Reaching new Dimensions. Combining common Strengths and broadening Perspectives. Expanding leading Positions and entering new Markets. Meeting Challenges to create Values.

Annual Report 2007/08

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voestalpine

ONE STEP AHEAD.

voestalpine Group Key Figures

In millions of euros	2003/04	2004/05	2005/06	2006/07[1]	2007/08	2007/08 pro-forma pre ppa[3]
Revenue	4,616.3	5,779.1	6,230.6	6,943.8	10,481.2	10,481.2
Profit from operations before depreciation (EBITDA)	557.9	887.7	1,079.0	1,358.6	1,836.5	1,968.5
EBITDA margin	12.1%	15.4%	17.3%	19.6%	17.5%	18.8%
Profit from operations (EBIT)	243.7	552.5	724.1	1,011.4	1,152.6	1,503.0
EBIT margin	5.3%	9.6%	11.6%	14.6%	11.0%	14.3%
Profit before tax (EBT)	201.9	497.5	674.3	976.4	979.6	1,330.0
Profit for the period from continuing operations	141.2	373.5	519.7	755.0	777.1	1,028.8
Profit for the period	130.5	323.5	525.9	764.9	751.9	1,003.6
EPS – Earnings/share (euros)	0.86	2.36	3.25	4.76	4.69	
Balance sheet total	4,659.9	5,369.2	6,158.6	6,827.5	12,601.8	
Cash flow from operating activities	576.5	550.6	860.1	970.2	1,135.8	1,135.8
Investments in tangible and intangible assets and interests	436.1	564.9	566.3	907.8	3,910.1	
Depreciation	314.2	335.2	354.9	347.2	683.9	465.5
Equity	1,853.2	2,124.7	2,547.3	2,882.3	4,289.3	
Net financial debt	635.1	683.5	376.9	526.2	3,571.7	
Net financial debt (in % of equity)	34.3%	32.2%	14.8%	18.3%	83.3%	
Return on Capital employed (ROCE)	7.8%	15.0%	21.5%	26.2%	13.4%	21.9%
Market capitalization period end	1,458.9	2,355.1	4,565.4	8,366.2	7,006.4	
Number of outstanding shares as of March 31	157,717,304	158,167,880	158,164,504	154,073,274	159,235,738	
End of period share prize (euros)	9.25	14.89	28.87	54.30	44.0	
Dividend/share (euros)	0.40	0.53	0.78	1.45	2.1[2]	
Employees excl. apprentices (end of period)	22,755	22,955	22,918	24,613	41,490	

[1] Business year 2006/07 retrospectively adjusted.

[2] As proposed to the Annual General Shareholders' Meeting.

[3] The BÖHLER-UDDEHOLM Group has been consolidated since July 1, 2007 as the Special Steel Division of voestalpine AG (thus included in the current Group's Consolidated Financial Statement for a period of nine months). In the course of the initial consolidation, a purchase price allocation (ppa) was performed in accordance with the provisions of IFRS 3. This means that all assets and liabilities of BÖHLER-UDDEHOLM have been recorded in the Consolidated Financial Statement of voestalpine AG at their fair value. An independent expert determined the need for substantial upward revaluations, particularly for tangible fixed assets and inventories. Furthermore, intangible assets, such as brands, level of orders, customer relationships, and technology, were recognized in the course of the initial consolidation.

As a result of the turnover in inventory assets and increased depreciation on the above-mentioned assets the earnings for the Special Steel Division shown in the present Consolidated Financial Statement for the voestalpine Group differ substantially from those published concurrently by the BÖHLER-UDDEHOLM Group. In contrast, a significantly smaller impact on earnings is expected in future years due to the gradual elimination of short-term effects relative to inventories and orders. Free cash flow for the Special Steel Division will not be affected by this accounting effect.

As the purchase price allocation distorts the picture regarding actual developments, the above key figures table also includes pro forma figures for the voestalpine Group excluding the ppa and effects that are shown solely for accounting purposes.

Overview of the voestalpine Group

voestalpine Group

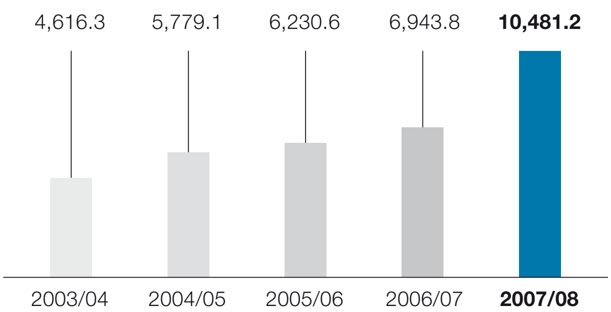
In millions of euros	2007/08	2007/08 pro-forma pre ppa
Revenue	10,481.2	10,481.2
EBIT	1,152.6	1,503.0
EBIT margin	11.0%	14.3%
Employees	41,490	41,490

voestalpine Divisions

In millions of euros	Steel	Special Steel	Special Steel pro-forma pre ppa	Railway Systems	Profilform	Automotive
Revenue	3,942.8	2,758.5	2,758.5	2,211.4	1,138.7	947.5
EBIT	684.4	5.8	356.2	315.3	158.7	60.2
EBIT margin	17.4%	0.2%	12.9%	14.3%	13.9%	6.4%
Employees	9,829	15,453	15,453	7,827	3,794	4,144

Revenue

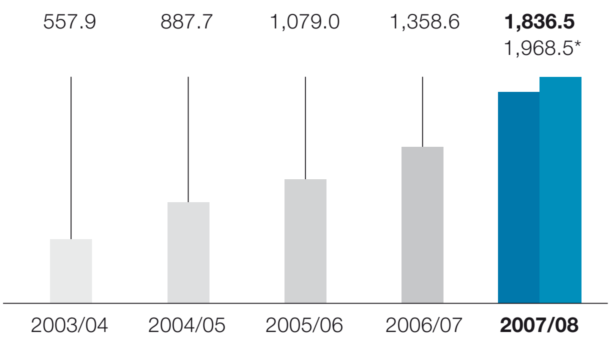
In millions of euros



EBITDA Earnings before interest, taxes, depreciation and amortization

In millions of euros

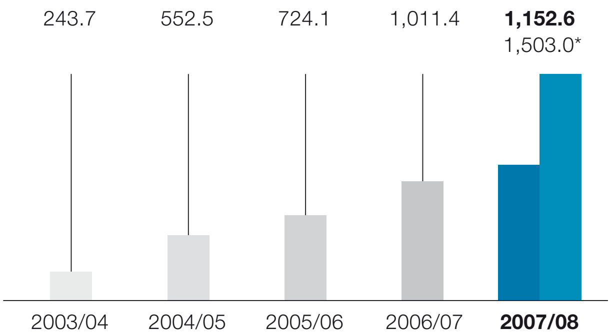
* pre ppa



EBIT Profit from operations

In millions of euros

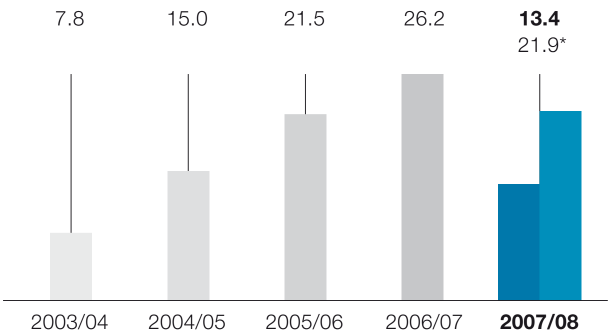
* pre ppa



ROCE Return on Capital employed

In %

* pre ppa



Highlights[1,2]

- In the most successful financial year of its existence, the voestalpine Group reaches new dimensions in terms of revenue, result and number of employees.
- The purchase of BÖHLER-UDDEHOLM AG in the last financial year represents the largest acquisition ever made by an Austrian company.
- Revenues pass the EUR 10 billion mark for the first time.
- Profit from operations (EBIT) before application of the purchase price allocation (ppa) arising from the acquisition of BÖHLER-UDDEHOLM AG increases by nearly 50% and exceeds EUR 1.5 billion.
- Even in consideration of the (exclusively accounting) effects of the ppa, EBIT still increases by 14% to more than EUR 1.15 billion.
- The EBITDA of nearly EUR 2.0 billion before ppa is 45% above the previous year's figure. Even after ppa, the Group's EBITDA rises by 35% to EUR 1.84 billion.
- Due to the ppa effects, the EBITDA margin, EBIT margin and ROCE remain below the values of the previous year. The slight decrease in the EBIT and EBITDA margins before ppa is due to a slightly different margin profile of BÖHLER-UDDEHOLM.
- All divisions reach new high-values in revenues. Steel, Profilform and Automotive also achieve new record results, while the Railway Systems Division comes close to the high level of the previous year.
- The Special Steel Division, which has been consolidated since July 2007, also continues on its growth path, with record highs in revenue, EBIT and EBITDA.
- For the first time, the majority of employees, namely 53%, (around 22,000 of approximately 41,500) are employed at locations outside of Austria.
- Despite the (purely accounting) effects of the ppa and expenses for financing the acquisition of BÖHLER-UDDEHOLM, the earnings per share of EUR 4.69 were maintained at close to the previous year's level of EUR 4.76.
- The dividend increased by almost 50% from EUR 1.45 to EUR 2.10 (proposal to the Annual General Meeting).
- Investments as well as research and environmental expenses reach new record values.
- Highly successful integration of the BÖHLER-UDDEHOLM Group with synergies of EUR 123 million, almost twice as high as originally expected.

[1] Previous year's figures retrospectively adjusted.
[2] For explanatory remarks on the purchase price allocation (ppa) please refer to the inside cover page.

The Group

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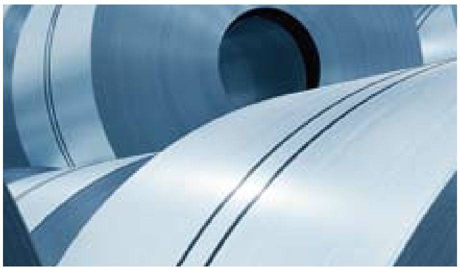
Group structure

The companies shown in this organizational chart are major investments of the voestalpine Group; groups of companies are represented by their respective holding company.
For details, please refer to the section “Investments” in the appendix to this Annual Report.

voestalpine AG

- Steel Division



- Special Steel Division

- Railway Systems Division

- Profilform Division

- Automotive Division

voestalpine Stahl GmbH

voestalpine Grobblech GmbH
voestalpine Giesserei Linz GmbH
voestalpine Anarbeitung GmbH
vatron gmbh (66.5%)[1]
voestalpine Rohstoffbeschaffungs GmbH[1]
voestalpine Stahl Service Center GmbH
voestalpine Eurostahl GmbH
Logistik Service GmbH

BÖHLER-UDDEHOLM AG

BÖHLER Edelstahl GmbH & Co. KG
Buderus Edelstahl GmbH
Villares Metals S.A.
BÖHLER-UDDEHOLM Deutschland GmbH
Uddeholm Tooling AB
ASSAB Pacific Pte. Ltd
Eschmann Stahl GmbH & Co. KG
BÖHLER Bleche GmbH & Co. KG
Böhler-Uddeholm Italia S.p.A.
Böhler Schweisstechnik Deutschland GmbH
Buderus Edelstahl Band GmbH
BÖHLER-UDDEHOLM Precision Strip GmbH & Co. KG
BÖHLER Schmiedetechnik GmbH & Co. KG
Buderus Edelstahl Schmiedetechnik GmbH

voestalpine Bahnsysteme GmbH & Co KG

voestalpine Schienen GmbH
TSTG Schienen Technik GmbH & Co KG
VAE GmbH
voestalpine Railpro B.V. (70%)
voestalpine Klöckner Bahntechnik GmbH
voestalpine Tubulars GmbH & Co KG (50%)
voestalpine Stahl Donawitz GmbH & Co KG
voestalpine Austria Draht GmbH

voestalpine Profilform GmbH

voestalpine Krems GmbH
voestalpine Krems Finaltechnik GmbH
Nedcon Groep N.V.
Sadef N.V.
Metsec plc
Roll Forming Corporation
voestalpine Präzisionsprofil GmbH
voestalpine Profilform s.r.o
ZAO voestalpine Arkada Profil
Société Profilafroid
Société Automatique de Profilage
Meincol Distribuidora de Aços S.A. (75%)

voestalpine Automotive GmbH

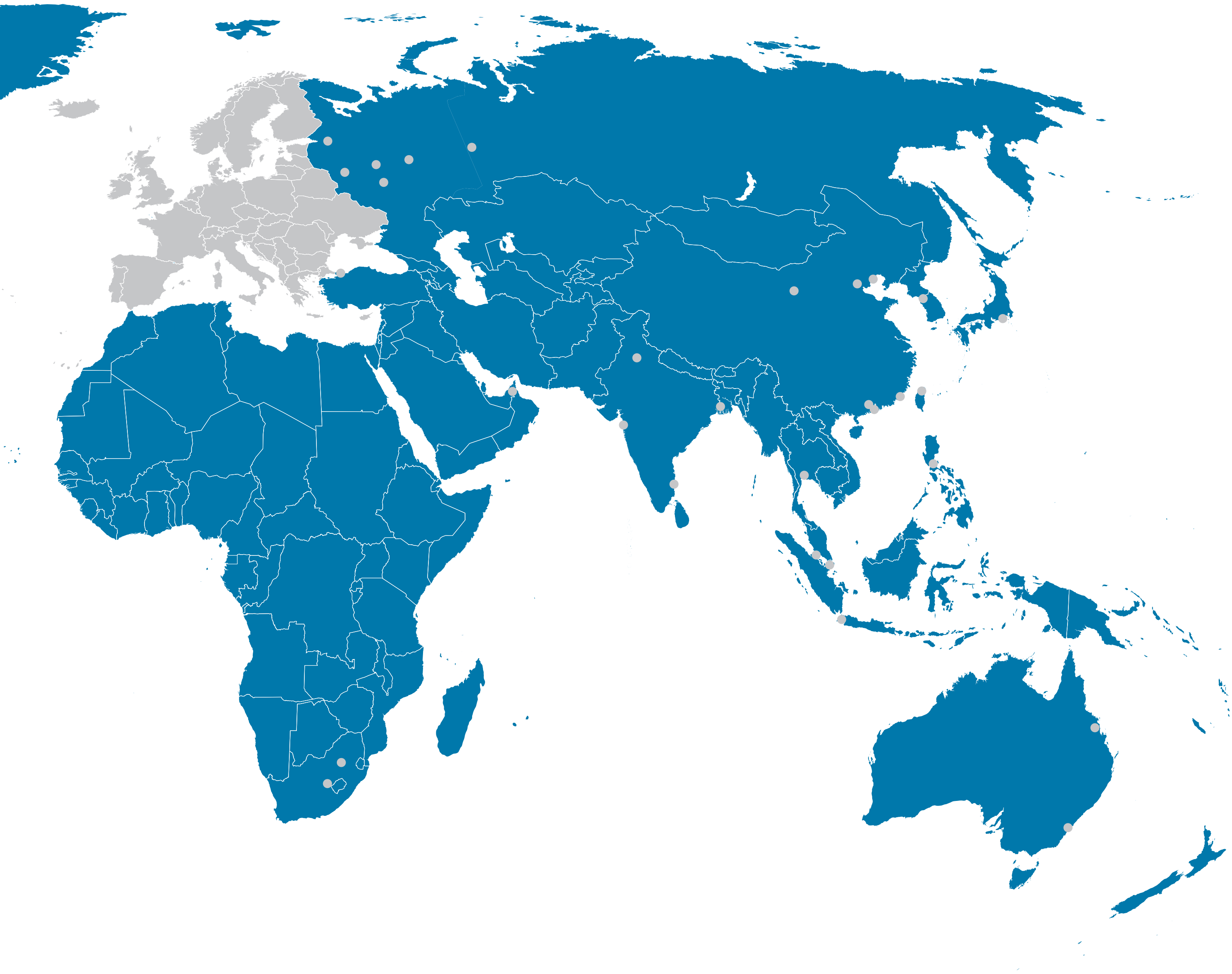
voestalpine Polynorm N.V.
voestalpine Europlatinen GmbH
voestalpine Rotec GmbH
voestalpine Vollmer GmbH & Co KG
Gutbrod Stanz- und Umformtechnik GmbH
voestalpine Hügel GmbH & Co KG
Dancke Stanztechnik GmbH & Co KG (70%)

[1] Including minority interests of other Group companies.

