characterized by the lowest order levels seen in the past decade with the corresponding reductions in capacity utilization. However, we are proceeding on the assumption that the voestalpine Group will also report a positive operational result for the 4th quarter of the business year 2008/09.

From today's standpoint, and with the unpredictability of future developments, any precise indications made about the business year 2009/10 would be unreliable. However, apart from the unlikely event of a global collapse in the markets, we still expect to report a clearly positive result for the coming business year.

Linz, February 25, 2009

The Management Board

W. Eder | F. Hirschmanner | J. Mülner

R. Ottel | C. J. Raidl | W. Spreitzer

Highlights

over the 9-month period compared with the previous year[1,2]

- After 9 months, **record levels** for **revenue** and **operating results** – but a significant **weakening** in the **3rd quarter of 2008/09.**

- **Increase in revenue** of **24.6%**, from EUR 7,447.6 million to **EUR 9,280.1 million** as the result of fully consolidating BÖHLER-UDDEHOLM AG and successfully passing on increased raw material and pre-material prices during the 1st half of 2008/09.

- **9-month EBITDA** at a **new all time high.** A **10.9% increase** from EUR 1,361.9 million to **EUR 1,510.1 million.**

- **Increase** in **EBIT** of **12.3%,** from EUR 874.6 million to a new **record level** of **EUR 981.8 million.**

- **EBITDA and EBIT margins** falling due the **dilution effect** resulting from the higher revenue basis, due to raw materials, and the comparatively **weaker result** for the **3rd quarter** 2008/09: **EBITDA margin 16.3%** (preceding year: 18.3%), **EBIT margin 10.6%** (preceding year: 11.7%).

- **Earnings per share** for the first three quarters of 2008/09 at **EUR 3.4** are 8.8% lower than in the previous year (EUR 3.73).

- **Gearing ratio** (net financial debt in percent of equity) has **increased** from 75.4% to **101.8%,** primarily as the result of dividend payments to **shareholders and owners of hybrid capital,** and of the **purchase of the remaining shares in BÖHLER-UDDEHOLM AG.**

- As of December 31, 2008, the number of **employees** increased to **42,062** (excl. apprentices). This corresponds to an increase over the previous year (40,575) of 3.7% or 1,487 employees, and is partly the result of acquisitions.

- **EBITDA** and **EBIT** in the first three quarters of 2008/09 also at an all-time high **before ppa,** at **EUR 1,543.1 million** (preceding year: EUR 1,454.2 million) and **EUR 1,158 million** (preceding year: 1,114.6 million) respectively.

[1] Last year's figures were retrospectively adjusted.
[2] All figures after application of the purchase price allocation (ppa) from the acquisition of BÖHLER-UDDEHOLM.

Interim Management Report

Economic environment

Whereas the 1st half of the business year 2008/09 in the industry was marked overall by consistently high levels of demand right across all key customer industries, the first tendencies towards a weakening in demand, first noticeable after last summer, have now developed into a unparalleled global crisis, the drama, speed and dimensions of which have not been seen in recent economic history.

The massive collapse in the global financial markets, leading to catastrophic developments in the world's stock markets, plunged the real economy, which was still focused on continued growth right up to the summer of 2008, into a downward spiral, the implications of which cannot yet be assessed. The recession affected all customer segments within a matter of only a few weeks, and the crisis has even washed over into the threshold countries which served as the driver for the global economy over the past years.

Although spread deliberately wide, the unknown extent and intensity of this weakening has also had implications for the voestalpine Group's product and market portfolio: Effectively only two key customer industries have developed steadily during the 3rd quarter of 2008/09, and thereby over the whole period of the first nine months of the 2008/09 business year. This applies on one hand to the energy sector (oil and natural gas production, power plant and turbine construction, and solar and heating technology), which is relevant for all five divisions of the Group – especially for the segments heavy plate and foundry products (Steel Division), special steels, welding consumables and turbine blades (Special Steel Division), special profiles (Profilform Division) and seamless tubes (Railway Systems Division). The second segment which has remained largely stable as the result of worldwide accelerated public investment in railway infrastructure is the rails and turnout technology segment of the Railway Systems Division.

During the 3rd quarter of 2008/09, voestalpine Group companies were also confronted with consistently steep drops in orders and a general fall in price levels in the remaining large key customer segments, primarily the automotive and commercial vehicles industry, building and building subsuppliers, the white goods industry, as well as civil and mechanical engineering.

Business performance of voestalpine Group[1,2]

During the first nine months of the business year 2008/09 the voestalpine Group has been able to achieve increases in revenue and earnings over the previous year in spite of the ongoing tightening in the global economy since last autumn. Although these figures represent the company's best-ever 9-month operating result, this development was driven by an excellent business performance in the 1st half year, whereas in the 3rd quarter significant declines in results became already noticeable.

Revenue of the Group increased during the first three quarters of 2008/09 by EUR 1,832.5 million (+24.6%), from EUR 7,447.6 million to EUR 9,280.1 million. EUR 1,017.1 million of this increase was generated by the Special Steel Division which has been

[1] Last year's figures were retrospectively adjusted.
[2] All figures after application of the purchase price allocation (ppa) from the acquisition of BÖHLER-UDDEHOLM.

consolidated since July 1, 2007, hence the 1st quarter is not accounted for in the comparative figure of the previous year. In addition to this consolidation-related increase in revenue, all divisions have recorded revenue increases compared to the previous year also from operating activities. As a result of the increase in prices and deliveries during the 1st half year, the Steel Division was able to record a growth in revenue of 19.7%, from EUR 2,863.3 million to EUR 3,427.5 million, the highest growth of all the divisions in both proportional and absolute terms. It was followed by the Profilform Division which increased revenue by 15.3%, from EUR 822.4 million to EUR 948.6 million, as a result of its excellent 1st half-year 2008/09 and acquisitions in the USA and Brazil. The 13.9% increase in revenue in the Railway Systems Division, from EUR 1,643 million to EUR 1,872.1 million, was largely achieved by passing on the increases in raw materials prices to the market. The 3.5% increase in revenue which was achieved by the Automotive Division, from EUR 678.3 million to EUR 701.8 million, in spite of the massive economic downturn, is mainly the result of high capacity utilization during the 1st half year and support from the high orders levels of the previous business year.

In comparison to the preceding quarter (2nd quarter of 2008/09), the consequences of the economic crisis in the 3rd quarter of 2008/09 are very clearly visible. Decreases in prices and deliveries in almost all the business segments lead to a decline in revenue of around 13.5%, from EUR 3,231.2 million in the 2nd quarter to EUR 2,793.9 million in the 3rd quarter. Proportionally, it was the Profilform Division, a classic "early cyclical mover", which was hit hardest, registering a decline of 25.7%, from EUR 348.5 million to EUR 258.9 million. In contrast, the decrease by 14% in the Special Steel Division, from EUR 977.3 million to EUR 840.3 million, by 12.2% in the Automotive Division, from EUR 235.7 million to EUR 206.9 million, and by 11.3% in the Steel Division, from EUR 1,193.9 million to EUR 1,058.9 million, remained comparatively moderate. Where the Railway Systems Division ranked last amongst the divisions in terms of revenue growth for the first three quarters of 2008/09 compared to the previous year, the division recorded a fall in revenue of only 4.1%, from EUR 633.8 million to EUR 607.6 million, for the 3rd quarter of 2008/09 compared to the 2nd quarter of 2008/09. The division has thereby demonstrated that it is the one most resistant to the crisis, due to the stable performance in the rail and turnout technology segments.

The earnings before interest, taxes, depreciation and amortization (EBITDA) reached a new all-time high in the first three quarters of 2008/09. The EBITDA improved over the previous year (EUR 1,361.9 million) by 10.9% to EUR 1,510.1 million. This increase was generated jointly by all the divisions (except the Automotive Division whith a decrease by 16.4% from EUR 85.8 million to EUR 71.7 million). In addition, EUR 122.2 million of the Group's EBITDA are attributable to the 1st quarter of the Special Steel Division, whose EBITDA in the previous year has only been consolidated since the 2nd quarter.

As with revenue, the dramatic effects of the economic development during the 3rd quarter of 2008/09 are demonstrated by the comparison of the EBITDA in the 3rd quarter of 2008/09 with the preceding quarter. The 13.5% fall in revenue as described above has resulted in a fall of 39% in EBITDA compared to the preceding quarter, from EUR 600.8 million to EUR 366.7 million. The Railway Systems Division, with a fall of "only" 10.6%, from EUR 113.3 million in the 2nd quarter to EUR 101.3 million in the 3rd quarter, was least affected by the difficult market conditions. Declines in EBITDA from the 2nd quarter to the 3rd quarter for each division were as follows: 54.8% in the Special Steel Division, 52.6% in the Profilform Division, 39% in the Steel Division and 34.1% in the Automotive Division. In spite of the marked intensification of market conditions, the Group was still able to generate an EBITDA margin of 13.1% for the 3rd quarter.

The profit from operations (EBIT) improved during the first three quarters of 2008/09 by 12.3% compared to the previous year, from EUR 874.6 million to EUR 981.8 million. The increase at the Group level was the result of new record levels in the divisions Railway Systems and Profilform. From the 2nd quarter 2008/09 to the 3rd quarter 2008/09, EBIT fell by 54.1%, from EUR 427.9 million to EUR 196.2 million. Due to the global fall in prices there was a need to devalue both for prematerials and for alloys, with the result that EBIT declined more strongly than EBITDA. The Group reports an EBIT margin of 10.6% for the first nine months of the business year 2008/09, with an EBIT margin of 7.0% for the 3rd quarter of 2008/09 alone.

There was a marginal decline of 0.8% in the profit before tax (EBT) over the first three quarters of 2008/09 compared to the previous year, from EUR 770.5 million to EUR 764.7 million.

The profit for the period (net income)[1] has developed similarly to the EBT, and has declined marginally, by 0.9%, from EUR 611.9 million to EUR 606.1 million.

Earnings per share (EPS) were 3.4 EUR after the first three quarters of 2008/09, which is 8.8% lower than over same period of the previous year (3.73 EUR per share).

In spite of the positive net income, equity fell by 5.7% compared to the 3rd quarter of the previous year, from EUR 4,435.7 million to EUR 4,181.3 million. This decline is primarily the result of dividend payouts to shareholders and owners of hybrid capital (EUR 412.8 million), equity settlement for the purchase of the remaining shares in BÖHLER-UDDEHOLM AG (EUR 336 million), equity capital settlement from net exchange differences (EUR 65 million) and hedge accounting (EUR 23 million) during the 3rd quarter of 2008/09. Net financial debt increased from EUR 3,345.5 million to EUR 4,258 million as a result of financing dividends, the costs of purchasing the remaining

[1] Before minority interests and interest on hybrid capital.

BÖHLER-UDDEHOLM shares, significant investment activities and a temporary, significant increase in working capital. Against this background, as of the end of the 3rd quarter 2008/09, there was a gearing ratio (net financial debt as a percentage of equity) of 101.8%. This is around 26 percentage points above the comparative value for the previous year (75.4%). A reduction of the gearing ratio to around 95% by the end of the business year 2008/09 becomes apparent.
The voestalpine Group's crude steel production amounted to 5.73 million tons during the first three quarters of 2008/09. This 2.5% increase over the previous year (5.59 million tons) results primarily from the inclusion of an additional quarter of the Special Steel Division. As the result of the severe fall in demand since October, the Steel Division produced 3.89 million tons, 3.7% less than during the comparative period of the previous year (4.04 million tons). In contrast, the Railway Systems Division was able to increase its crude steel production by 8% during the first nine months of 2008/09, from 1.12 million tons to 1.21 million tons, which is the result of high capacity utilization, above all in rail technology and in seamless tubes. As the 1st quarter of 2007/08 had not yet been consolidated, the Special Steel Division increased its production of crude steel, compared to the first nine months of the previous business year, by 46.5%, from 0.43 million tons to 0.63 million tons.

voestalpine-Group[1]

In millions of euros				1Q–3Q		
	1Q 2008/09 04/01–06/30/2008	2Q 2008/09 07/01–09/30/2008	3Q 2008/09 10/01–12/31/2008	2007/08[2] 04/01–12/31/2007	2008/09 04/01–12/31/2008	Change in %
Revenue	3,255.0	3,231.2	2,793.9	7,447.6	9,280.1	24.6
EBITDA	542.6	600.8	366.7	1,361.9	1,510.1	10.9
EBITDA margin (in %)	16.7	18.6	13.1	18.3	16.3	
EBIT	357.7	427.9	196.2	874.6	981.8	12.3
EBIT margin (in %)	11.0	13.3	7.0	11.7	10.6	
Employees excl. apprentices	42,088	42,325	42,062	40,575	42,062	3.7

[1] All figures after application of the purchase price allocation (ppa) from the BÖHLER-UDDEHOLM acquisition.
[2] Last year's figures were retrospectively adjusted.

Division Steel

In millions of euros	1 Q 2008/09 04/01–06/30/2008	2 Q 2008/09 07/01–09/30/2008	3 Q 2008/09 10/01–12/31/2008	1 Q–3 Q 2007/08 04/01–12/31/2007	1 Q–3 Q 2008/09 04/01–12/31/2008	Change in %
Revenue	1,174.7	1,193.9	1,058.9	2,863.3	3,427.5	19.7
EBITDA	240.8	264.9	161.7	662.4	667.4	0.8
EBITDA margin (in %)	20.5	22.2	15.3	23.1	19.5	
EBIT	188.7	210.9	108.8	508.8	508.4	–0.1
EBIT margin (in %)	16.1	17.7	10.3	17.8	14.8	
Employees excl. apprentices	9,889	9,937	10,023	9,712	10,023	3.2

After an excellent 1st half year, the *Steel Division* was also fully affected by the consequences of the economic downturn during the 3rd quarter of 2008/09. From autumn 2008 onwards, order levels from all customer industries dropped heavily, with the exception of the energy sector (main customers of the heavy plates and foundry segments).