From an Austrian company ...

In 1995, when voestalpine AG went public, the Group had approximately 15,000 employees and revenues of EUR 2.4 billion. Aside from foreign sales offices and a profile production in Belgium (SADEF N.V.), the Group was limited to Austrian locations.

European sites 2008 (in detail)



... to a globally successful group

In 2008, following the best financial year in the Company's history, not only the revenue of voestalpine Group has reached new dimensions, rising above the EUR 10 billion mark. The Group now has more than 41,000 staff members, the majority of which are employed outside of Austria, and is represented by more than 360 production and sales companies close to the customers in around 60 countries on all continents, including all global growth markets. And in many of these regions, the voestalpine Group is the leader in technology and know-how intensive niche products. – Our history is a success story that has led us from Austria, through Europe, and into the world.

The Supervisory Board of voestalpine AG

em. o. Univ.-Prof. Dr. h. c. Dr. Rudolf Strasser
Honorary Chairman of the Supervisory Board – appointed on July 3, 2001
Member of the Supervisory Board from August in 1959 to July 3, 2001

Dr. Joachim Lemppenau
Chairman of the Supervisory Board
Initial appointment: July 7, 1999
Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg

Mag. Dr. Ludwig Scharinger
Deputy Chairman of the Supervisory Board
Initial appointment: January 20, 1994
CEO of Raiffeisenlandesbank Oberösterreich AG, Linz

Dr. Franz Gasselsberger, MBA
Member of the Supervisory Board
Initial appointment: July 1, 2004
CEO of Oberbank AG, Linz

Dr. Hans-Peter Hagen
Member of the Supervisory Board
Initial appointment: July 4, 2007
Member of the Managing Board of WIENER STAEDTISCHE Versicherung AG
Vienna Insurance Group, Vienna

Dr. Stefan Kralik
Member of the Supervisory Board
Initial appointment: July 7, 1999
Notary Public, Vienna

Dr. Josef Krenner
Member of the Supervisory Board
Initial appointment: July 1, 2004
Head of the Directorate of Finance of the Federal State of Upper Austria, Linz

Dr. Michael Kutschera MCJ. (NYU)
Member of the Supervisory Board
Initial appointment: July 1, 2004
Lawyer; Partner with Binder Grösswang Rechtsanwälte OEG, Vienna

Dr. Franz Lauer
Member of the Supervisory Board until July 4, 2007
Former CEO of WIENER STAEDTISCHE Versicherung AG
Vienna Insurance Group, Vienna

Univ.-Prof. Dr. Ewald Nowotny
Member of the Supervisory Board
Initial appointment: July 5, 2006
Professor at the Vienna University of Economics and Business Administration

Mag. Dr. Josef Peischer
Member of the Supervisory Board
Initial appointment: July 1, 2004
Director of the Chamber of Workers and Employees for Upper Austria, Linz

Dipl.-Ing. Dr. Michael Schwarzkopf
Member of the Supervisory Board
Initial appointment: July 1, 2004
CEO of Plansee Holding AG, Reutte

Appointed by the Works Council:

Josef Gritz
Member of the Supervisory Board
Initially delegated: January 1, 2000
Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH & Co KG, Donawitz

Johann Heiligenbrunner
Member of the Supervisory Board
Initially delegated: March 24, 2000
Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz

Josef Kronister
Member of the Supervisory Board until December 31, 2007
Former Chairman of the Corporate Works Council of the voestalpine Group, Linz

Johann Prettenhofer
Member of the Supervisory Board
Initially delegated: January 1, 2008
Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg and Chairman of the European Works Council of BÖHLER-UDDEHOLM AG

Hans-Karl Schaller
Member of the Supervisory Board
Initially delegated: September 1, 2005
Chairman of the Group Works Council of voestalpine AG, Linz

Ing. Fritz Sulzbacher
Member of the Supervisory Board
Initially delegated: December 22, 1993
Chairman of the Works Council for Salaried Employees of voestalpine Stahl GmbH, Linz; Delegate to the Upper Austrian Parliament

All Supervisory Board positions held by shareholders' representatives terminate as of the close of the Annual General Meeting of voestalpine AG, which adopts resolutions relative to the 2008/09 financial year.

Members of the Presidential Committee (both Nomination and Compensation Committee as defined by the Corporate Governance Code) of the Supervisory Board:

Dr. Joachim Lemppenau (Chairman); Mag. Dr. Ludwig Scharinger (Deputy Chairman); Josef Kronister (until December 31, 2007); Hans-Karl Schaller (as from January 1, 2008).

Members of the Audit Committee of the Supervisory Board:

Dr. Joachim Lemppenau (Chairman); Mag. Dr. Ludwig Scharinger (Deputy Chairman); Dr. Franz Gasselsberger, MBA; Dr. Josef Krenner; Josef Kronister (until December 31, 2007); Hans-Karl Schaller (as from January 1, 2008); Ing. Fritz Sulzbacher.

Number of sessions during the 2007/08 business year: Supervisory Board – 6, Audit Committee – 3, Presidential Committee – 4

The Management Board of voestalpine AG

Mag. Dipl.-Ing. Robert Ottel, MBA
Member of the Management Board since 2004

Born 1967
Joined the company in 1997

CFO

Assigned areas of responsibility:
Balance sheets, Controlling, Group treasury, Taxes, Management information systems, Risk management

Dipl.-Ing. Franz Hirschmanner
Member of the Management Board since 2003

Born 1953
Joined the company in 1978

Head of the Automotive Division

Assigned area of responsibility:
R&D and innovation strategy

Dkfm. Dr. Claus J. Raidl
Member of the Management Board since 2007

Born 1942
Chairman of the Management Board of BÖHLER-UDDEHOLM AG since 1991

Head of the Special Steel Division

Dr. Wolfgang Eder
Chairman of the Management Board and CEO of voestalpine AG since 2004

Born 1952
Joined the company in 1978
Member of the Management Board since 1995

Head of the Steel Division

Assigned areas of responsibility:
Group development, Corporate human resources, Legal matters and M&A, Corporate communications and corporate image, Investor relations, Strategic environmental management, Auditing

Dipl.-Ing. Josef Mülner
Member of the Management Board since 2003

Born 1947
Joined the company in 1974

Head of the Railway Systems Division

Assigned area of responsibility:
Procurement strategy, including raw materials strategy

Mag. Wolfgang Spreitzer
Member of the Management Board since 2001

Born 1951
Joined the company in 1971

Head of the Profilform Division

Assigned area of responsibility:
Information technology

Ladies and Gentlemen:

The financial year 2007/08 was the most successful in our history. The acquisition of BÖHLER-UDDEHOLM Group sent voestalpine Group soaring to new heights in terms of size and degree of internationalization. From where we are today, we can now also state that the results greatly exceed the ambitious expectations we had for this major acquisition, both in terms of the scope of the synergies realized and the pace of integration. The BÖHLER-UDDEHOLM Group is now fully integrated in the voestalpine Group as the Special Steel Division, and its earnings power has already made a major contribution to the new record profit achieved in the year under review. The fact that this is not (yet) evident in the "official" operating profit of the Group, is specifically due to the effects of "purchase price allocation", or ppa (which is explained in detail in this Annual Report).

During the strategic realignment of the Group in 2001/02, we made a commitment to our customers, employees and shareholders to achieve sustained value-added growth. In addition to ambitious profitability targets, one of the main aims of this goal was to achieve leadership in terms of market position, quality and technology in the core segments of the Group. We are happy, and a little proud, to say that we have turned this promise into a reality over the past few years, in great part due to the outstanding success of the BÖHLER-UDDEHOLM acquisition.

We also believe that over the years we have had success in combining profitable growth with responsible and sustainable management, innovation, environmental awareness, and commitment to our employees. Fully meeting our responsibility as a reliable and dependable partner for our customers, employees and shareholders over the long-term is more to us than just a transient fashion of PR advisors and consultants. Following through on announcements, establishing clear strategic objectives, having the courage to communicate both good and unpleasant or unpopular events and actions, and openness and dependability are the fundamental elements of our commitment to the outside world, and to our employees within the Group.

Given the impending need to make long-term decisions on growth and investment, we feel that it is also completely legitimate to demand the same from the individuals responsible for designing the political, legislative and economic frameworks at the national and European levels. This touches on a number of areas of concern, including once again the issue of environmental legislation, where entire industrial sectors in Europe are waiting for quick, clear political decisions providing a reliable basis for the long term. The voestalpine Group has, at all times, applied environmental conservation and the most efficient use of raw materials and energy. Within the realm of what is technically and economically possible, we have always found ways and means to respond to the need for environmental protection, and it is precisely these challenges that the policies must also meet. Excessive ecological demands can create serious competitive disadvantages for large segments of European industry at the global level, thereby inevitably establishing a long-term shift to regions with less rigid environmental standards. Instead of improving the situation, the result would be an increased global burden for the environment, and the loss of millions of European jobs in industry and the sectors downstream in the value chain, thereby calling into question the prosperity that has been built up over the past six decades.

The great need for political action at all levels is made clear by the fact that the topic of climate change received similar attention in the introductory letter in last year's Annual Report, but the lack of decisions, in particular decisions taking a balanced view of all interests, means that the basic issues and arguments remain precisely the same as in the previous year.

Just as a reminder, the situation concerns the establishment of a benchmark system for each industrial sector based on globally uniform standards. The most environmentally efficient companies in each sector would receive free certificates reducing the taxes they pay. Companies that are not particularly concerned about the environment would be massively penalized according to a graduated system in order to encourage them to make appropriate environmental "upgrades". As a first stage, this system could be introduced in Europe starting in 2013 along the lines of the "Bali Decision" of the U.N. Framework Convention on Climate Change in December 2007 and then be applied worldwide starting in 2020.

We are already anxiously waiting to see whether we will still have to discuss this for a fourth time in the 2009/10 Annual Report, or whether European politics has managed to find its way to a more reasonable decision by then. It must be realized that planned investments also have an expiry date in every region, and cannot wait forever.

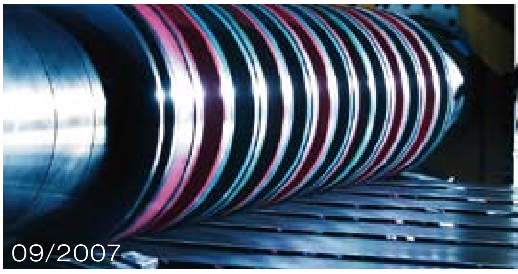
Linz, June 2008

The Management Board

Wolfgang Eder | Franz Hirschmanner | Josef Mülner

Robert Ottel | Claus J. Raidl | Wolfgang Spreitzer

Milestones of the financial year 2007/08[1]



April 2007

Tender offer for BÖHLER-UDDEHOLM. As previously disclosed in a surprise announcement at the end of March, after acquiring a 20.95% block of shares from a private investor group, voestalpine AG makes a public tender offer to all remaining shareholders of BÖHLER-UDDEHOLM AG.

May 2007

Environment 1 – Technological leadership. After receiving an official permit to use plastic waste in Blast Furnace A, voestalpine Stahl GmbH will use up to 220,000 tons of pelletized plastic per year at its Linz location in place of heavy heating oil and coke, thereby further reducing dust, CO_2 and SO_2 emissions. This will be the first time that this process has been used at the large industrial scale in the steel industry worldwide.

June 2007

Successful tender offer for BÖHLER-UDDEHOLM. voestalpine AG completes the biggest-ever acquisition of an Austrian company. The tender offer made in April gives it a majority interest in BÖHLER-UDDEHOLM AG.

Environment 2 – EMAS Award. voestalpine Schienen GmbH receives the Austrian EMAS Environmental Award (for the second time since 2005). The “Eco-Management and Audit Scheme” evaluates a company’s environmental management and auditing. Several Group companies have already received the EMAS Award in recent years.

July 2007

Record dividend. voestalpine AG’s General Meeting approves the resolution for a total dividend payment of EUR 234.8 million. Shareholders will therefore receive a dividend of EUR 1.45 per share for financial year 2006/07, almost twice the amount of the previous year (EUR 0.78).

Occupational health and safety award. Two companies in the voestalpine Group receive the Austrian “Staatspreis für Arbeitssicherheit” (“National Occupational Safety Award”) 2007. These are voestalpine Stahl GmbH, Linz, and—for the third time—VAE Eisenbahnsysteme GmbH, Zeltweg.

August 2007

Financial year starts with a record quarter. The voestalpine Group starts the new financial year with a 46% increase in result over the 1st quarter of the previous year (not yet including the BÖHLER-UDDEHOLM acquisition). This makes the first three months of 2007/08 the best quarter ever recorded in the history of the company.

September 2007

Strengthening market presence in South East Europe. The Steel Division continues to strengthen its presence in the growth region of South East Europe. After the opening of a new Steel Service Center in Poland in the previous financial year, it is now setting up another SSC in Romania. Production at this location, the fourth Group site in Romania, is scheduled to begin in the first half of 2009.

New division – new member of the Management Board. Also in September, the voestalpine AG Supervisory Board appoints Dkfm. Dr. Claus J. Raidl as member of the Management Board of voestalpine AG, in addition to his position as Chairman of the

Management Board of BÖHLER-UDDEHOLM AG. In the Management Board of voestalpine AG, he is responsible for managing the new Special Steel Division, which will be fully consolidated as of July 1, 2007.

October 2007

Entry into the South American market. With a major acquisition in Brazil, the voestalpine Group expands its non-European special profile operations and simultaneously enters the South American market in this segment. The Profilform Division acquires a majority interest in the company Meincol Distribuidora de Aços S.A. in Caxias do Sul, which specializes in the production of high quality tube and profile products.

Environment 3 – The "MEROS" milestone. voestalpine Stahl GmbH starts operation of the world's most modern and environmentally-friendly waste gas treatment system for sintering plants in Linz. "MEROS" achieves a 90% emissions reduction in the sintering process. This once again underlines the role of the voestalpine Group as an international environmental pioneer.

Successful hybrid bond placement. voestalpine AG's issue of a EUR 1 billion hybrid bond to provide partial refinancing of its BÖHLER-UDDEHOLM acquisition receives a great deal of international attention. The order book is oversubscribed by several times within a few hours.

November 2007

New dimensions. The voestalpine Group generates new record results for the first half-year 2007/08. With the first-time consolidation of the Special Steel Division (BÖHLER-UDDEHOLM Group), the Group reaches new dimensions in terms of revenues and number of employees.

December 2007

Record order. The Steel Division receives the biggest single order in its history for the heavy plates' sector. The order covers the delivery of around 200,000 tons of high-quality heavy plates to be processed into pipeline tubes for the most challenging segment of the "Nordstream" gas pipeline project in the Baltic Sea.

February 2008

voestalpine still on record course. The voestalpine Group's report for the first three quarters of financial year 2007/08 shows considerable growth in revenue and result, confirming that the Group is on course for a new all-time high for the total year.

Automotive Division adjusts portfolio. In February, the Automotive Division initiates the selling process for three companies active in the manufacture of plastic parts, and also decides to divest the French producer of small pressing parts Amstutz Levin & Cie.

March 2008

Entry into the Central American market. The Railway Systems Division completes the acquisition of a majority interest in the Mexican switch manufacturing company DAMY Cambios de Vía, S.A. de C.V.

[1] Detailed information on individual events is provided in the corresponding sections of the Annual Report.

Investor relations

Price development of voestalpine share

Since the summer of 2007, the performance of international stock markets has been dominated by the consequences of the US subprime crisis and resulting uncertainty with respect to the future development of the world economy. Fears of recession sent stock markets into the strongest downward trend since the "dot.com" bubble burst in 2000. Despite the good condition of the real economy, the positive earnings development and a persistently stable economic outlook for the sector, the shares of most listed industrial companies could not escape this trend.