In detail, the market developments during the 3rd quarter brought significant reductions in incoming orders from all customer industries, both in the major segment of high quality flat steel (strip products) and in the Steel Service Center and pre-processing segments. This was also accompanied by strong downward pressure on prices for short-term contracts. voestalpine immediately reacted to the drastic decline in demand with capacity adjustments and accelerated cost saving measures.

In contrast, the heavy plate and foundry segments remained consistently positive during the 3rd quarter, the result of continuing stability of the energy sector.

The unexpected dimensions of the economic slump during the 3rd quarter as compared to the 1st half of the business year 2008/09 is reflected in the development of the division's revenue and results. Whilst it was possible to increase revenue and EBITDA during the first nine months of 2008/09 (supported by the positive development in the 1st half year) and to maintain operating results at a high level compared to the previous year, development from the 2nd into the 3rd quarter was significantly more critical.

Revenue rose by 19.7% during the first three quarters of the business year 2008/09 compared to the previous year, from EUR 2,863.3 million to EUR 3,427.5 million. The EBITDA also improved again, with an increase of 0.8%, from EUR 662.4 to EUR 667.4 million, whilst EBIT, at EUR 508.4 million, remained at the previous year's level (EUR 508.8 million). Despite this positive result and due to the significant growth in revenue (primarily the result of passing on strong prices increases in raw materials to customers) there was a decline in the EBITDA margin, from 23.1% to 19.5%, and in the EBIT margin, from 17.8% to 14.8%, compared to the same nine-month period of the previous year.

When the 2nd quarter of 2008/09 is compared to the preceding 3rd quarter, the consequences of the economic crisis become clearly visible. The fall in demand during the 3rd quarter of 2008/09 led to a reduction in raw steel production of around 20% over the 2nd quarter (equivalent to a reduction of 15% compared to the 3rd quarter of the previous year). The fall in demand during the 3rd quarter and beyond resulted in a drop in revenue of 11.3% compared to the preceding quarter, from EUR 1,193.9 million to EUR 1,058.9 million. Even more striking was the effect on results, primarily the consequence of the constantly high raw materials prices and falling production volumes in the 3rd quarter. EBITDA fell by 39% in comparison to the 2nd quarter, from EUR 264.9 million to EUR 161.7 million, and EBIT declined by 48.4%, from EUR 210.9 million to EUR 108.8 million. However, with an EBITDA margin of 15.3% and an EBIT margin of 10.3%, in view of the economic environment in the 3rd quarter the Steel Division was still able to achieve a thoroughly satisfactory level of profitability.

Division Special Steel[1]

In millions of euros				1Q–3Q		
	1Q 2008/09 04/01–06/30/2008	2Q 2008/09 07/01–09/30/2008	3Q 2008/09 10/01–12/31/2008	2007/08[2] 04/01–12/31/2007	2008/09 04/01–12/31/2008	Change in %
Revenue	1,017.1	977.3	840.3	2,741.9	2,834.7	3.4
EBITDA	122.2	152.5	69.0	356.9	343.7	–3.7
EBITDA margin (in %)	12.0	15.6	8.2	13.0	12.1	
EBIT	33.8	78.5	–4.3	126.0	108.0	–14.3
EBIT margin (in %)	3.3	8.0	–0.5	4.6	3.8	
Employees excl. apprentices	15,451	15,487	15,314	15,217	15,314	0.6

[1] Unless otherwise stated, all values are after ppa.
[2] In order to better show business development, the 1st quarter of 2007/08 (04/01–06/30/2007) in the Special Steel Division is shown as a component of the first three quarters of 2007/08 (04/01–12/31/2007) according to the figures published at the time by BÖHLER-UDDEHOLM AG. Formally, however, they were never a component of the voestalpine Group Consolidated Financial Statements as initial consolidation of the BÖHLER-UDDEHOLM equity holding occurred on 1 July, 2007.

The drop in demand in almost all of the *Special Steel Division's* customer industry segments and key markets since summer 2008 intensified dramatically over the rest of the business year. This was particularly the case for the automotive industry and machine construction industry, as well as to some extent for the construction industry and metal-working sector. Demand in the sectors energy production, oil field equipment, and offshore projects remained reasonably satisfactory, as well as (although already with constraints) in the aircraft industry.

As a result of the global economic crisis, also BÖHLER-UDDEHOLM Group was unable to maintain the positive development of the 1st half-year into the 3rd quarter of 2008/09. In addition to declines in incoming orders and initially volatile alloy prices (which then fell steeply towards the end of the 2008 calendar year), business development during the 3rd quarter was also impaired by the unfavorable exchange rates of the US dollar relative to the euro, the Brazilian real and the Swedish krona. Even by counteracting quickly, reducing capacity and personnel and increasing productivity and partially prices, it was not possible to compensate for the strain of these effects.

Viewed as a whole, in the first three quarters of 2008/09 (and for the first time in many years) revenue was above, but results below, the levels of the previous year. However, in contrast to all the other results figures, EBITDA and EBIT values for the 1st quarter of 2007/08, which are presented but not consolidated, at EUR 147.4 million and EUR 119.1 million respectively, have not been reduced by the ppa. Revenue for the three quarters of the business year 2008/09 amounted to EUR 2,834.7 million and was therefore 3.4% higher than the comparative period in the previous year (EUR 2,741.9 million). EBITDA amounted to EUR 343.7

million, which corresponds to a 3.7% decrease compared to the same period of the previous year (EUR 356.9 million). At EUR 108 million, EBIT for the Special Steel Division was 14.3% lower than during the comparative period for the previous year (EUR 126 million). The EBITDA margin was 12.1% and EBIT margin 3.8%.
The significant fall in demand during the 3rd quarter resulted in a 14% reduction in revenue for these three months compared to the 2nd quarter, from EUR 977.3 million to EUR 840.3 million. As a consequence of reduced demand and the need to devalue for alloys and pre-materials, EBITDA fell by 54.8% in direct comparison to the preceding quarter, from EUR 152.5 million to EUR 69 million. EBIT also decreased in this period, from EUR 78.5 million to EUR –4.3 million. As a result, the Special Steel Division achieved an EBITDA margin of 8.2% and an EBIT margin of –0.5% for the 3rd quarter of 2008/09. (The EBIT is burdened by the effects of the ppa in the 3rd quarter of 2008/09 to the sum of EUR 43.4 million and amounts to EUR 39.1 million before ppa, the EBIT margin before ppa for the 3rd quarter of 2008/09 is 4.7%.)

Division Railway Systems

In millions of euros				1Q–3Q		
	1Q 2008/09 04/01–06/30/2008	2Q 2008/09 07/01–09/30/2008	3Q 2008/09 10/01–12/31/2008	2007/08 04/01–12/31/2007	2008/09 04/01–12/31/2008	Change in %
Revenue	630.7	633.8	607.6	1,643.0	1,872.1	13.9
EBITDA	112.8	113.3	101.3	314.0	327.4	4.3
EBITDA margin (in %)	17.9	17.9	16.7	19.1	17.5	
EBIT	90.7	91.0	79.3	248.7	261.0	4.9
EBIT margin (in %)	14.4	14.3	13.1	15.1	13.9	
Employees excl. apprentices	8,023	8,068	8,110	7,775	8,110	4.3

During the first nine months of 2008/09 the market environment had differing effects on each of the business segments which make up the *Railway Systems Division:* With the exception of the mining and industrial sectors, and the North American Class I freight sector, the railway infrastructure segment was able to record consistently stable, worldwide demand. However, in spite of continual high demand there was a noticeable increase in competition in the rail and turnout sectors.

In the business segment seamless tubes, steady demand in the OCTG (Oil Country Tubular Goods) segment since the beginning of 2009 has made it possible to compensate for significant declines in the automotive segment and standard tubes segment, caused by cheap Chinese imports to Europe, over the business year to date. The falling oil price in the past few months has, however, led to a significant reduction in extraction activities over the past weeks and, consequently, in the demand for oil field tubes. In the business segment wire, the strong decline in demand, primarily from the automotive industry, led to significant reductions in capacity during the 3rd quarter of 2008/09.

During the first nine months of the business year 2008/09 the Railway Systems Division has been able to increase revenue by 13.9%

over the corresponding period in the previous year, from EUR 1,643 million to EUR 1,872.1 million. EBITDA improved by 4.3%, from EUR 314 million to EUR 327.4 million, and EBIT increased by 4.9%, from EUR 248.7 million to EUR 261 million. This is primarily the result of excellent business development across all the segments during the 1st half-year 2008/09, and a stable 3rd quarter for the segments rail and turnout technology and seamless tubes. The result was dampened by strong price increases for raw materials (coke/coal, ore, scrap and alloys), although it was possible to pass on most, but (because of the relatively high percentage of long term contracts) not all of these prices increases to the market. The cost optimization programs which have been successful for many years have been accelerated to counteract these negative effects.

In contrast to the other Group divisions, the Railway Systems Division recorded only moderate declines in revenue and results during the 3rd quarter of 2008/09 compared to the preceding quarter. These declines are primarily the result of a significant drop in demand in the business segment wire.
With a decline in revenue of 4.1%, from EUR 633.8 million to EUR 607.6 million, EBITDA was 10.5% under the level for the 2nd quarter (EUR 101.3 million compared to EUR 113.3 million) and EBIT 12.9% below (EUR 79.3 million compared to EUR 91 million). However, in spite of a very turbulent economic environment, with an EBITDA margin of 16.7% an EBIT margin of 13.1%, the Railway Systems Division shows a very good profitability, even during the 3rd quarter, primarily as a result of its excellent global strategic positioning.

Division Profilform

In millions of euros				1Q–3Q		
	1Q 2008/09 04/01–06/30/2008	2Q 2008/09 07/01–09/30/2008	3Q 2008/09 10/01–12/31/2008	2007/08 04/01–12/31/2007	2008/09 04/01–12/31/2008	Change in %
Revenue	341.2	348.5	258.9	822.4	948.6	15.3
EBITDA	57.3	58.4	27.7	137.3	143.4	4.4
EBITDA margin (in %)	16.8	16.8	10.7	16.7	15.1	
EBIT	49.4	50.4	20.0	117.5	119.8	2.0
EBIT margin (in %)	14.5	14.5	7.7	14.3	12.6	
Employees excl. apprentices	3,839	3,859	3,681	3,356	3,681	9.7

The exceptionally positive business development during the 1st half-year 2008/09 in the *Profilform Division* came to an abrupt end at the beginning of the 3rd quarter of 2008/09. Within only two weeks, demand fell dramatically in almost all key customer industries and in all market regions, in some areas by as much as 60%.

The only exceptions were continuing strong demand in the solar energy segment, especially in southern Europe, and the development in storage logistics, which continues to be satisfactory if partly affected by project delays. However, this was by no means sufficient to compensate for falling demand in the other customer industries.

From November onwards there was an increasing need to yield to the downward pressure on prices, caused by significant reductions in pre-material prices and the extensive availability of hot wide strips and galvanized strips, combined with the drastic fall in demand for finished products. As a consequence of the decrease in prices, inventories had to be revalued and this resulted in considerable devaluations at the end of the quarter.

As the result of an excellent 1st half-year 2008/09, and the inclusion of companies in the USA and Brazil acquired during the previous year, the Profilform Division was again able to exceed both its revenue and results for the first three quarters of 2008/09 compared to the business year 2007/08. Revenue increased by 15.3% from EUR 822.4 million to EUR 948.6 million, and this was accompanied by increases in both EBITDA, by 4.4%, from EUR 137.3 million to EUR 143.4 million, and in EBIT, of 2%, from EUR 117.5 million to EUR 119.8 million. EBITDA and EBIT margins fell from 16.7% to 15.1% and from 14.3% to 12.6% respectively, as the result of the over-proportional growth in revenue compared to the first three quarters of the previous year.

The scale of economic developments during the 3rd quarter of 2008/09 becomes evident when compared directly with the preceding quarter. Quantity and price reductions from the 2nd to the 3rd quarter led to a decline in revenue of 25.7%, from EUR 348.5 million to EUR 258.9 million. Whilst EBITDA dropped by 52.6%, from EUR 58.4 million to EUR 27.7 million, EBIT even fell by 60.3%, from EUR 50.4 million to EUR 20 million, as a consequence of having to devalue pre-materials. However, in spite of a very turbulent economic environment, during the 3rd quarter the Profilform Division was able to achieve an EBITDA margin of 10.7% and an EBIT margin of 7.7%.

Division Automotive[1]

In millions of euros	1Q 2008/09 04/01–06/30/2008	2Q 2008/09 07/01–09/30/2008	3Q 2008/09 10/01–12/31/2008	1Q–3Q 2007/08 04/01–12/31/2007	1Q–3Q 2008/09 04/01–12/31/2008	Change in %
Revenue	259.2	235.7	206.9	678.3	701.8	3.5
EBITDA	30.4	24.9	16.4	85.8	71.7	–16.4
EBITDA margin (in %)	11.7	10.6	7.9	12.6	10.2	
EBIT	17.6	12.1	3.5	43.9	33.2	–24.4
EBIT margin (in %)	6.8	5.2	1.7	6.5	4.7	
Employees excl. apprentices	4,244	4,306	4,247	4,074	4,247	4.2

[1] Last year's figures were retrospectively adjusted.