Consequently, for the first time in many years, the performance of the voestalpine share in financial year 2007/08 shows a decreasing tendency that contradicts the company's fundamental development. Following a very dynamic start to the financial year, the voestalpine share traded at a new all-time high of EUR 66.11 on July 12, 2007, followed by a low of EUR 38.60 on February 11, 2008, and ended the financial year at EUR 44 on March 31, 2008. This still represents a price drop of approximately 17% compared to the beginning of financial year 2007/08.

However, without any significant identifiable change in the economic environment or the company's key data—both of which had been stable and positive for months—the voestalpine share began to trend upwards again in the spring of 2008. This development, which also corresponds to the overall market trend, is apparently driven by expectations that the effects of the subprime crisis can now be assessed more clearly.

Successful hybrid bond placement

voestalpine AG issued a EUR 1 billion hybrid bond in October 2007 to provide a partial refinancing of the BÖHLER-UDDEHOLM acquisition. Apart from the generally difficult capital market situation in the autumn of 2007, the placement received a great deal of attention mainly because it was the largest hybrid bond ever issued by an unrated company.

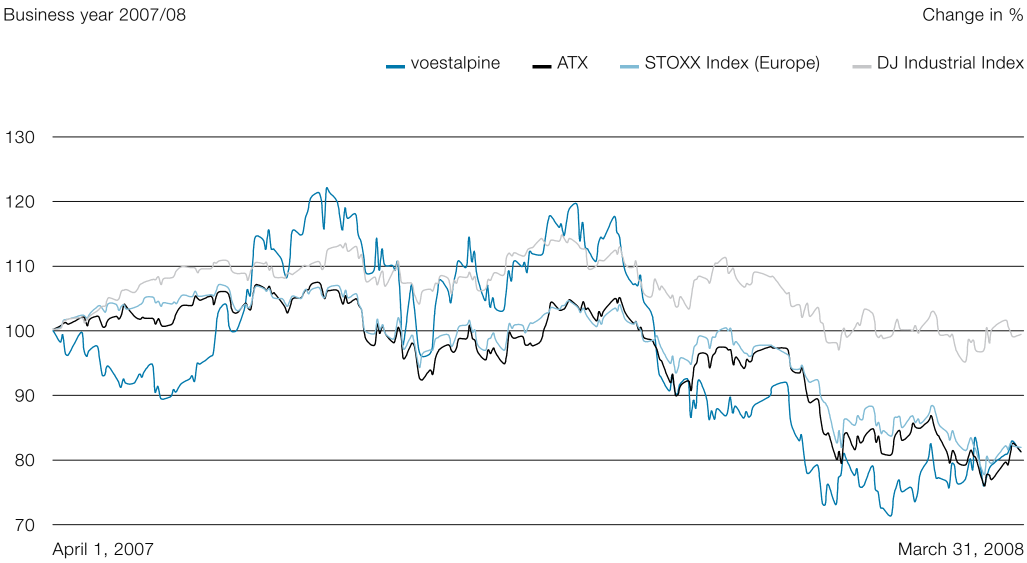
The issue price was 99.465%. The hybrid bond is subordinated and therefore represents equity capital under IFRS. It pays a coupon of 7.125% p.a. for the first seven years, and thereafter pays interest at the 3-month Euribor rate +5.05% (including a step-up of 2.5%).

Share repurchase program

Based on authorization provided by the voestalpine AG Annual General Meeting of July 4, 2007, the Management Board decided on December 11, 2007 to continue repurchasing its own shares in 2008, thereby extending the share repurchase program initiated in October 2006 and originally scheduled to run until the end of 2007. The share repurchase is effected for any operation of the Group's employee shareholding scheme and the stock options program as

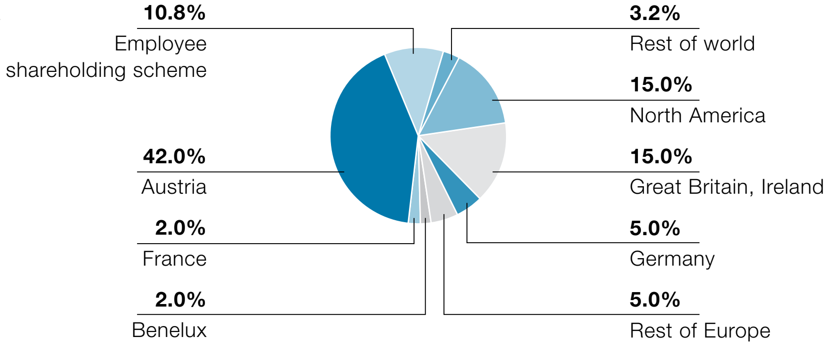
[1] Please also refer to the respective section in the chapter "Acquisitions and divestments".

voestalpine AG vs. international indices



Shareholder structure

The shareholder structure of voestalpine AG is as follows (indicative data as of May 2008):



Major individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	> 15%
Employee Foundation (employee shareholding scheme)	10.8%
Oberbank AG	> 5%
AXA Group	> 5%

well as the convertible bond issued in July 2005.

A total of 4,674,144 shares with a value of approximately EUR 262 million were repurchased in the financial year 2007/08.

Convertible bond 2005

During the past financial year, treasury shares and shares from the Company's "contingent capital" were used to satisfy delivery obligations arising from the exercise of conversion rights by further holders of this convertible bond. The latter made it necessary to implement a capital increase representing approximately 3.8% of the Company's capital. A total of 28.6% of the convertible bond issue was still outstanding as at March 31, 2008.

Shareholder structure

The percentage of North American shareholders of voestalpine AG declined significantly compared to the previous year, presumably as a result of the subprime crisis. This decrease was mainly offset by continental European investors (primarily from Scandinavia, Switzerland and Italy), whose shares in voestalpine AG rose accordingly against the corresponding level of the financial year 2006/07.

Share information

The following investment banks/institutes currently prepare analysis reports on voestalpine AG:

- BHF-BANK, Frankfurt
- Cantor Fitzgerald, London
- Credit Suisse, 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, Frankfurt
- Raiffeisen Centrobank, Vienna
- Sal. Oppenheim, Frankfurt
- Steubing AG, Frankfurt
- UBS, London
- UniCredit CAIB, Vienna

Share capital	EUR 298,756,264.42, divided into 164,439,033 no-par value shares
	Number of treasury shares as at March 31, 2008: 5,203,295
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 2007 and March 2008	EUR 66.11
Share price low between April 2007 and March 2008	EUR 38.60
Share price as at March 31, 2008	EUR 44.00
Market capitalization as at March 31, 2008*	EUR 7,006,372,472

* Based on total number of shares less treasury shares.

Financial year 2007/08

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

* Proposal to the Annual General Meeting.

Financial calendar 2008/09

Annual General Meeting	July 2, 2008
Ex-dividend date	July 7, 2008
Dividend payment date	July 14, 2008
Letter to shareholders for Q1 2008/09	August 27, 2008
Letter to shareholders for Q2 2008/09	November 20, 2008
Letter to shareholders for Q3 2008/09	February 25, 2009
Annual Report 2008/09	June 4, 2009
Annual General Meeting	July 1, 2009

Corporate Governance

The Austrian Corporate Governance Code came into force in October 2002. The Code provides Austrian stock corporations *(Aktiengesellschaften)* with a framework for management and control.

The Code aims to establish a system of management and control of companies and groups that is accountable and geared to creating sustainable long-term value. The Code is designed to increase the degree of transparency for all stakeholders.

The Code is based on the provisions of Austrian stock corporation, stock exchange and capital market law, as well as the OECD Principles of Corporate Governance. Since 2002, there have been a number of amendments. The most recent amendment was adopted in June 2007.

Companies voluntarily undertake to adhere to the Code. The Management Board and the Supervisory Board of voestalpine AG recognized the Corporate Governance Code in 2003, and have also implemented the amendments introduced since that date. voestalpine AG thus affirms that it will comply with the Austrian Corporate Governance Code as amended in 2007. References made in this Annual Report refer to this version of the Code.

In addition to the mandatory "L-Rules"[1], the Company also complies with all of the "C-Rules" of the Code, with one exception: Contrary to Rule 57, neither the Articles of Association nor the Internal Rules of Procedure include an age limit for nominations to the Supervisory Board of the Company.

With regard to Rule 49 of the Code, in financial year 2007/08, the Supervisory Board approved the law firm of Binder Grösswang Rechtsanwälte, where Supervisory Board member Dr. Michael Kutschera is a partner, as legal advisor to voestalpine AG in matters relating to takeover law and the tender offer for BÖHLER-UDDEHOLM AG, the issue of a hybrid bond, a senior bond and other transactions for refinancing the acquisition of BÖHLER-UDDEHOLM AG, the squeeze-out procedure for minority shareholders of BÖHLER-UDDEHOLM AG, and a variety of other issues. In each case, the services were billed at the normal hourly rates of the law firm of Binder Grösswang Rechtsanwälte, which were between EUR 200 and

[1] The Corporate Governance Code includes the following rules: "L-Rules" (= Legal), measures prescribed by law; "C-Rules" (Comply or Explain), reasons must be given for non-compliance; "R-Rules" (Recommendations), even though they are only recommendations, voestalpine AG also complies with these rules where possible.

EUR 420. Total net fees of EUR 645,321.08 were incurred for the services of the law firm of Binder Grösswang Rechtsanwälte during financial year 2007/08.

All of the members elected to the Supervisory Board by the General Meeting have confirmed that they consider themselves to be independent based on the criteria defined by the Supervisory Board (Rule 53). The criteria for independence defined by the Supervisory Board may be viewed on the Internet at www.voestalpine.com. Furthermore, with the exception of Dr. Ludwig Scharinger, who represents shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, and Mag. Dr. Josef Peischer, who represents voestalpine – Arbeitnehmer-Privatstiftung, the Company's private foundation for its employee share ownership plan, no member elected to the Supervisory Board by the General Meeting is a shareholder with an equity interest of more than 10% or represents the interests of such shareholders (Rule 54).

The Corporate Governance Code provides for regular external review of the Company's compliance with the Code. This review was performed by the Group's auditor during the audit of the annual financial statements for 2007/08. The findings of the auditor's review were that the declaration of compliance with the Corporate Governance Code as amended in 2007 that was issued by voestalpine AG is in agreement with actual circumstances when the reservations included in the declaration are taken into account.

- The external review report may be viewed on the Internet at www.voestalpine.com.

Reaching new Dimensions.

Combining the strengths and broadening the perspectives of two leading companies in order to jointly reach a new level of success. With the integration of BÖHLER-UDDEHOLM, voestalpine Group takes on a new dimension in terms of size while also building on its position as an innovative and high-quality leading niche player on the most important world markets.

Report of the Management Board

Management Report 2007/08

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

Economic environment

Continuation of good economic development

The global economy showed stable growth throughout the entire financial year. In addition to sustained high growth rates in Asia and South America, the momentum of the previous year also continued in the European Union (EU-27), the most important economic area for the voestalpine Group, with a growth rate of 3%. The most impressive economic growth in the EU was achieved by the twelve new member states in Central and Eastern Europe, which recorded an increase in gross domestic product of approximately 6%.

Increased demand in key customer sectors

Growth in the key customer sectors of the voestalpine Group largely followed the overall economic trend. Compared to the previous year, further increases in demand were recorded in all of the Group's key customer segments.

The detailed situation in the key sectors (as measured by total revenues) was as follows: The European *automotive industry,* and in particular the premium segment, which is the most important to the voestalpine Group, recorded significant increases in production and sales. The increase over the previous year, partly driven by new production capacities in Central and Eeastern Europe, was particularly significant in the demand for high quality steel strip (Steel Division), quality wire (Railway Systems Division), special automotive profiles (Profilform Division), laser welded blanks, safety components and precision pipes (Automotive Division), and special steels and tool steels (Special Steel Division).

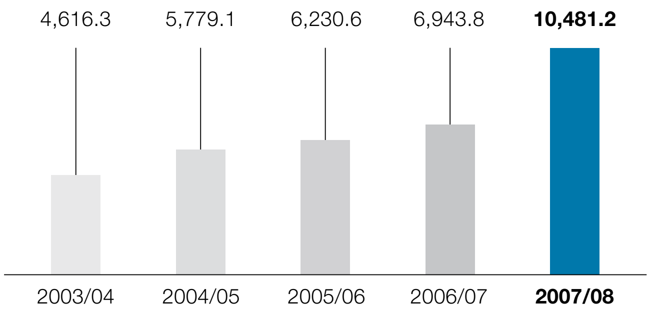
Dynamic growth also continued in the *commercial vehicle industry* and *agricultural machinery manufacturing* sector, which are mainly important to the Profilform Division (which primarily supplies European and North American customers in this segment), and to the welding consumables business area of the Special Steel Division.

Business volume continued to grow in the *household appliance industry* as well, which has been steadily adding new capacity for years in Eastern Europe and represents a key driver of the further increase in demand for coated sheets in the Steel Division.

The *railway infrastructure* sector gained further momentum throughout Europe, the growth regions of Asia, Australia, South Africa, and North and South America. Accelerated investment programs to expand

Revenue

In millions of euros



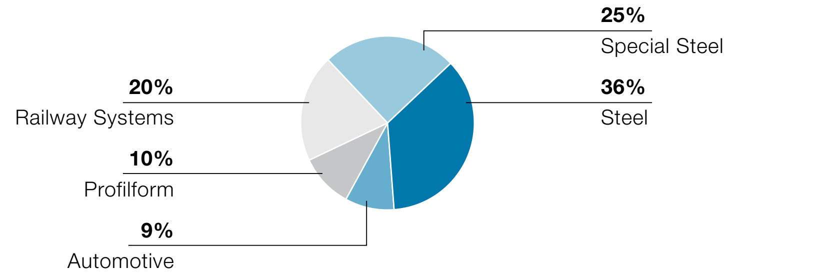
or construct new railway lines, in some cases in order to develop new raw materials capacity, led to outstanding growth in demand in the business segments rail technology and turnout technology of the Railway Systems Division.

As in previous years, the economic development of the entire *energy sector* (including oil and natural gas production, energy generation, petrochemicals and power plant construction) deserves special mention in the year under review. The ongoing boom, which is primarily being driven by accelerated realization of new pipeline projects and the expansion of power plant capacity, led to a further increase in demand from this customer segment. The product range of voestalpine Group in this area covers heavy plates, in particular for sophisticated offshore pipeline projects, boiler construction, sophisticated foundry products (Steel Division), special steels and high-quality components for turbine construction and the petrochemical industry (Special Steel Division) and high-quality seamless pipes for oil production (Railway Systems Division).

In financial year 2007/08, the development of the following customer segments was also relevant to a various number of the Group's business areas:

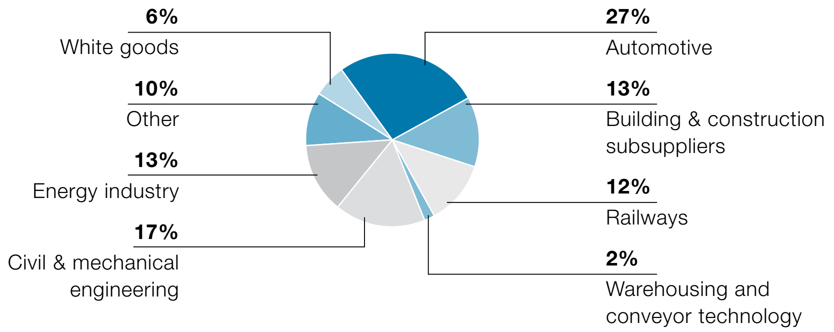
Revenue by Divisions

As percentage of Group revenue
Financial year 2007/08



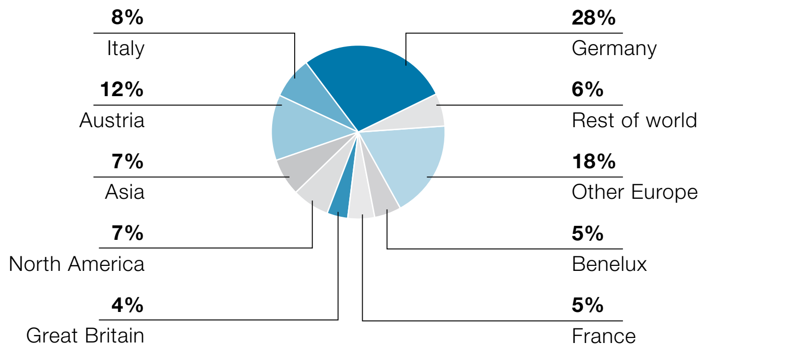
Revenue by Industries

As percentage of Group revenue
Financial year 2007/08



Revenue by Regions

As percentage of Group revenue
Financial year 2007/08



- the highly dynamic *building and building supply industry,*
- the predominately export-driven growth in the *structural steel and machinery construction* sector,
- the globally booming *logistics and warehouse technology* sector, and
- the continued strong demand in the *aviation industry.*

(Details on the market environment for each division are provided in the following divisional reports.)