The production cuts and production shutdowns which many automotive manufacturers introduced after the summer of 2008 were dramatically increased in November and December. This led to extended standstill periods, leading to in a corresponding decline in call-off orders across almost all business segments in the *Automotive Division*. In order to compensate as far as possible for the massive negative effect on earnings which resulted from this under-utilization, measures were immediately adopted at all affected Division locations to adapt cost structures to reflect the substantial changes in orders and revenue as far as possible.

The 3.5% increase in revenue which, notwithstanding, was achieved in the first three quarters of 2008/09 compared to the same period in the previous year, from EUR 678.3 million to EUR 701.8 million, is chiefly the result of good capacity utilization during the 1st half of the the business year 2008/09. In spite of hesitant demand in call-off orders from automotive manufacturers from the end of the 1st half-year 2008/09, the high order levels from the previous business year acted to support operating levels.

Half-year results for 2008/09 were able to match the results of the previous year, however, in spite of an accelerated cost reduction program, EBITDA declined by 16.4% during the first three quarters of 2008/09, from EUR 85.8 million to EUR 71.7 million, compared to the previous year. EBIT fell by 24.4% against the reference value of the previous year (which was boosted by one-off special effects), from EUR 43.9 million to EUR 33.2 million. Compared to the first nine months of the previous year, this represents a decline in EBITDA and EBIT margins, of 12.6% to 10.2%, and of 6.5% to 4.7% respectively.

The increasingly critical situation in which the automotive sector has found itself since last autumn is clearly mirrored when directly comparing the 2nd and 3rd quarters of the current business year. Thus during the 3rd quarter revenue fell by 12.2% compared to the preceding quarter, from EUR 235.7 million to EUR 206.9 million. EBITDA decreased by 34.1%, from EUR 24.9 million to EUR 16.4 million, and EBIT, at EUR 3.5 million, came in at 71.1% below the level for the 2nd quarter (EUR 12.1 million). During a period of extremely challenging economic conditions, for the 3rd quarter of 2008/09 the division achieved an EBITDA margin of 7.9%, and an EBIT margin of 1.7%.

Business transactions with associated companies or parties

The range of associated companies and parties under Sec. 95 Para. 5 Line 12 of the Stock Corporation Act (AktG) remained largely unchanged compared to the last annual financial statement.

Investments

During the first three quarters of the business year 2008/09 the investments of the voestalpine Group came to EUR 750.6 million. Last year's comparative figure (EUR 3,605.5 million) is of limited substance, to the extent that it contains over 90% of the expenditure for the acquisition of the BÖHLER-UDDEHOLM AG.

Compared to the first three quarters of the previous year, there was a decline in investment activity across all the five divisions. On the one hand, this is the result of various large projects having now been completed, or being at a very advanced stage, and on the other (and as a reaction to the massive economic slump), both current and planned investment projects being re-examined and party rescaled, with project schedules being pushed forward or delayed. It should be stressed that rather than this being a general stop in investment, the focus will consequently remain on those projects which aim to continually extend the voestalpine Group's leadership role in terms of technology and quality.

Investment activity during the first nine months of the business year 2008/09 across the five divisions was as follows:

At EUR 331.6 million (–17.5% over EUR 401.9 million in the previous year), 45% of all Group investments were accounted for by the Steel Division. The focus was on realizing the remaining individual projects in the "Linz 2010" investment program, construction of the hot-dip galvanizing plant 5 and implementation of the follow-up project "L6 – Part 1". Within the scope of this project the company's own power plant is currently being expanded by another block, a new continuous casting facility is being built within the steel mill, heavy-plate production will be technologically optimized yet again, and the wide strip mill will undergo comprehensive renewal (two further stands were replaced in November 2008). In addition, major repairs have begun to one of the the two small furnaces, a project which has been planned for a long time.

In the Special Steel Division, the current expansion and modernization activities to increase capacity in open die forging at the locations Kapfenberg (Austria), Hagfors (Sweden), Sumaré (Brazil) and Wetzlar (Germany) account for the largest investment with a total volume of around EUR 300 million. The program will also be realized at this scale although, due to the general current lack of demand, over a longer time frame than originally planned. As a consequence, to date only the new plant at the Sumaré location has gone into production. At the three remaining locations completion will be partly delayed into the business year 2011/12. In addition, construction of a new cold rolling center and a strip steel mill began during the summer of 2008 at the Kematen (Austria) location. The investment volume amounts to around EUR 110 million and these mills are scheduled to start operation during the business year 2009/10. Investment volume for the Special Steel Division totaled EUR 184.6 million for the first three quarters of 2008/09.

With the start of the scheduled trial operations at the Donawitz location over the past months, the Railway Systems Division has almost concluded its significant investment activities: these include the new power plant block for a completely self-sufficient energy supply, where power operations began in

January 2009, as well as a new, and above all eco-friendly, cooling water system. A particularly important investment for the division's rail segment was the new construction of a double channel, head hardening system. This was installed during December and January and has now been successfully put into operation. At EUR 143.2 million, the Railway Systems Division reports investment expenditures over the first three quarters of 2008/09 which are 16.1% lower than in the comparative period of the previous year (EUR 170.7 million).

As a result of the collapse in demand and with no perceptible recovery amongst its most important customer segments in the coming months, the Profilform Division has, in the meantime, significantly reduced the scale of its investment program to increase capacity for special sections and profiles. Investment expenditure fell by 23.3%, from EUR 50.3 million to EUR 38.6 million, compared to the same period in the previous year.

In the Automotive Division, five of the six new presses for high-quality structural parts and components, already reported upon in previous shareholders' letters, have successfully gone into production. At EUR 47.1 million, total investments were significantly lower than the previous year's level of EUR 68 million which included acquisition costs.

Acquisitions and Divestments

Apart from the smaller acquisitions made by the Railway Systems Division reported upon in previous shareholders' letters for this business year, and the successful conclusion of the squeeze-out procedure at BÖHLER-UDDEHOLM AG, also previously reported upon, no additional company purchases were made during the remainder of the business year 2008/09.

BÖHLER-UDDEHOLM AG – Status of the squeeze-out procedure

The BÖHLER-UDDEHOLM AG Annual General Meeting held on June 23, 2008 adopted a resolution to initiate the steps necessary under the Austrian Minority Shareholder Exclusion Act (Gesellschafterausschlussgesetz). This resolution, registered in the Commercial Register by the Commercial Court Vienna on September 4, 2008, provided the basis for voestalpine AG to acquire all BÖHLER-UDDEHOLM shares at a price of EUR 70.26 per share, plus statutory interest.