Weakness of the Dollar has marginal effects at Group level

The situation was mixed with respect to the continuing weakness of the dollar versus the euro and other currencies. Since the disadvantages of direct exports to the U.S. were offset by partial U.S. dollar invoicing for raw materials, and an increased share of North American business is originated directly by voestalpine Group production plants in the U.S., no significant overall effect was recorded at Group level. However, some Group companies that export to North America from European locations or Brazil, for example in the Special Steel Division, were noticeably affected by the worsening exchange rate situation. The weakness of the dollar and a simultaneous intensification of the competitive situation in the seamless pipe business area were further reasons for the slight drop in the profits recorded by the Railway Systems Division.

Business development of the voestalpine Group[1, 2]

In 2007/08, which was by far the most successful financial year in its history, the voestalpine Group soared to new heights in terms of revenues, profit and employees. Group EBIT and EBITDA rose again over the values of the previous year, even when the effects of purchase price allocation (ppa) for the BÖHLER-UDDEHOLM acquisition (Special Steel Division) are taken into account.

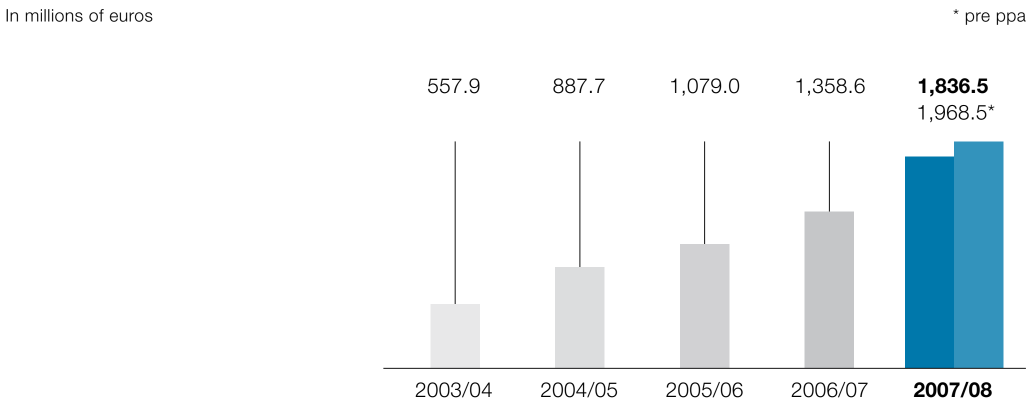
In addition to a further increase in revenues, operating profit rose significantly for the sixth year in a row due to improved performance in the divisions Steel, Profilform and Automotive.

Revenues rise by 50.9% to pass the EUR 10 billion mark for the first time

Revenue of voestalpine Group rose by 50.9% from EUR 6,943.8 million to EUR 10,481.2 million, thus exceeding the EUR 10 billion mark for the first time. This increase is due both to the initial consolidation of the Special Steel Division (EUR 2,758.5 million) since July 1, 2007 (i.e., for nine months), as well as increases in revenues of all previous divisions. The most significant rise over the previous year was recorded in the Automotive Division, where revenues increased by one third. This was mainly the result of acquisitions, as well as past investments that had reached the production phase. An increase of 17.5%, mainly supported by the expansion of business activities in North

1 Previous year's figures for voestalpine Group and the Automotive Division retrospectively adjusted.
2 For explanatory remarks on the purchase price allocation (ppa) please refer to the inside cover page.

EBITDA – Earnings before interest, taxes, depreciation and amortization



and South America, also moved revenues significantly above the previous year in the Profilform Division, while revenues rose slightly by more than 7% in the divisions Steel and Railway Systems, primarily as a result of previous investments. The total increase in the Group's revenue due to acquisitions amounted to slightly more than EUR 3.1 billion in the financial year 2007/08.

Proportion of processing increases further

The acquisition of the BÖHLER-UDDEHOLM Group also led to an increase in the proportion of total Group revenue contributed by *processing activities* in the financial year 2007/08. The share rose from 51% in the previous year to a current value of 54%, thereby closing in on the target value of 60% set for 2010 as part of the voestalpine Group's strategic realignment in financial year 2001/02.

Export ratio continues to grow

The *export ratio* (*percentage of exports* to total revenues) rose from 84% to 88% in financial year 2007/08. Europe remained by far the most important market, contributing a total of 80% of Group revenues. Germany and Italy remained the two largest single export markets.

The recent increase in the percentage of foreign revenues reflects the initial consolidation of the highly export-oriented Special Steel Division, as well as years of systematic efforts to internationalize the Group and shift the focus to local manufacturing of high quality products in close proximity to customers, particularly in long-term growth regions.

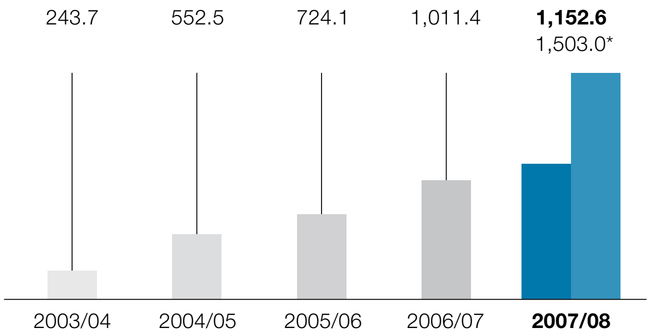
EBITDA increases by 44.9% to EUR 1,968 million

The *growth in* voestalpine Group *earnings* during the year under review continued the positive trend established in previous years. *EBITDA* (earnings before interest, taxes, depreciation and amortization) rose by 44.9% from EUR 1,358.6 million to EUR 1,968.5 million before the (purely accounting) effects of the ppa, and still rose to EUR 1,836.5 million after ppa.

EBIT – Profit from operations

In millions of euros

* pre ppa



The increases of 36.4% in the Automotive Division and 22.4% in the Steel Division are particularly noteworthy in this regard. An increase of 7.8% also moved the Profilform Division significantly above the previous year. By contrast, the Railway Systems Division experienced a slight decrease (of 5.2%), which was mainly due to the unfavorable relationship between the euro and the U.S. dollar, and a somewhat weaker economic environment in the seamless pipe business segment.
The *EBITDA margin* of the voestalpine Group decreased from 19.6% to 18.8% before ppa, or 17.5% after ppa in financial year 2007/08. The EBITDA of the Special Steel Division was EUR 438.8 million before ppa or EUR 306.8 million after ppa for the 9 months since its initial consolidation, and the EBITDA margin was 15.9% before ppa or 11.1% after ppa. The slight decrease before ppa is primarily due to the slightly lower EBITDA margin for BÖHLER-UDDEHOLM compared to the voestalpine Group. The divisions Steel (increase from 19.8% to 22.6%) and Automotive (from 11.8% to 12.1%) once again improved their performance, whereas the decreases in the Railway Systems (from 20.7% to 18.2%) and Profilform Divisions (from 17.9% to 16.4%) were largely due to higher prices for raw and pre-materials.

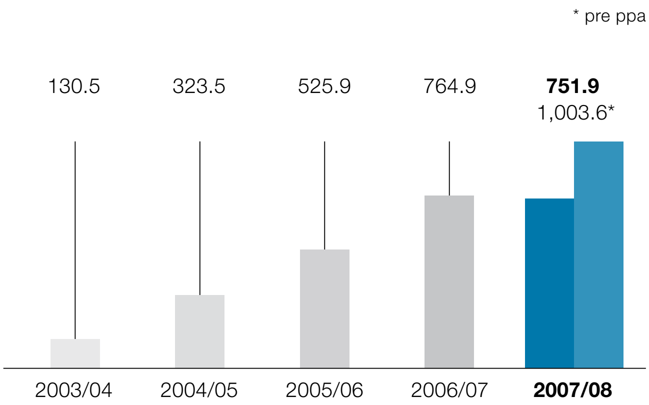
Operating profit rises 48.6% to EUR 1,503 million

The undistorted *EBIT* (profit from operations) of the Group increased by 48.6% over the previous year from EUR 1,011.4 million to EUR 1,503.0 million. The improvement is reduced to EUR 1,152.6 million, however, when the effects of ppa are taken into account. The *EBIT margin* of 14.3% before ppa or 11.0% after ppa for financial year 2007/08 was below the value of 14.6% in the previous year. As was the case for EBITDA, the decrease before ppa is due to the slightly weaker margin profile of BÖHLER-UDDEHOLM as compared to the voestalpine Group.

The nine-month EBIT of the Special Steel Division was EUR 356.2 million excluding the effects of ppa. However, due to the

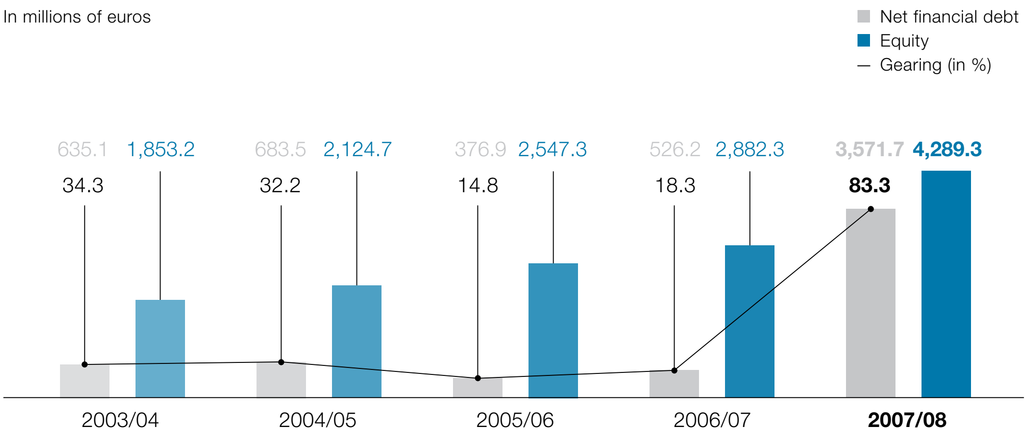
Profit for the period

In millions of euros



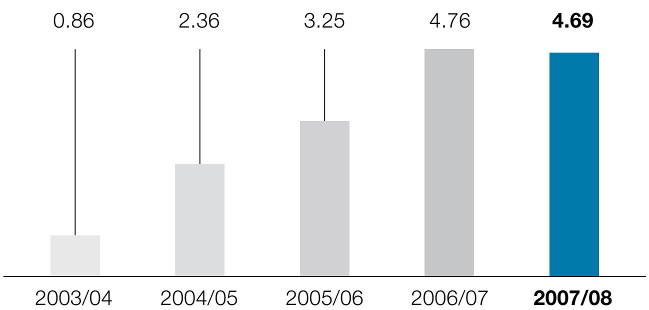
Net financial debt – Equity – Gearing ratio

In millions of euros



EPS – Earnings per share

In euros



accounting effects of ppa, the consolidated financial statements of voestalpine AG only report an EBIT of EUR 5.8 million for the Special Steel Division.

With the exception of the Railway Systems Division, where operating profit dropped slightly (similar to EBITDA) from EUR 337.5 million to EUR 315.3 million, all of the other divisions of the voestalpine Group increased their operating result significantly over the previous year to reach new record values. The 46.1% increase in the Automotive Division, raising EBIT from EUR 41.2 million to EUR 60.2 million, is particularly noteworthy. In addition to earnings contributions from new acquisitions, this increase also results from systematic portfolio streamlining in the division. Due to outstanding business development, the Steel Division also achieved a significant 25.8% increase in its operating profit compared to the previous year, and the Profilform Division improved its EBIT by 9.0%.

The increase from 14.8% to 17.4% in the EBIT margin of the Steel Division made this the most profitable area in the voestalpine Group in the year under review. Although the EBIT margins of 14.3% for the Railway Systems Division (previous value 16.4%) and 13.9% for the Profilform Division (2006/07: 15.0%) were somewhat lower than the figures of the previous year, they nevertheless remained at a very high level. The Special Steel Division had an EBIT margin of 12.9% before ppa or 0.2% after ppa.

With an EBIT margin of 6.4%, the Automotive Division passed the 6% mark for the first time since its formation in 2001, thereby also attaining an excellent figure in a comparative analysis of the automotive supply industry.

In financial year 2007/08 – in addition to the Special Steel Division, which has been consolidated since July 1, 2007 – the revenues, profits and employees of the following companies were consolidated for the first time over a period of twelve months: Gutbrod Stanz- und Umformtechnik GmbH, Gutbrod Schmölln GmbH, voestalpine Hügel GmbH & Co. KG and the Dancke group (all in Germany, Automotive Division). The two companies acquired by the Profilform Division, Sharon Custom Metal Forming Inc. (U.S.A.) and Meincol Distribuidora de Aços S.A. (Brazil), were also included in consolidation for the first time on January 1, 2008.

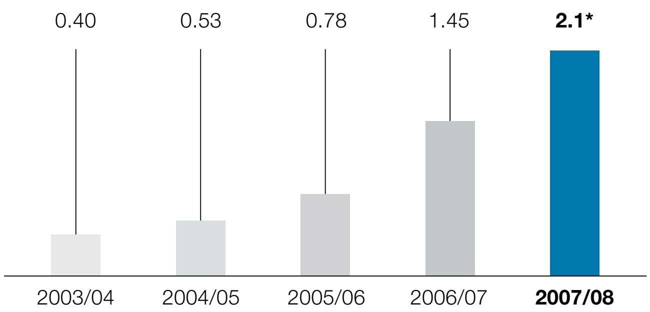
Outstanding business development in all divisions

Aside from a few single segments, the satisfying growth in revenues and profits is the result of a generally excellent business de-

Dividend per share

In euros

* As proposed to the Annual General Shareholders‘ Meeting.



velopment in all divisions, and reflects not only significant increases in deliveries but also a year-on-year rise of the price level. Due to the overall good development of business and the voestalpine Group's strong market position in its core segments, most importantly nearly all of the latest cost increases for raw materials could be passed on to the market.

Net income for the year increases by 31.2%

Due to the significant increase in operating profit, *profit before taxes* also rose by 36.2% over the previous year from EUR 976.4 million to EUR 1,330.0 million in 2007/08, as did *net income* (profit for the period), which rose by 31.2% versus 2006/07 from EUR 764.9 million to EUR 1,003.6 million. Due to the ppa effects and increased financing costs, the profit before taxes rose only slightly (from EUR 976.4 million to EUR 979.6 million), and net income for the year decreased slightly as compared to the previous year (EUR 764.9 million) to EUR 751.9 million.

The *tax rate* was 20.7% in the year under review, as compared to 22.7% in the year before.

The *equity* of the voestalpine Group rose by 48.8% in 2007/08 from EUR 2,882.3 million to EUR 4,289.3 million. This increase was predominantly due to the EUR 1 billion hybrid bond issued in October 2007 to refinance the BÖHLER-UDDEHOLM acquisition, which became effective in the 3rd quarter of the financial year in accordance with IAS 32 (equity nature of such bonds). Due to the financing requirements for the BÖHLER-UDDEHOLM acquisition above and beyond the hybrid bond, *net financial debt* increased from EUR 526.2 million to EUR 3,571.7 million. The *gearing ratio* (net financial debt in percent of equity) was therefore 83.3% (previous year 18.3%) at the end of financial year 2007/08.