According to the Austrian Minority Shareholder Exclusion Act, each minority shareholder has the right to request judicial appraisal of the adequacy of the cash settlement offered. By October 22, 2008, the legal deadline for applications for such a judicial appraisal, several such applications had been submitted and therefore a judicial appraisal is due to begin soon. However, this is limited exclusively to appraising the adequacy of the settlement amount and will have no effect on the validity of the squeeze out, i.e. the 100% ownership of BÖHLER-UDDEHOLM AG by the voestalpine AG.

Divestments

The greater difficulty involved in financing acquisitions, which is the consequence of the crisis in the capital markets paired with general market insecurity, is having a negative effect on the sales negotiations for those companies whose sale was agreed upon during the past business year as part of the Automotive Division's portfolio streamlining. As a result, general delays are to be expected in the divestment process which, from the current assessment, will affect the sale of the French company Amstutz Levin & Cie in particular. With regards to the divestment of the companies voestalpine Polynorm van Niftrik B.V., voestalpine Polynorm Plastics B.V. (both in the Netherlands) and voestalpine Polynorm Plastics

Ltd. (Great Britain) who produce plastic parts for the automotive and commercial vehicles industries, exclusive negotiations were carried out with interested parties, leading to the signing of the corresponding contracts at the end of November 2008.

Towards the end of the calendar year, however, the automotive industry's market experienced a new and dramatic decline. It was in the commercial vehicles industry, the main customer segment for the companies to be divested, in which production was drastically cut. However, according to the terms of the contract, the effects of this market collapse on company group results provided interested parties with a legal option to withdraw prior to closing the contract, which they then used to renegotiate the conditions of the sale. As the result of strongly diverging standpoints, no final agreement was made. The sales process will now be delayed as alternative options are evaluated.

Employees[1]

As of December 31, 2008, the voestalpine Group had 42,062 employees (excl. apprentices and leased employees). This corresponds to an increase over the previous year (40,575) of 3.7%, or 1,487 employees. Of these additional employees. 312 of the additional staff result from the Profilform Division's acquisition of the Brazilian company Meincol Distribuidora de Aços, with the remaining 1,162 additional employees primarily reflecting the high levels of demand across the other four divisions during the 1st half of the current business year.

However, the situation has changed significantly when compared with the preceding quarter.
Although human resources have also acted to counter the drop in demand through accelerated cost saving measures such as consistently reducing unused holiday allowances or implementing flexible time accounts, in some companies, especially international Group companies, reductions in the number of permanent staff have been unavoidable. Whith 0.6%, the resulting cut in employees by 263 as compared to September 30, 2008 (42,325) was, however, comparatively moderate as the majority of personnel cuts during the 3rd quarter was achieved through the successive cutback in 1,412 leased employees across the Group.

As of December 31, 2008, the voestalpine Group has been training 1,767 apprentices worldwide, thereof approximately 30% at international locations. This represents an increase of 7.9% compared to the previous year (1,638).

It should be noted that the personnel measures taken during the 3rd quarter of 2008/09 will be insufficient to fully counteract the effects of the massive economic slump. As a result, all locations affected by the crisis are making extensive efforts to adjust capacity and employee numbers to reflect the changed order levels. Therefore, in spite of the further reduction in numbers of leased employees, and the wide use of short time working (for which currently around 7,600 employees throughout the group are registered), around 300 permanent staff had to be cut during the current 4th quarter of 2008/09. As a result of the continuing intensification of the economic situation, further job cuts are to be expected over the coming months.

Environment

The European Parliament's adoption of the resolution on the EU's climate package in December 2008 set the future direction for an ambitious reduction in CO_2 emissions throughout the European Union to 2020 and beyond. Subject to the results of the world climate conference at the end of 2009, it has tentatively been announced that industry

[1] Last year's values retrospectively adjusted.

will be issued with free certificates of up to 100% coverage, issued in accordance with rigorous benchmarks.

The benchmarking system for energy-intensive industries, also proposed by voestalpine, should serve to make full use of the existing potential for reducing CO_2 in individual sectors such as the steel industry. The allocation of certificates ought to commence from 2013 on the basis of this benchmark. The details of this system as it affects the steel industry are being negotiated with the European Commission this year.

In addition, the IPPC directive (Integrated Prevention Pollution and Control Directive) is being reworked with a particular focus on determining and standardizing emissions limits for industrial plants in all the EU member states. These limits will then be valid throughout the EU and may only be adapted to meet specific local circumstances in exceptional, justified cases. As a result, future distortion in competition as the result of environmental considerations ought to be avoided.

The ambitious goals of the EU's Water Framework Directive are currently being, or have already been, passed into law in the individual EU member states. The measures which need to be taken by companies in the voestalpine Group in order to adhere to these standards are currently being evaluated.

Research and Development

During the business year 2008/09, the voestalpine Group will invest more than EUR 100 million in research and development for the first time. In addition to the R&D projects already outlined in previous Shareholders' Letters this year, the following are a few of the current projects:

The use of physical and numerical simulations is central to the R&D projects which are run by the Steel Division. During the autumn of 2008, a new hot rolling simulator was installed at their R&D facilities, enabling the process steps in hot rolling to be reproduced under laboratory conditions.

A further focus in steel research during the current business year includes the development of new and highly resistant thin strip coatings, offering particular resistance to corrosion and ultraviolet rays for example, whilst simultaneously boasting optimal processing properties.

Light-weight construction in car body manufacturing will be a vital element in future automotive manufacturing. This makes corrosion protection extremely important for components consisting of a combination of steel and aluminum. Together with the new Austrian research center CEST (Center for Electrochemical Surface Technology), in which the Steel Division has a large stake, surface coatings which provide optimal corrosion protection for mixed components have already been tested under real conditions.

In the Railway Systems Division, the turnout technology business segment has achieved its first important success in its "ready-to-use" tram turnouts project, with its first test installation in Frankfurt. By pre-installing the turnouts in concrete carrier plates, road closure times can be reduced when installation work is being carried out, initial quality can be raised and, as a result, life cycle costs minimized.

Outlook

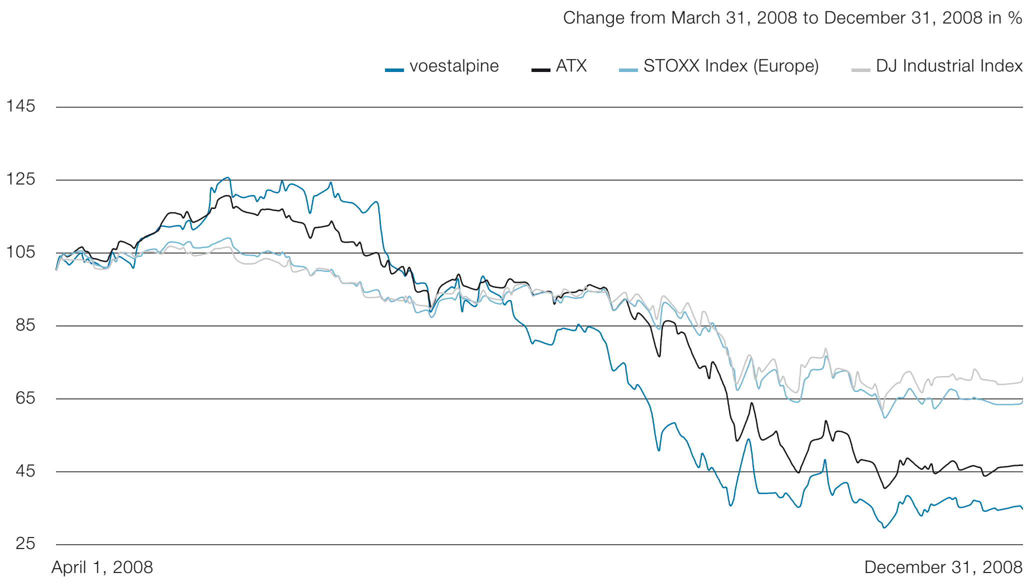
Due to the continued intensification of the global economic downturn since autumn 2008, all the signs point to the voestalpine Group recording a very positive, although for the first time in years, regressive annual result as compared to the previous year. According to the current status, an EBITDA of approximately EUR 1.7 billion and an operating result (EBIT) of around EUR 1 billion (each after ppa) can be expected.

The key factors behind this prospective weakening of results in the 4th quarter of the current business year are the massive drop in demand across almost all segments (except the railway infrastructure and energy sectors) combined with a significant fall in price levels in almost all product groups, which will affect all the five divisions although to differing degrees. Results will also be affected by the (still) continuing high raw materials prices. Furthermore, the Special Steel Division is particularly exposed to the financial effects of the recent fall in the price of metal alloys.

Current uncertainty about future market developments in general make reliable predictions concerning results for the business year 2009/10, beginning on April 1, 2009, impossible. However, even with continually negative market development, we still expect to report a clearly positive operating result for the coming business year.

Investor Relations

voestalpine AG v. international indices



Price development of the voestalpine share

As presented in the Letter to Shareholder's for the 1st half-year 2008/09, developments on the international capital markets were characterized by dramatic, across the board losses. The voestalpine share was also a victim of this development, losing two-thirds of its value during the period April 1, 2008 to December 31, 2008 as it dropped from EUR 45.55 to EUR 15.04.

Convertible bond 2005

Within the scope of the convertible bond issued by the voestalpine AG in July 2005, additional bond holders have meanwhile exercised their right to convert the bonds to voestalpine shares. Both voestalpine shares and authorized capital were used to effect these bond conversions. As of December 31, 2008 only 8.6% of the convertible bonds were still in circulation.

Increase of capital

According to Art. 4, Para. 6 of the statutes, with effect from November 28, 2008, voestalpine AG capital stock was increased by 0.1%, from EUR 298,756,264.42 to EUR 299,046,953.94, through the issuing of 159,999 bondholder shares to holders of the convertible bond issued by voestalpine AG in July 2005.

Transfer of voestalpine AG's own shares

Within the scope of the existing employee shareholding plan, during the first nine months of the business year 2008/09 voestalpine AG transferred 1,001,061 of its own shares (corresponding to 0.61% of the share capital) to voestalpine Group employees and the voestalpine employee private foundation. As of December 31, 2008, the share in voestalpine AG held by employees therefore amounted to 11.3%.

Shareholder structure

Compared to the equity interest disclosed in the Letter to Shareholders for the 1st half-year 2008/09 (indicative), no serious changes occurred during the 3rd quarter of the business year; therefore please refer to the shareholder structure outlined in the half-year report.

Share information

Share capital	EUR 299,046,953.94, divided into 164,599,032 non-par shares
	Treasury stock as of December 31, 2008: 1,695,462
Class of shares	Ordinary bearer shares
Securities identification number (WKN)	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Class of shares

Share price high between April 2008 and December 2008	EUR 55.03
Share price low between April 2008 and December 2008	EUR 12.85
Share price as of December 31, 2008	EUR 15.04
Market capitalization as of December 31, 2008[1]	EUR 2,447,663,307.84

[1] Based on total number of shares minus treasury shares.

Business year 2007/08

Earnings per share	EUR 4.69
Dividend per share	EUR 2.1
Book value per share	EUR 25.34

Financial calendar 2009

Annual Report 2008/09	June 4, 2009
Annual General Meeting	July 1, 2009
Ex dividend date	July 6, 2009
Dividend payment date	July 13, 2009
Letter to shareholders for the 1st Quarter 2009/10	August 20, 2009
Letter to shareholders for the 2nd Quarter 2009/10	November 19, 2009

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

■ BHF-BANK, Frankfurt ■ Credit Suisse, London ■ Citigroup, London ■ Deutsche Bank, Vienna/London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ JP Morgan, London ■ Morgan Stanley, London ■ Nord LB, Hannover ■ Raiffeisen Centrobank, Vienna ■ Sal. Oppenheim, Frankfurt ■ Steubing AG, Frankfurt ■ UBS, London ■ UniCredit, Vienna.

voestalpine AG

Financial data 12/31/2008

According to international Financial Reporting Standards (IFRS)

Consolidated balance sheet

Assets

	03/31/2008	12/31/2008
A. Non-current assets		
Property, plant and equipment	4,001.7	4,218.9
Goodwill	1,403.4	1,408.5
Other intangible assets	768.4	631.0
Investments in associates	108.0	115.1
Other financial assets	103.7	153.0
Deferred tax assets	393.2	370.0
	6,778.4	**6,896.5**
B. Current assets		
Inventories	3,011.1	3,505.7
Trade and other receivables	2,232.8	1,947.7
Other financial assets	247.6	219.8
Cash and cash equivalents	331.9	435.7
	5,823.4	**6,108.9**
Total assets	**12,601.8**	**13,005.4**

In millions of euros

Equity and liabilities

	03/31/2008	12/31/2008
A. Equity		
Share capital	298.8	299.0
Capital reserves	470.6	371.4
Hybrid capital	992.1	993.2
Retained earnings and other reserves	2,273.9	2,435.4
Equity attributable to equity holders of the parent	**4,035.4**	**4,099.0**
Minority interest	253.9	82.3
	4,289.3	**4,181.3**
B. Non-current liabilities		
Pensions and other employees obligations	839.3	846.2
Provisions	69.0	68.3
Deferred tax liabilities	361.1	322.6
Financial liabilities	1,262.9	3,220.5
	2,532.4	**4,457.6**
C. Current liabilities		
Provisions	403.1	448.2
Tax liabilities	198.6	155.4
Financial liabilities	3,031.7	1,798.3
Trade and other payables	2,146.8	1,964.6
	5,780.2	**4,366.5**
Total equity and liabilities	**12,601.8**	**13,005.4**