Earnings per share with EUR 4.69 close to previous year

Earnings per share were EUR 4.69 for financial year 2007/08. Despite the purely accounting ppa effects of the BÖHLER-UDDEHOLM acquisition, and higher expenses for financing the purchase, the earnings per share remained close to the previous year's level (EUR 4.76).

Proposed dividend of EUR 2.10

Subject to the approval of the Annual General Meeting of voestalpine AG on July 2, 2008, a *dividend* of EUR 2.1 per share will be paid to shareholders for financial year 2007/08. Based on the average share price of EUR 52.59 during the financial year 2007/08, this corresponds to a dividend yield of 4.0%.

The proposed dividend is more than 44.8% higher than in the previous year (EUR 1.45 per share). The dividends paid to shareholders by voestalpine AG have risen continuously in past years from EUR 0.40 per share (FY 2003/04) to EUR 2.1 per share (proposed to the General Meeting for 2007/08). This growth confirms the systematic dividend policy followed by the Management and Supervisory Boards, which aims to provide a return on capital employed (based on the average share price for the respective financial year) of at least four per cent.

In addition to dividend payments, in the year under review, a further EUR 192 million flowed into the capital market from the re-purchase of the company's own shares.

Record crude steel production exceeds 7m tons for the first time

A total of 7.6 million tons of crude steel was produced in the voestalpine Group during financial year 2007/08. The increase by 13.4% over the previous year (6.7 million tons) was due both to the first-time inclusion of the Special Steel Division (just under 0.7 million tons), as well as a 5.9% increase in production at the Linz site (Steel Division), from 5.1 million tons to 5.4 million tons. The crude steel production at the Donawitz site (Railway Systems Division) decreased by 6.2%, from 1.6 million tons to 1.5 million tons, due to the renewal (relining) of a blast furnace in the summer of 2007.

Comparison of quarterly figures during the financial year

The table below provides an overview of the development of key financial figures over the four quarters of the financial year 2007/08.

Quarterly development

	1st Quarter 2007/08	2nd Quarter 2007/08	3rd Quarter 2007/08	4th Quarter 2007/08	BY 2007/08
Revenue	1,931.6	2,763.2	2,752.7	3,033.7	10,481.2
EBITDA	407.1	498.9	455.9	474.6	1,836.5
pre ppa	407.1	545.1	502.1	514.2	1,968.5
EBITDA margin	21.1%	18.1%	16.6%	15.6%	17.5%
pre ppa	21.1%	19.7%	18.2%	16.9%	18.8%
EBIT	314.3	302.2	258.1	278.0	1,152.6
pre ppa	314.3	422.2	378.1	388.4	1,503.0
EBIT margin	16.3%	10.9%	9.4%	9.2%	11.0%
pre ppa	16.3%	15.3%	13.7%	12.8%	14.3%
Employees	25,031	40,301	40,575	41,490	41,490

In millions of euros

Acquisitions and divestments

Acquisition and integration of BÖHLER-UDDEHOLM

voestalpine AG's acquisition activities in financial year 2007/08 were dominated by the successful acquisition of the BÖHLER-UDDEHOLM Group and its integration as the Special Steel Division of the voestalpine Group.

Rigorous pursuit of the specialization strategy

The acquisition formed part of the continuing *rigorous pursuit* of the *specialization strategy* adopted by the voestalpine Group in 2001. Key elements of this strategy are a concentration on niche steel products meeting the highest quality standards while being a leader in customer service, becoming one of the top 3 suppliers in all core segments, achieving leadership in terms of technology and innovation in these areas, and continuous extension along the value-added chain. BÖHLER-UDDEHOLM was an ideal acquisition meeting these requirements. The acquisition also significantly strengthened the voestalpine Group's international presence, since BÖHLER-UDDEHOLM's more than 100,000 customers worldwide give it an excellent global presence providing extensive customer service and advice. Around one third of its employees are exclusively active in sales, covering more than 50 countries on all continents. Since the integration of the company, approximately 53% of the voestalpine Group's staff are employed outside of Austria. Not least, the acquisition is also responsible for further increasing *the proportion of processing activities* within the Group portfolio to 54% versus 46% for "traditional" steel production and is thus moving the Group towards its intended target of 60% for 2010.

A key factor in this regard is that, as a major component of the voestalpine Group, BÖHLER-UDDEHOLM, as well as the other four divisions, will continue to pursue its international niche strategy and consistent growth. To this end, the *BÖHLER-UDDEHOLM Group's largest investment program to date* was approved under the majority ownership of voestalpine AG in December 2007.

Financing of the acquisition

Preliminary financing for the acquisition of BÖHLER-UDDEHOLM was arranged in May 2007 in the form of a bridge loan valid until the end of 2008 provided by an international consortium of banks. Due to voestalpine AG's financial strength, the terms of the loan are absolutely favorable for the Group. Since that date, long-term *refinancing* of a portion *of the acquisition* has been achieved by successful capital market placement of a EUR 1 billion hybrid bond issue in October 2007. *(Further information is provided in the "Investor Relations" section.)* Additional long-term refinancing instruments are currently being prepared or implemented as replacements for the bridge loan, and will be discussed in the upcoming quarterly report for the financial year 2008/09.

Shareholder structure/Squeeze-out

As the environment during the initial phase of the tender offer was still marked by rumors of possible competing offers, only 54.62% of the BÖHLER-UDDEHOLM shareholders had accepted voestalpine AG's offer by the end of the original offer period on June 4, 2007. However, by the end of the extended offer period (September 6, 2007), share ownership had already reached 79.22%. Additional purchases, by means of both on-and-off exchange transactions at prices consistently and, on average, significantly below the original offer price of EUR 73 per share, allowed voestalpine AG to successively increase its shareholdings until it attained the *90% voting rights threshold* on March 20, 2008. The Group held 90.65% of BÖHLER-UDDEHOLM AG's voting rights as at the end of financial year 2007/08.

In the meantime, in order to realize its plan to acquire all of the company's shares, voestalpine AG had taken the steps required under the Austrian Minority Shareholder Squeeze-out Act to perform a *squeeze-out* of BÖHLER-UDDEHOLM AG's minority shareholders. The goal is for a resolution to this effect to be adopted during the company's annual general meeting on June 23, 2008. The cash settlement amount for the remaining shareholders was set at EUR 70.26 per share in an ad hoc announcement by voestalpine AG on May 15, 2008.

Consistent implementation of the integration and synergy identification processes

The BÖHLER-UDDEHOLM Group has been consolidated as the Special Steel Division of voestalpine Group since July 1, 2007. The processes of synergy identification and integration were begun in the 3rd quarter of calendar year 2007. A common history, comparable strategies and similar corporate cultures of the two companies have significantly supported the highly successful development of the two processes so far.

The synergy and integration measures jointly identified by 15 working groups gradually increased the target of sustained *potential synergy effects* during the financial year from an initial level of EUR 65 million to a current target of nearly twice this amount, namely EUR 123 million per year. 47% of this amount is attributable to BÖHLER-UDDEHOLM AG, 53% to voestalpine AG.

The realization of potential synergies will be closely controlled and the most essential areas are expected to be completed by the start of financial year 2010/11.

Planning for the *process of integration* of the Special Steel Division was completed at the end of financial year 2007/08, and broad

implementation is already underway. The exemplary integration of the *Research and Development* department into the Group's research organization and joint definition of future areas of R&D concentration, as well as the *Corporate Human Resources* department, which implemented its integration measures under the motto "best of two worlds", are areas that deserve special mention. For example, voestalpine AG introduced a proven international executive compensation comparison system used by BÖHLER-UDDEHOLM. On the other hand, the Special Steel Division was integrated extremely quickly into the extensive human resources marketing and recruiting management activities of the Group.
24 integration issues were addressed in the Corporate Human Resources department alone. Work has already been completed on the major issues.
The merger of the *IT activities* of the two groups was also realized successfully. At the beginning of financial year 2008/09, these activities were merged into voestalpine group-IT GmbH, and extensively streamlined and restructured.
The largest potential savings result from the mutual integration and coordination of raw materials, alloy and energy purchasing, which have an approximate total of EUR 50 million. Application of the voestalpine cost optimization program to BÖHLER-UDDEHOLM using the "best practice" principle represents another sustainable and clearly measurable benefit from the integration process.

Further acquisitions

In addition to the acquisition of BÖHLER-UDDEHOLM, the following strategically important acquisitions were performed in the financial year 2007/08:

In October 2007, the *Profilform Division* entered the South American market by acquiring a majority interest in the Brazilian company *Meincol Distribuidora de Aços S.A.,* which specializes in the manufacturing of high quality tube and profile products. Meincol has around 300 employees and generates annual revenues of an equivalent of approximately EUR 110 million. The divisional holding company, voestalpine Profilform GmbH, acquired 75% of Meincol's shares together with an option on the remaining shares as from 2011.

The North American company *Sharon Custom Metal Forming Inc.* was also acquired in the previous year, adding a third location and annual revenues of EUR 15 million to US activities in the segment of customized special profiles.

In the first half of the financial year, the *Railway Systems Division* acquired a 49% interest in the Dutch company *René Prinsen Spoorwegmaterialen B.V.* which is active in laying track components (ties, rails and switches) using its own special equipment, and in the recycling of rails. The company has more than 20 employees and generates annual revenues of approximately EUR 9 million.

The Railway Systems Division made its entry into the Central American switch and turnout technology market by acquiring a 51% majority interest in the Mexican switch manufacturing company *DAMY Cambios de Vía, S.A. de C.V.* This acquisition was completed at the end of financial year 2007/08. The new company is the 37th production site of the VAE switch manufacturing group and further strengthens VAE's global leadership in switch and turnout technology.

Divestments

All significant divestments begun or completed in financial year 2007/08 relate to the Automotive Division and were performed as part of a consistent *portfolio adjustment* of the Group's automotive supply activities. The key objective is to optimize the product portfolio by eliminating business areas that either do not appear strategically reasonable because of too great distance to the core activities of the Group, or are unable to sustainably meet the divisional profit targets. This included North American pressing activities, the division's plastics segment and smaller pressing and pipe processing locations.

In particular, the North American press part manufacturer *voestalpine Polynorm Inc.* was sold to a British group in October 2007. In the 4th quarter of 2007/08, the Company began the process of selling its three companies active in the manufacture of plastic automotive parts, *voestalpine Polynorm van Niftrik B.V.* (Netherlands), *voestalpine Polynorm Plastics B.V.* (Netherlands), and *voestalpine Polynorm Plastics Ltd.* (Great Britain). The three companies had total revenues of approximately EUR 100 million in financial year 2006/07. At this time, it was also decided to divest Amstutz Levin & Cie., manufacturer of small pressing parts.

In addition, the sale of the two tube processing companies *voestalpine Rotec Iberica S.A.* (Spain) and *voestalpine Elmsteel Ltd.* (Great Britain) entered the decision phase in the 2nd half of 2007/08 (total annual revenues of approximately EUR 30 million).

Investments[1]

A further increase in investment activity
In the financial year 2007/08 *total investments* of the voestalpine Group amounted to EUR 3,910.1 million, thereof EUR 1,871.3 million in tangible fixed assets, EUR 2,006.4 million in intangible assets, and EUR 32.4 million in equity holdings.

The significant increase compared to the previous year is primarily due to the acquisition of BÖHLER-UDDEHOLM AG, but also results to a substantial degree from accelerated investment programs in all of the other divisions.

The *Steel Division* increased its investments to EUR 479.9 million or by 2.2% as compared to the previous year (EUR 469.4 million). The investments were focused on the completion of the *"Linz 2010 – 2nd Stage"* investment program and on the implementation of the follow-up project "L6 – Part 1". Major investments under the "Linz 2010" program in financial year 2007/08 included commissioning of the walking beam furnace (hot wide strip mill), push-pickling line, cold-rolling mill 3 and hot-dip galvanizing plant 4. The 2nd expansion stage of the "Linz 2010" investment program, which began in 2002 and involves more than EUR 2 billion in investments, has now been successfully concluded, except for hot-dip galvanizing plant 5 (which is being realized in close synergy with project "L6 – Part 1"and whose construction of the plant started in the 4th quarter of 2007).

Project *"L6"* is aimed at increasing annual crude steel production at the Linz location from its current level of approximately 5.4 million tons to a minimum of 6.0 million tons by 2011/12. The 1st expansion stage, which extends over three years, requires approximately EUR 1 billion in investments. In addition to increasing capacity for high-quality flat steel products (particularly high-strength and ultra high-strength steel grades), the investments are also intended to further improve energy efficiency and environmental compatibility. The main projects in the 1st phase of "L6" include an expansion of the hot wide strip mill, an increasing melting pot capacity of the steel mill, a new continuous casting facility 7, the expansion of the company's own power plant (thereby ensuring a considerable degree of long-term self-sufficiency in power generation at the Linz location), and a new $DeNO_x$ system to reduce nitrogen oxide emissions from the sintering band.

Extensive investments were also made in the *heavy plate segment,* where a number of new and expanded production facilities successfully began operations during the 2007/08 financial year.

Following the successful opening during the past financial year of a new *Steel Service Center* in Poland, a further SSC is currently under construction in Romania. Production is expected to begin in the first half-year 2009.

Furthermore, in the area of *pre-processing activities,* a shape cutting center is currently being set up. The new production location will also start operation in 2009.

Investments of the *Special Steel Division* from July 1, 2007 to March 31, 2008 came to EUR 219.4 million and were focused primarily on removing production capacity constraints and upgrading facilities. A significant amount was also spent on ongoing expansion of the global sales organization and logistics infrastructure.

The largest single project realized by the division in the year under review was the construction of a new rolling mill to double production capacity at the *Sumaré location in Brazil,* requiring an investment of approximately EUR 50 million.

The Special Steel Division also made extensive investments in its companies located in *Kapfenberg* (Austria). For example, approximately EUR 30 million were invested in three new facilities to expand the capacity for special materials used primarily in the aviation and energy industries. In addition, the world's biggest and most powerful forging press, requiring an investment of almost EUR 30 million, was also commissioned in Kapfenberg in June 2007, and investments were made to significantly increase capacity for medium-grade alloy and high-grade alloy cored wires.
In terms of energy-related projects, the construction of a new small-scale power plant at the Lower Austrian *Ybbstal location* to further increase the proportion of self-generated electricity supplied to the division is of particular note.

In addition, the *first production unit in China* was commissioned in the summer of 2007. The plant is located near Shanghai and will produce cored wires, solid wires and rod electrodes for the welding filler materials area.

The *Railway Systems Division* reported investments of EUR 235 million, representing an increase of 36.2% over the previous year (EUR 172.5 million). Accelerated investments were primarily made at the Donawitz location in Styria and, aside from *energy and emissions-related measures* (which are detailed in the "Environment" section), were mainly intended to further *increase the crude steel and processing capacity.* In addition, temporary relining of blast furnace 4 was also carried out in financial year 2007/08. Extensive investments in technology and quality optimization in the areas of rails (including a new facility for rail head hardening), switches (including a new foundry for manganese frog production in France), wire and seamless tubes are also underway in Austria and international locations.

Investments of the *Profilform Division* rose by 138.4% in financial year 2007/08, from EUR 40.9 million to EUR 97.5 million, due to an extensive multi-year *special investment program.* The largest projects involved the construction of a new *special profile facility* at the Krems location in Austria, which is already operating at full capacity following a successful start-up, and extensive *investments in expansion* of the Birmingham location in Great Britain.

The *Automotive Division* invested approximately EUR 80 million in the financial year just ended. The high level in the previous year (EUR 217.4 million) was due to the acquisitions made that year.

These investments were mainly focused on *commissioning* a total of six new presses at a variety of international locations, allowing a significant *increase in capacity* in the high-quality structural parts and components area, and ongoing *investments in expansion projects* as a result of the good order situation in all areas.

[1] Previous year's figures for the voestalpine Group and the Automotive Division were retrospectively adjusted.