In millions of euros

Consolidated income statement[1]

	04/01–12/31/2007	04/01–12/31/2008	10/01–12/31/2007	10/01–12/31/2008
Revenue	7,447.6	9,280.1	2,752.7	2,793.9
Cost of sales	–5,646.9	–7,113.2	–2,126.4	–2,255.7
Gross profit	**1,800.7**	**2,166.9**	**626.3**	**538.2**
Other operating income	224.5	285.9	104.6	110.9
Distribution costs	–605.6	–770.5	–243.5	–246.2
Administrative expenses	–326.3	–414.8	–128.6	–125.1
Other operating expenses	–218.7	–285.7	–100.7	–81.6
Profit from operations (EBIT)	**874.6**	**981.8**	**258.1**	**196.2**
Share of profit of associates	15.4	26.1	4.3	6.2
Finance income	55.3	67.4	23.6	29.6
Finance costs	–174.8	–310.6	–76.0	–126.2
Profit before tax (EBT)	**770.5**	**764.7**	**210.0**	**105.8**
Income tax expense	–158.3	–152.0	–34.8	–15.2
Profit for the period from continuing operations	**612.2**	**612.7**	**175.2**	**90.6**
Discontinued operations	–0.3	–6.6	2.4	–3.3
Profit for the period	**611.9**	**606.1**	**177.6**	**87.3**
Attributable to:				
Equity holders ot the parent	592.5	543.7	161.2	68.6
Minority interest	7.5	9.0	4.4	0.9
Share planned for hybrid capital owners	11.9	53.4	11.9	17.8
Basic earnings per share (in euros)	**3.73**	**3.40**	**–**	**–**
Diluted earnings per share (in euros)	**3.61**	**3.37**	**–**	**–**

[1] Last year's figures were retrospectively adjusted.

In millions of euros

Consolidated cash flow statement

	04/01–12/31/2007	04/01–12/31/2008
Operating activities		
Profit for the period	611.9	606.1
Adjustments	440.9	504.7
Changes in working capital	–129.9	–449.8
Cash flows from operating activities	**922.9**	**661.0**
Cash flows from investing activities	**–3,538.0**	**–979.9**
Cash flows from financing activities	**2,611.1**	**412.5**
Net decrease/increase in cash and cash equivalents	**–4.0**	**93.6**
Cash and cash equivalents, beginning of period	356.1	331.9
Net exchange differences	7.5	10.2
Cash and cash equivalents, end of period	**359.6**	**435.7**

In millions of euros

Changes in equity

	04/01–12/31/2007	04/01–12/31/2008
Equity at April 1st	**2,882.3**	**4,289.3**
Profit for the period	611.9	606.1
Dividends to shareholders	–234.8	–341.5
Hybrid bond net	992.1	0.0
Capital increase	102.8	2.9
Own share acquired/disposed	–146.8	85.3
Purchase of Minority interest	–69.1	–335.9
Dividends to hybrid capital owners	0.0	–71.3
Addition of Minority interest Special Steel Division	344.2	0.0
Currency translation	–26.3	–46.9
Hedge accounting	–9.9	15.7
Stock Options	8.8	–2.1
Other changes	–19.5	–20.3
Equity at December 31st	**4,435.7**	**4,181.3**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of December 31, 2008 for the 3rd quarter of the 2008/09 business year were prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the 2007/08 business year. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2008, on which these interim consolidated financial statements are based.
The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). In the totaling of rounded amounts and percentages, calculation differences may occur as the result of using automatic calculation programs.

Unless otherwise stated, comparative information relates to the 3rd quarter of the 2007/08 business year (balance sheet date: December 31, 2007).

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

Scope of consolidation/ acquisitions

As announced during the 1st quarter, the companies DAMY Cambios de Via, S.A. de C.V. and Control & Display Systems Ltd. (CDS Rail) were acquired and initially consolidated. The impact of these acquisitions on the consolidated financial statements was not significant.

Thus, the changes made in the scope of consolidation during the reporting period were as follows:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2008	**322**	**3**	**14**
Acquisitions	5		1
Change in consolidation method			
Acquisitions	2		
Reorganizations	–5		
Divested or disposals	–3	–1	–1
As of December 31, 2008	**321**	**2**	**14**
Of which foreign companies	264	0	5

Notes on the balance sheet

The increase of non-current assets was the result of investments amounting to EUR 750.6 million which exceed the amount of depreciations during the reporting period. As a result of demand, inventories have increased by EUR 494.6 million in comparison to the March 31, 2008.

As of March 31, 2008, voestalpine AG's share capital amounted to EUR 298,756,264.42 (164,439,033 shares). During the 3rd quarter of 2008/09 the share capital was increased through the issue of 159,999 shares to settle obligations due to conversion of convertible bonds with a nominal value of EUR 3.0 million. As a result, on December 31, 2008 share capital amounted to EUR 299,046,953.94 (164,599,032 shares). During the current business year convertible bonds with a nominal value of EUR 50.0 million have been exercised. The company held 1,695,462 of its own shares on the balance sheet date.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1,000,000,000. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are 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 portion of equity under IAS 32.

Equity amounts to EUR 4,181.3 million at the end of the reporting period. In the current business year voestalpine AG distributed dividends (for the business year 2007/08) amounting to EUR 341.5 million to its shareholders. Interest for hybrid capital amounting to EUR 71.3 million was also distributed as dividend. The purchase of BÖHLER-UDDEHOLM shares amounting to EUR 335.9 million during the current business year has been offset against equity.

Trade payables have decreased to EUR 966.0 million.

Notes on the income statement

Revenues for the period from April 1 to December 31, 2008 totaled EUR 9,280.1 million and exceeded the comparable figure for the year preceding (EUR 7,447.6 million) by 24.6%. Earnings before interest and tax (EBIT) reached EUR 981.8 million for the first three quarters, which represents an increase of 12.3% over the comparable period of 2007/08 (EUR 874.6 million). EBIT equaled EUR 196.2 million for the 3rd quarter of 2008/09, or 24.0% less than in the 3rd quarter of 2007/08 (EUR 258.1 million).

Notes on the cash flow statement

The strong results recorded for the first three quarters led to a 5.5% increase in cash flow, before capital changes, from EUR 1,052.8 million to EUR 1,110.8 million. The significant growth in working capital resulted in cash flows from operating activities of EUR 661.0 million; in comparison to the first three quarters of the year preceding (EUR 922.9 million), this represents a decline of 28.4%. After the deduction of EUR 979.9 million in cash flows from investing activities and taking into account the cash flows from financing activities amounting to EUR 412.5 million, the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR 93.6 million.

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