Employees[1]

Number of employees increases in all divisions

The voestalpine Group had *41,490 employees* worldwide as of March 31, 2008 (not including apprentices). This corresponds to an increase of 16,877 employees (or nearly 69%) over the previous year (24,613), mainly due to the initial consolidation of the BÖHLER-UDDEHOLM Group[2] (Special Steel Division, 15,453 employees). The additional increase of around 1,400 employees in the other four divisions versus the previous year was due to consolidated acquisitions in the divisions Profilform and Automotive as well as additional personnel related to investment and organic growth in the divisions Steel and Railway Systems.

All five divisions show a (partly significantly) higher number of employees, with the Profilform (+14.5%) and Automotive (+9.4%) divisions showing the largest increases as a result of acquisitions.

More than half of Group employees outside of Austria

Except for the Steel Division, all of the previous divisions already had the majority of their employees outside of Austria in the year under review. The integration of BÖHLER-UDDEHOLM represented a further step forward in the *internationalization* of the Group, with a majority of employees at the Group level, namely 21,979 employees or 53%, now employed in Group locations outside of Austria, versus 19,511 or 47% at Austrian locations. In comparison, 60% of the Group's employees were employed in Austria and 40% at international locations in the financial year 2006/07.

Further expansion of apprentice training at national and international locations

The voestalpine Group was training *1,411 apprentices* throughout the Group at the end of financial year 2007/08, a third of these (460) at international locations and 951 young apprentices in Austria. The increase of 60% over the total of 881 apprentices in the previous year was primarily due to consolidation of the Special Steel Division (437 apprentices) and a further expansion of apprentice training, mainly at the Austrian locations in Linz, Kapfenberg, Krems and Traisen.

A number of international Group companies also further expanded their training capacity. For example, the dual system (a combination of schooling and on-the-job training), which has proven itself in Austria and Germany, was recently put into practice for the first time at locations in Great Britain, the Netherlands and the US.
Training of female apprentices also increased throughout the voestalpine Group, rising from 162 to 186 in the year under review. Around half of these female apprentices are being trained in technical professions.

The steady increase in the internationalization of the Group and the integration of BÖHLER-UDDEHOLM were also the central focus of the human resources management in the year under review. Along with the further expansion of the *employee* shareholding scheme under the last collective-agreement wage increase (already the 5th increase since the program started in 2000), the approximately 4,300 Austrian employees of the Special Steel Division were also added to the employee shareholding program.

16,868 Group employees now hold shares in "their" company, representing a total interest of 10.8% in voestalpine AG[3]. This is a further increase of 0.5 percentage points over the previous financial year (10.3%).

This currently also includes some 150 employees at Dutch locations of the Automotive Division. Although a further expansion of employee share ownership outside of Austria has been difficult because of the great differences in national statutory frameworks, it is nevertheless a stated goal of both voestalpine AG's Management Board and its Works Council.

The voestalpine Group incurred approximately EUR 44 million in expenses for basic and *advanced training* of its employees, representing more than 2% of total personnel expenses. Approximately EUR 26 million is accounted for by apprentice training, corresponding to about EUR 18,400 per apprentice.

Basic and advanced training was mainly focused on the areas of "lifelong learning" (close to 18,000 employees take advantage of the advanced training courses offered at the Linz location alone), knowledge transfer (between young and old employees and between areas), and targeted training of prospective executives. Aside from the range of programs offered, the Management Development System (MDS) of the "former" voestalpine Group (completed by 90 employees from four countries in financial year 2007/08) and the BÖHLER-UDDEHOLM Management Academy (BUMA), which trained 71 employees from 20 countries in 2007, deserve special mention.

A Group-wide *employee satisfaction survey* is performed every three years, allowing existing systems and instruments to be evaluated, and priority areas to be identified for future action. The results of the employee satisfaction survey performed in the year under review show two areas of particular interest compared to 2004: the record response rate, which increased to two thirds despite the voluntary nature of the survey, and the fourth consecutive increase in the satisfaction index. The Group-wide "LIFE" program introduced in 2000/01 that aims for an "attractive voestalpine working environment" for all employees is probably one of the main reasons for the above-average number of positive responses with respect to independent work, workplace safety, and quality-consciousness in its broadest form. Room for improvement still clearly exists in the areas of knowledge transfer and identification and development of talent.

[1] Previous years' figures adjusted retrospectively for the voestalpine Group and the Automotive Division.
[2] Please also refer to the respective section in the chapter "Acquisitions and divestments".
[3] As of March 31, 2008, 17.2 million shares and around 560,000 private shares were owned by current and former employees and managed by the employee private foundation voestalpine – Arbeitnehmer-Privatstiftung.

Raw materials and energy

The market for raw materials was very tight in financial year 2007/08, both in terms of quantity and price.

Demand was driven by new record production in the global steel industry, especially in the emerging markets of China and India, but also in Brazil and Russia. On the supply side, even though production by all of the major commodity producers reached record highs, the expansion of global transport capacity and related logistics infrastructure remained below expectations and was unable to keep pace with the significantly faster growth in demand. As a result, the trend existing for the past several years in the world commodity market continued, marked by gradually increasing shortages interspersed with repeated upward jumps in the price level.
The voestalpine Group incurred approximately EUR 255 million in additional expenses in financial year 2007/08 due to higher raw materials and energy costs compared to the previous financial year. These additional expenses were mainly the result of price increases for iron ore (approx. 10%), coal (approx. 9%), coke (approx. 14%), scrap metal (approx. 25%) and alloys (average of approx. 34%).

The commodity market continues to show no relief in the current financial year. On the contrary, iron ore and coking coal in particular experienced further massive price increases. World market prices are currently running about 90% higher than the previous year for ore fines and pellets, and the price level for coking coal is more than three times higher than the previous year.

With respect to the supply situation in the voestalpine Group, it can be generally stated that the supply of raw materials continues to appear secure for all locations in terms of quantity needed at all points in the future. This is due to the procurement strategy that the Group has followed for many years, which significantly minimizes potential supply risks. Long-term supply agreements, continuous expansion of the supplier portfolio, and accelerated expansion of internal Group supply of both raw materials and, in particular, electrical energy form the core elements of this strategy. The Group expects to reap further benefits in terms of the price sensitivity of raw materials from its comparatively broad supplier portfolio in the future.

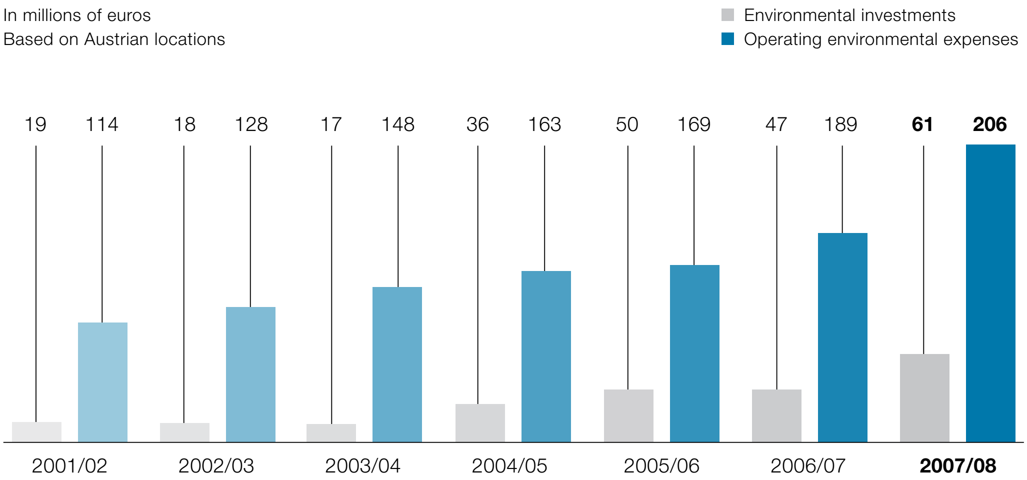
Environment

In financial year 2007/08, the Group systematically continued the measures pursued with great vigor since the 1980s to achieve continuous improvement in environmental standards at all of the Group's production locations. The goal is to achieve ongoing improvements in energy and raw materials efficiency, and further reductions in air and water emissions and the amount of waste generated.

The voestalpine Group made *environment-related investments* of approximately EUR 61 million in Austria alone in financial year 2007/08. This increase of around one third over the previous year (EUR 47 million) was due both to the fact that the figures include the Austrian BÖHLER-UDDEHOLM locations for the first time and to major projects that were undertaken, primarily in the Steel and Railway Systems Divisions.
For the same reasons, current *expenses for operation and maintenance of environmental protection systems* reached a new high of approximately EUR 206 million for the Austrian production companies in the voestalpine Group alone. This was approximately 9% higher than the previous year.
Both the environmental investments and current operating expenses were for the most part attributable to the Steel Division's location in Linz, which is the Group's largest production location. Environmental investments of EUR 49 million were made at this location (versus EUR 35 million in the previous year), and operating expenses increased from EUR 157 million to EUR 161 million.

The new system for reducing wastewater emissions into the Danube during blast furnace operation and commissioning of the world's most advanced exhaust gas treatment system on the sintering line are examples of the significant environmental measures taken. voestalpine Stahl GmbH assisted in the development of this technology, which is being used for the first time at the large industrial scale in the steel industry. This innovation reduces average emissions from the sintering facility by approximately 90%. The blast furnace plastic pellet injection system that began operation at the beginning of the financial year also represents a pioneering technological innovation. The use of specially prepared used plastic allows a considerable reduction in fossil-fuel reducing agents (such as coke, coal and heavy heating oil), thereby decreasing CO_2 emissions at the Linz location by around

Environmental expenditures



another 500,000 tons per year at full operation.

The *Special Steel Division* reported environmental investments of EUR 4 million and current operating expenses of EUR 7 million at its Austrian locations during the nine months since initial consolidation (from July 1, 2007).

In addition to further reductions in domestic and international emissions, these measures also focused mainly on improving domestic and international energy efficiency, primarily with respect to heat recovery. In Austria, Germany, Sweden and Brazil, for example, extensive investments were made to further optimize energy consumption by recovering and using waste heat from production (e.g., from exhaust gases or steam). This was also linked with other measures aimed at increasing the amount of self-generated electricity in the Group.

The *Railway Systems Division* made environment-related investments of EUR 7 million at the Donawitz location in financial year 2007/08 (previous year: EUR 9 million), and incurred operating expenses of EUR 36 million (EUR 29 million in 2006/07). In addition to further reductions in emissions, the focus in this division was also on extensive investments for improving energy efficiency and expanding self-generation of electricity. In this connection, the Donawitz location, which forms the steel base of the division, pressed ahead with its realization of a new water system to provide a permanent, environmentally compatible solution to current water supply and wastewater disposal problems. The project requires an investment of EUR 45 million. Another major project in the year under review concerned the installation of a new power plant block at the same location (investment of approximately EUR 75 million), which will increase the supply of electricity from self-generation to around 90% by forced use of smelter gases. Both projects will be completed by December 2008. The coal injection system for blast furnaces 1 and 4 was commissioned in the year under review. The use of this system, which required an investment of more than EUR 27 million, to inject coal fines as an alternative fuel achieves a significant reduction in the coke used.

Major environmental investments were also made at the wire production (upgrades to the wastewater neutralization and exhaust air purification systems) and switch production locations (new lower consumption electrical power supply network) in Styria.

The *Profilform Division* had environmental investments of approximately EUR 0.3 million at the Krems location in financial year 2007/08. These investments were focused on saving energy by means of improved waste heat recovery. In addition, a project using a modern hot air method to replace traditional heating was realized in the production hall for special pipes and profiles that opened at the Krems location in the autumn of 2007.

The environmental activities of the *Automotive Division* were primarily focused on further improvements in material flow and reducing the amount of waste generated.

The voestalpine Group once again received a number of awards for its high standards in the *environment and safety* area in the year under review. voestalpine Schienen GmbH, Donawitz, which first received the Austrian *EMAS Environmental Award* (eco-management and audit scheme) in 2005, received this prize for the second time in June 2007. The EMAS award is granted for the quality of the content and design of the environmental statement as well as for the representation and marketing of EMAS as part of the corporate identity of a company. Participation is voluntary. In addition, Böhler Ybbstal GmbH received the Eco-management Award from the government of Lower Austria, VAE Eisenbahnsysteme GmbH, Zeltweg, received the Environmental Protection Award from the government of Styria, and voestalpine Stahl GmbH, Linz, received the Upper Austrian Environment and Nature Award for the plastics project described above.

The last two companies mentioned above also received the Austrian *"National Occupational Health and Safety Award"* in July 2007.

It must be mentioned in this regard that all of the major production locations in the voestalpine Group have environmental management systems conforming with ISO 14001 or EMAS requirements and have been certified or validated accordingly. Measured by the number of employees, a total of more than 80% of the locations in the Group have been certified under ISO 14001. In addition, the Austrian companies at the Linz, Donawitz and Zeltweg locations have received EMAS validation.

In terms of legislation, there were two major themes that received the focus of attention in financial year 2007/08. The EU Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) entered into force on June 1, 2007, and is currently being coordinated and implemented across the Group. This regulation requires manufacturers and importers to declare that the materials, preparations and products used do not pose a significant risk to health or the environment. The implementation of this regulation, which also requires the involvement of suppliers and customers, incurs a great deal of expense due to the organizational, bureaucratic and financial resources needed for data collection and management, preparation of studies, and registration fees. The voestalpine Group is attempting to keep these additional expenses within reasonable limits by working intensively with material-specific European industrial consortia and simultaneously establishing its own REACH network within the Group.

It has previously been noted in this regard that the voestalpine Group has already voluntarily implemented extensive measures to minimize the use of problematic chemicals in production and processing as far as possible. As an example, in 2006, voestalpine Stahl GmbH became the first company worldwide in the industry to switch over to exclusive use of chromate-free coating technologies for steel strip.

The *climate protection plans* of the EU Commission for the period following expiration of the Kyoto Protocol in 2012 were published in January 2008. They leave so much room for interpretation, particularly in terms of the future course of action with respect to energy-intensive industrial sectors, that intensive discussion with political decision-makers will be necessary in the near future, both at the national and European levels. Before final adoption by the European Parliament, the concrete provisions of this climate package will have to be made sufficiently precise to avoid international or global distortions of competition and unequal treatment. This is also necessary to create the conditions at the European level prerequisite for the long-term effectiveness of major industrial investments and, consequently, for maintaining the industrial base, or at least a large portion of it, in Europe. The goal must be the creation of a uniform, industry-wide benchmark system in Europe designed to allocate free CO_2 certificates to the most environmentally friendly companies and recognize past climate protection efforts.

Research and development

The voestalpine Group incurred *research and development expenses* of EUR 93 million in financial year 2007/08. The increase over the previous year (EUR 66 million) was primarily due to the integration of the BÖHLER-UDDEHOLM Group[1] (Special Steel Division), which reported R&D expenses of approximately EUR 21 million for the period from July 1, 2007 to March 31, 2008. However, the considerable increase also reflects the steady increase in research and development funding by the voestalpine Group over many years.

The *research ratio* (R&D expenses divided by total sales) was just under 1% in the year under review, which – despite the disproportionate growth in sales – remained unchanged versus the previous year, just as the ratio of *R&D expenses* to economic value added remained at the previous year's level of 2.2%. A total of around 570 employees work on research and development throughout the Group.

Promotion of cross-division expertise in the R&D area

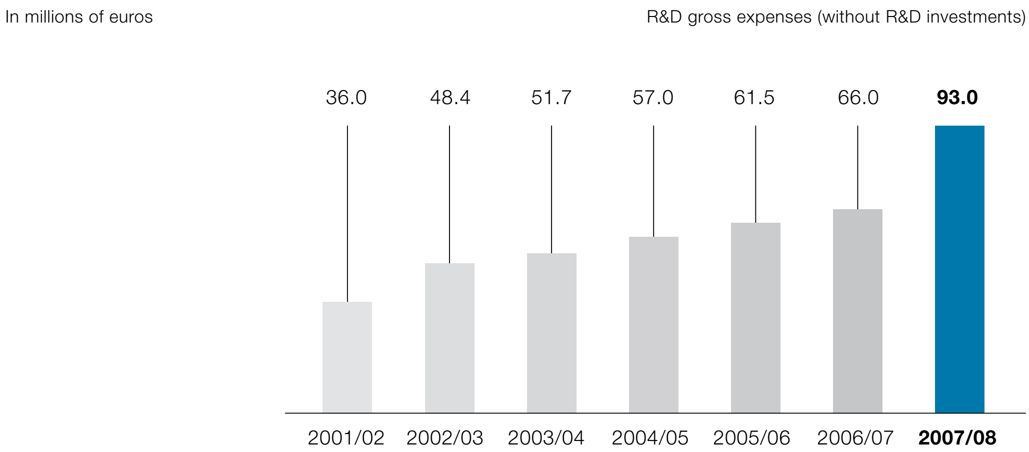
The *integration of the Special Steel Division* into the research organization of the voestalpine Group was already completed successfully in the year under review. The main focus of this process was on the realization of sizeable potential synergies, together with significant related increases in R&D efficiency, as well as the joint definition of medium and long-term research and development priorities.

The "welding of high-strength steels" project provides an illustrative example of synergy effects. It was taken up by projects in the Group working at the highest level toward further improvements in the broad networking of R&D know-how across divisions. All five divisions of the voestalpine Group are involved in this project, which deals with the development of new welding technologies for components made of ultra high-tensile steels.

The "voestalpine researcher day", which was first held in financial year 2007/08 and attended by more than 200 research and development employees from around the world, is also concerned with accelerating the exchange of knowledge and networking know-how across all areas of the Group. In future, this event will be organized regularly, as it not only serves as a central information platform, but is also a welcome opportunity for personal exchange of experiences.

[1] For more information, see the corresponding section under "Acquisitions and divestments".

Research expenses for the voestalpine Group*



* The data for financial year 2007/08 include R&D expenses for the Special Steel Division (BÖHLER-UDDEHOLM) over a nine month period, reflecting the initial consolidation date of July 1, 2007.

R&D priorities in financial year 2007/08

Materials and product development as well as *process technolog*y were also strategic priorities of Group research and development in the year under review. The highly extensive area of process technology includes new production and processing methods intended not only to improve quality, but primarily to further optimize raw materials and energy use and achieve a steady decrease in process-related emissions.

Environmental innovations in particular are frequently developed with industrial partners, and are often groundbreaking findings. One such example is the "blast furnace plastics use" project that was successfully realized at the industrial scale by the *Steel Division* in the year under review[1].

The development of ultra high-strength steels and new surface coatings, primarily for use in products for the automotive and household appliance industries as well as the energy area, have also been priorities of this division for years.
In the year under review, a decision was also made to expand and add new facilities at

the research center in Linz. The "Steel Innovation Center" will require an investment of close to EUR 15 million and will provide state-of-the-art research facilities. The center is expected to be completed and start operations at the end of 2009.

The current R&D priorities in the *Special Steel Division* are the development of new powder-metallurgical tool steels, cored wire (e.g., for use in power plant and chemical facility construction), and high-quality forged parts made of intermetallic alloys for the aerospace industry. In addition, further development is being pursued systematically in the areas of metallurgical process and conversion techniques.

The *Railway Systems Division* is working on rail and switch technology to further consolidate its global technological leadership, based on the development of ultra high-strength steel grades and new rolling methods for special rails, and further optimization of switch technology to reduce life cycle costs. Innovations in ultra high-strength materials and new rolling technologies are also the top R&D priorities in the wire rod and seamless pipe business areas.

Research and development activities in the *Profilform Division* are also focused on long-term consolidation of the division's leading technological position. The current priorities are roll-forming of ultra high-strength steels (e.g., for car bodies), development of new guard rail systems, and further optimization of fully automatic inspection systems for improved quality assurance.

R&D activities in the *Automotive Division* are currently focused on components made of press-hardened steels ("phs-ultraform®" grades) and developing safety components made from special pipes (e.g. for airbags). In this division in particular, research and development is increasingly being aimed at the needs of the Group as a whole. In the area of press-hardened steels, manufacturing of the first series production parts for the automotive industry began successfully in the year under review.

National and international research collaboration

In addition to voestalpine Group's numerous cooperations with national and international research and training institutes, the new Centers of Competence initiated by the Austrian federal government in the year under review are also highly important for the long-term development of the R&D area. The voestalpine Group is a key participant in a total of six large and medium-sized centers of competence under the "COMET" research promotion program, with a focus on the areas of metallurgy, materials development and mechatronics. In addition to the Group's own R&D funding, these centers of competence have approximately EUR 220 million in available research funding over the next few years.

[1] Details are provided in the "Environment" section.

Risk management

As risk management aids in ensuring both the long-term continued existence of the Group and an increase in its value, it represents a significant factor in its success.

The voestalpine Group *risk management system,* which has been in place since financial year 2000/01, has become a thoroughly established part of management responsibilities and an integral component of business processes. It allows early identification and assessment of operational and strategic risks, implementation of appropriate preventative measures to avert risks, as well as timely identification of opportunities.

The Group has also developed risk policy guidelines based on its "Strategic Guidelines". The overall risk management system is based on a general, Group-wide operating procedure that conforms to the revised risk management principles and risk structures of COSO[1]. The identified risks are structured, managed and documented in accordance with this international standard.

The entry into force of the Austrian *Company Law Amendment Act* of 2008 (Unternehmensrechts-Änderungsgesetz) increases the importance of internal control systems ("ICS") and risk management in Austria, as well as their supervision.
As with the risk management system in general, the internal control system in the voestalpine Group is also considered a management responsibility and an integral part of existing management systems. The Internal Audit department independently monitors operating and business processes and the ICS, and has full discretion when reporting and assessing audit results.

The *major risk areas*[2] and related preventative measures presented in the 2006/07 Annual Report continue to apply without change, and comprise the following areas:

- Raw materials availability and price hedging
- Failure of IT systems
- Failure of production facilities
- Sufficient availability of qualified employees
- Risks in the financial area

The CO_2 issue after the expiration of NAP II[3] (2012) is discussed in the "Environment" section of this Annual Report.

Newly acquired companies are added to the voestalpine Group risk management system no later than one year after acquisition. Thus the introduction of the risk management system in the Special Steel Division began in the year under review and is scheduled to be completed in 2008/09.
Concrete measures have been developed and largely implemented for Group *risks identified in the past,* leading to a steady downward trend in exposure to potential risks. As a rule, the measures developed were aimed at reducing the size of potential losses, reducing their probability of occurrence, or both.
In summary, it can be stated that the voestalpine Group is exposed to limited, manageable risks that do not threaten the continuation of the Group as a going concern.

[1] COSO (Committee of Sponsoring Organizations of the Tradeway Commission), an independent private-sector organization sponsored by five major financial reporting associations.
[2] Further information on these topics and financial instruments is provided in the corresponding sections of the Management Report and in the Notes to the Financial Statements ("Financial Instruments" section).
[3] National Allocation Plan II.

Legal information

voestalpine AG has share capital of EUR 298,756,264.42 divided into 164,439,033 no-par value bearer shares. There are no restrictions on voting rights (1 share = 1 vote) or any controlling rights. voestalpine AG is unaware of any agreements among its shareholders or between its shareholders and third parties that restrict voting rights or the transfer of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, and voestalpine – Arbeitnehmer-Privatstiftung, Linz *(a private foundation for the Company's employee share ownership plan)* each hold more than 10% of the Company's share capital, and Oberbank AG, Linz, and the AXA Group each hold more than 5%. The Management Board of voestalpine – Arbeitnehmer-Privatstiftung exercises the voting rights of shares that are owned by Group company employees participating in the employee share ownership plan and held in trust by voestalpine – Arbeitnehmer-Privatstiftung. However, the way in which the voting rights are exercised requires the approval of the Advisory Board of voestalpine – Arbeitnehmer-Privatstiftung. The Advisory Board decides on the approval with a simple majority. The Advisory Board has an equal number of employee and employer representatives: 6 members from the employee side and 6 from the employer. The Chairman of the Advisory Board, who must be appointed by the employee representatives, has the deciding vote in the event of a tie.

§ 4 para. 2 of the Articles of Association authorizes the Management Board of voestalpine AG to increase the Company's share capital on or before June 30, 2010 by up to 15,840,000 no-par value shares (approximately 9.63%), to be used for issuing shares to employees, executives, and members of the Management Board, and up to 31,680,000 no-par value shares (approximately 19.27%) for other purposes (Authorized Capital). In addition, § 4 para. 6 of the Articles of Association also authorizes the Management Board to increase share capital by up to 15,840.000 no-par value shares (approximately 9.63%) in the event that holders of the convertible bond issued by the Company in July 2005 exercise their conversion rights (Conditioned Capital).

Under a resolution passed by the General Meeting of July 4, 2007, the Management Board of voestalpine AG is authorized to repurchase a total of 10% of the Company's shares on or before December 31, 2008. The Management Board made use of this authorization on December 11, 2007. The Company held 5,203.295 treasury shares at the end of financial year 2007/08 (3.16% of the share capital). Both the convertible bond issued by voestalpine AG in July 2005 and the hybrid bond issued in October 2007 include change of control clauses. § 11 of the terms and conditions of the convertible bond gives bondholders the right to demand redemption of their bonds if control of the Company changes.

Under § 3 para. 1 letter b and § 3 para. 2 letter c of the hybrid bond issue terms and conditions, the fixed interest of 7.125% and the spread of 5.05% increase by 5% 61 days after a change in control occurs. § 4 para. 5 letter a of the hybrid bond issue terms and conditions give voestalpine AG the right to call and redeem the bonds no later than 60 days after a change in control.
According to the terms and conditions of the convertible and hybrid bonds, control of voestalpine AG changes when a controlling interest within the meaning of the Austrian Takeover Act (Übernahmegesetz) is acquired.
The Company has no compensation agreements with the members of the Management Board, Supervisory Board, or employees in the event of a public tender offer.
Other than those directly derived from applicable statutes, there are no provisions concerning the appointment and the dismissal of members of the Management Board and the Supervisory Board, and amendments to the Company's articles of association.

Outlook

The beginning of financial year 2008/09 has been somewhat mixed in terms of economic development. While the real economy in Europe is characterized by a market growth that is supported by solid and stable demand, fears of recession are growing in the U.S. Even though China, Southeast Asia and India will remain reliable drivers of global growth in coming years, the prospect of further growth in Japan is being viewed rather critically due to structural adjustments needed in a number of sectors, in particular the banking area.

The fact is that over the past twelve months the European economy has managed surprisingly well with the problems arising from the subprime crisis in the U.S., as well as with the continued strengthening of the euro versus not only the US dollar, but a number of other currencies as well, and with the enormous increases in commodity prices. This is mainly due to Europe's excellent technological position in a number of sectors as compared to the rest of the world, its improved cost structure and productivity over the past several years compared with other developed economies, and strong internal demand in the EU-27 countries, primarily driven by the new member states in Central and Eastern Europe.

Apart from the extreme difficulty in estimating the risks surrounding the oil price development, which has exceeded all estimates to date, all currently available indicators, including the flow of orders received in previous months, indicate that this situation should continue throughout the calendar year 2008 with no downturn in the European economy. For the voestalpine Group therefore, in concrete terms, the prospects are good that the order situation will keep all business areas operating at full capacity with a continued upward trend in sales revenues.

As a result, the *Steel Division* should be able to further pass on any increases in raw materials prices in the coming quarters to the market in all of its product segments, especially since neither the inventory situation in Europe nor the import trend are raising any cause for concern as at the middle of 2008 and demand in all key customer sectors remains at a stable high level.

The demand perspective for the *Special Steel Division* presents a very similar picture, with sustained demand in the energy sector, plant and machinery construction, the chemicals and petrochemical sectors, and aircraft construction, in particular ensuring continued positive development can be expected in all business areas. Only in North America, and especially in tool steel, there is still no indication of a trend reversal following the marked cooling of the economy in the previous year. The situation is made even more difficult here due to the weakness of the U.S. dollar.

The *Railway Systems Division* continues to benefit from excellent global demand in all railway infrastructure segments. The good development recorded in previous years in both the rail and switches segment is therefore expected to continue, regardless of further increases in raw materials prices. The same also holds true for the wire area, where the high-quality segment in particular shows no signs of market weakness. The previous year's downward trend in the seamless pipe sector has come to an end, and there are indications that the market will instead see some relief in coming months.

The *Profilform Division* is also expected to remain stable at a high level. This applies in particular to Europe, where there are signs of additional growth stimuli coming from the markets in Central and Eastern Europe, driven mainly by the enormous convergence gap that still remains in terms of infrastructure as well as transport and warehousing technology. The economic weakness in North America is having little effect on the key activity fields of the Profilform Division, in particular aviation and commercial vehicle manufacturing, and is nevertheless more than offset by the very positive performance achieved following the entry into the Brazilian market.

The previous upward trend is expected to continue in the *Automotive Division* due to the generally sustained favorable market environment in Europe. Aggressive market cultivation together with systematic portfolio adjustment requiring a focus on increasingly sophisticated vendor parts will be used to further strengthen the position of the division. On the cost side, similar to the Profilform Division, the difficulty of estimating prematerials prices for the upcoming quarters also creates a certain element of uncertainty.

Given the sustained favorable development of the economic environment for all five divisions of the *voestalpine Group,* current indications are that—in spite of the enormous increases in commodity prices and the difficulties of assessing the economic situation in the last quarter of the financial year—the Group's operating profit in 2008/09 will be of the same magnitude as in the year under review.

Steel Division

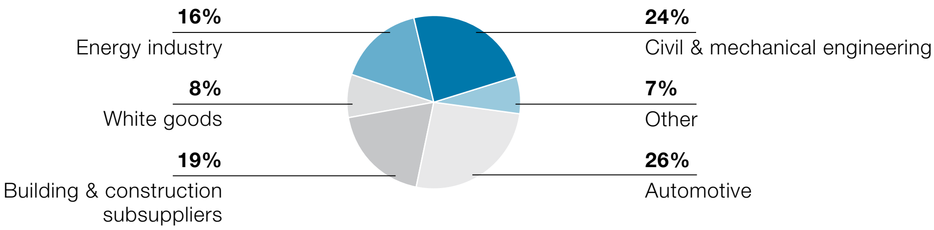
Key figures of Steel Division

In millions of euros

	2006/07	2007/08
Revenue	3,680.1	3,942.8
EBITDA	728.4	891.6
EBITDA margin	19.8%	22.6%
EBIT	544.1	684.4
EBIT margin	14.8%	17.4%
Employees	9,592	9,829

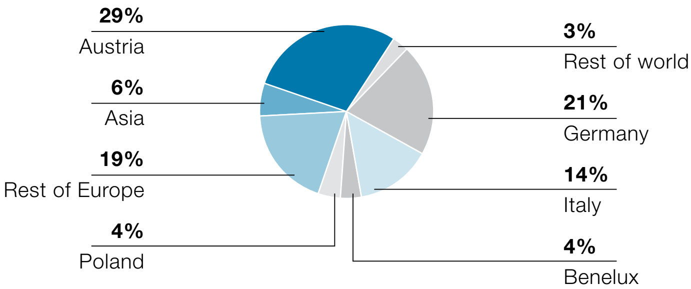
Customers of Steel Division

As percentage of divisional revenue
Business year 2007/08



Markets of Steel Division

As percentage of divisional revenue
Business year 2007/08



Highlights

- Revenues increase by 7% from EUR 3,680 million to EUR 3,943 million.
- EBIT rises by some 26% from EUR 544 million to EUR 684 million, and EBIT margin rises from 14.8% to 17.4%.
- Increased demand and higher prices more than compensate for increases in raw materials prices.
- Revenues and profits at new record levels thanks to outstanding business development.

Market environment and business development

High demand and prices resulted in continued excellent development in the global steel industry during the course of financial year 2007/08.
In 2007, the worldwide increase in the demand for steel caused world steel production to increase by 8% from 1.24 billion tons to a new record of 1.34 billion tons. As before, the driving force behind this growth came from the Asian region, particularly China, where production rose by 15.6% to 489 million tons. On the other hand, production in the European Union countries (EU-27) increased by a comparatively moderate 1.7% to a total of 210 million tons. This was primarily due to temporary, relatively high growth in imports during the second half of the year.

This rise in production was partially offset by further increases in the market prices of raw materials. *(For more information, see the "Raw Materials and Energy" section of the Management Report.)* It was possible, however, to raise prices accordingly during the financial year to more than compensate for the increase in raw materials costs.

High inventory levels caused by imports towards the end of the year dropped to a normal level in the first few months of 2008 due to a decrease in imports – primarily from China – and high demand within the European market.

Without exception, the economic situation was favorable in all of the customer industries during the year under review. The demand for high-quality steel grades was driven by production increases in the European automotive and household appliance industries and the good order situation in the building and building supply industries. Excellent development was also recorded for pipes and profiles as well as radiators. The energy area also remained strong, with continued high demand for high-quality heavy plates and foundry products (turbine construction).

Development of key figures

The effects of the excellent market environment and corresponding favorable changes in demand and prices in all product areas are shown in the business development of the Steel Division by the sizeable growth in revenues and profits, bringing them to new record levels.

Revenues rose to EUR 3,942.8 million, representing an increase of 7.1% over the previous year (EUR 3,680.1 million). Profit from operations *(EBIT)* improved by almost 26% from EUR 544.1 million to EUR 684.4 million. A significant increase in the *EBIT margin* from 14.8% to 17.4% made the Steel Division the most profitable business area in the voestalpine Group in financial year 2007/08, replacing the Railway Systems Division which held this position for the previous two years.
Both strip products (the largest segment) and heavy plates contributed to this latest increase in profits. Aside from further improvements in the product mix – investments aimed towards increasing capacities for high-quality grades, with corresponding margins – and systematic continuation of cost optimization measures, the above-average growth in profits was mainly due to the fact that average revenues were around 8% higher than in the previous year.

After a temporary decrease in profits in the 3rd quarter of the financial year, resulting mainly from a drop in production due to planned plant stoppages, 4th quarter profits rose again to a significantly higher level. This was due to production levels exceeding the immediately preceding quarter and to a rise in price levels resulting from the entry into force of new agreements concluded at the beginning of the year.

As of March 31, 2008, the Steel Division had 9,829 *employees,* representing an increase of 2.5% over the previous year (9,592), which was primarily the result of new hiring due to investments made. Apprentice training was also further accelerated in financial year 2007/08. The number of young apprentices being trained to meet the needs of the Group in Austria's largest, most modern apprenticeship workshop at the Linz location rose by 12.4% over the previous year from 434 to 488.

Quarterly development

	1st Quarter 2007/08	2nd Quarter 2007/08	3rd Quarter 2007/08	4th Quarter 2007/08	BY 2007/08
Revenue	964.7	949.7	949.0	1,079.4	3,942.8
EBITDA	235.8	234.5	192.2	229.1	891.6
EBITDA margin	24.4%	24.7%	20.3%	21.2%	22.6%
EBIT	186.8	182.5	139.5	175.6	684.4
EBIT margin	19.4%	19.2%	14.7%	16.3%	17.4%
Employees	9,621	9,650	9,712	9,829	9,829

In millions of euros

Special Steel Division[1]

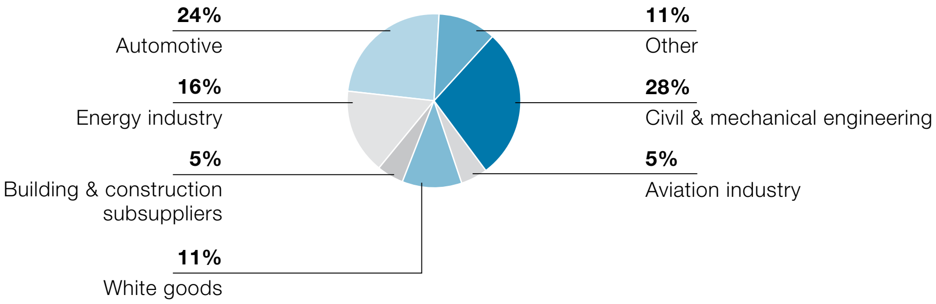
Key figures of Special Steel Division

In millions of euros

	2007/08	2007/08 pro-forma pre ppa
Revenue	2,758.5	2,758.5
EBITDA	306.8	438.8
EBITDA margin	11.1%	15.9%
EBIT	5.8	356.2
EBIT margin	0.2%	12.9%
Employees	15,453	15,453

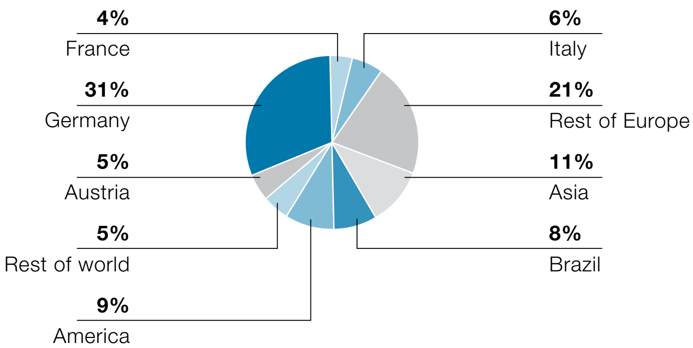
Customers of Special Steel Division

As percentage of divisional revenue
Business year 2007/08



Markets of Special Steel Division

As percentage of divisional revenue
Business year 2007/08



Highlights

- Since its initial consolidation in July 2007, the Special Steel Division contributed revenues of EUR 2,758 million and achieved an EBIT of EUR 356 million (on a stand-alone basis).
- The Special Steel Division continued to follow its growth path without interruption, generating new record levels in revenues and profits.
- Excellent growth in the economy with a stable high level of demand in all markets, customer industries and product segments ensure continuous full capacity operation.

Market environment and business development

The year under review was marked by excellent business development of the BÖHLER-UDDEHOLM Group (Special Steel Division) in all major product segments and regions, especially the European markets (in particular Germany), and the growth markets in Asia and South America. The only exception was North America, where the market for tool steel and a number of other special product segments continued to weaken.

The Special Steel Division recorded a significant increase in demand by practically all of the major customer industries, in particular energy, oil field equipment, chemicals and petrochemicals, plant and machinery construction, and aviation. Total orders received by the division increased further over the previous year, resulting in sustained full capacity operation in all production facilities (which had been expanded by extensive investments during the year).
However, foreign currency translation had a negative effect due to unfavorable euro exchange rates, which continued to worsen during the course of the year. This was especially true of the U.S. dollar, as well as the Brazilian real and Swedish krona.
On the other hand, the very sharp increase in some alloy prices during the reporting period could be passed on to the market using "alloy pricing schedules" (alloy price increases passed directly to the customer).

The excellent situation in the market for tool and mould making and engineering led to corresponding increases in sales volumes at good, stable prices in the division's largest segment, *High Performance Metals,* generating a significant overall increase in sales and profits. The same applied to the *Welding Consumables* business area, where demand was primarily driven by plant and power plant construction, petrochemicals, agricultural machinery manufacturing, and the offshore segment.

The *Precision Strip* segment, which benefited in particular from highly dynamic growth in the European metal processing industry, also showed a significant increase in sales and profits, and showed the highest profitability of all business areas in the Special Steel Division during the year under review.

[1] For explanatory remarks on the purchase price allocation (ppa) please refer to the inside cover page.

The *Special Forgings* business segment, which bundles all forging activities, also achieved significant increases in sales, profits and profitability compared to the previous year. Good demand volume and a high price level, particularly in the aircraft construction, energy generation and commercial vehicle manufacturing sectors, more than compensated for the losses due to unfavorable euro exchange rates in this business area, which generates approximately 40% of its sales in the dollar area.

Development of key figures

A highly favorable market environment led to significant increases in revenues and profits in all four of the business areas in the Special Steel Division. *Revenues* reached a new 9-month record of EUR 2,758.5 million during the consolidation period (July 1, 2007, to March 31, 2008), resulting from both significantly increased deliveries in all markets and an increase in the average price level over the previous year.

The *EBIT* of EUR 356.2 million (on a stand-alone basis, i.e., not including ppa) for the nine-month period following initial consolidation also exceeded the previous 9-month record, and resulted from significant growth in all business areas. However, due to the accounting effects of ppa, voestalpine AG's consolidated financial statements only report an EBIT of EUR 5.8 million for the Special Steel Division.

The *EBIT margin* was 12.9% before ppa and 0.2% after ppa.

The Special Steel Division had 15,453 *employees* worldwide at the end of financial year 2007/08, with the majority (approximately 11,100) employed at locations outside of Austria. In addition, 437 young persons are being trained by the companies in the BÖHLER-UDDEHOLM Group, primarily in Austria and Germany.

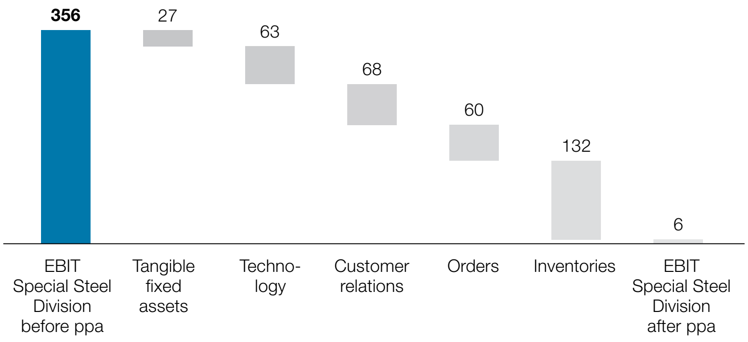
Purchase price allocation

Inventory turnover and high write-downs of the assets recognized during ppa decreased the EBIT of the Special Steel Division by around EUR 350 million, which is detailed in the chart on the following page.

The second chart shows the projected effect on profits in future financial years. Due to the discontinuation of the short-term effects in the area of inventories and orders on hand, the effect on profits can be expected to drop off rapidly over the coming years.

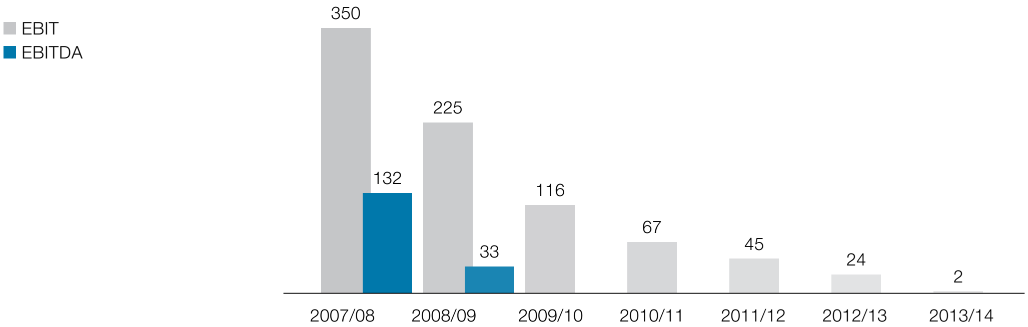
Purchase price allocation as at March 31, 2008

In millions of euros



Projected effects of ppa on EBIT and EBITDA in future financial years

In millions of euros



Quarterly development

	1st Quarter 2007/08	2nd Quarter 2007/08	3rd Quarter 2007/08	4th Quarter 2007/08	BY 2007/08
Revenue	–	907.6	908.3	942.6	2,758.5
EBITDA	–	103.2	106.3	97.3	306.8
pre ppa	–	149.4	152.5	136.9	438.8
EBITDA margin	–	11.4%	11.7%	10.3%	11.1%
pre ppa	–	16.5%	16.8%	14.5%	15.9%
EBIT	–	2.8	4.1	–1.1	5.8
pre ppa	–	122.8	124.1	109.3	356.2
EBIT margin	–	0.3%	0.5%	–0.1%	0.2%
pre ppa	–	13.5%	13.7%	11.6%	12.9%
Employees	–	15,053	15,217	15,453	15,453

In millions of euros

Railway Systems Division

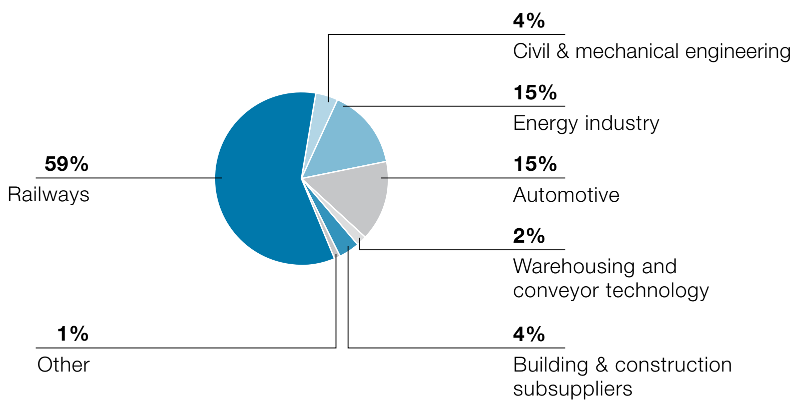
Key figures of Railway Systems Division

In millions of euros

	2006/07	2007/08
Revenue	2,056.3	2,211.4
EBITDA	424.7	402.8
EBITDA margin	20.7%	18.2%
EBIT	337.5	315.3
EBIT margin	16.4%	14.3%
Employees	7,523	7,827

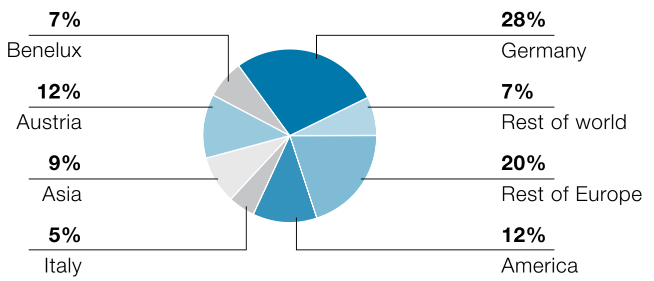
Customers of Railway Systems Division

As percentage of divisional revenue
Business year 2007/08



Markets of Railway Systems Division

As percentage of divisional revenue
Business year 2007/08



Highlights

- Revenues increase by 7.5% from EUR 2,056 million to EUR 2,211 million.
- Despite a small decrease, EBIT of EUR 315 million and EBIT margin of 14.3% remain at very high levels.
- Further increases in output and profit in the rail technology, switching equipment and wire business areas due to an excellent market environment came close to compensating for the weaker development for seamless tubes.

Market environment and business development

Financial year 2007/08 was marked by an outstanding market situation, both for railway and wire operations as well as semi-finished steel products (billets, blooms). Development in the seamless tubes area was noticeably weaker than in the previous boom years, but still proceeded at a good level.

The pick-up in railway infrastructure activities that was already starting to show in the previous financial year gained further momentum both in Europe and international markets. As a result, the increasing demand for premium rails could only be satisfied by further increases in production and productivity in the new rail rolling mill (Donawitz), while growth in switching equipment was driven by export projects in overseas markets and the innovative hytronics area.

In the steel business area, as was the case for the industry as a whole, the demand for billets and blooms exceeded the production capacity of the processing companies in both the division as well as the external market. This occurred even though measures to increase production maintained output at close to the previous year's level notwithstanding the renewal (lining) of a blast furnace in the summer of 2007.

The environment in the quality wire area was also highly positive. Due to high demand, deliveries increased further over the previous year, which in conjunction with sustained good price levels again led to high profits. The development of this area was also positively influenced by the synergies between the two Austrian locations and the German wire processing company acquired during the previous year.

The years of sustained profitability in the seamless tube segment attracted many new, predominantly Asian providers to enter the market, which accordingly led to price pressures on the standard grades. As a result, this business area recorded a significant drop in overall sales and profits compared to the absolute all-time highs achieved in the previous year. In addition to the new competitors, the further decline in the value of the U.S. dollar and a drop in momentum in some markets also contributed to the weaker performance. However, by systematically focusing on specialty products, the profit and margin of the seamless tube business area also attained the positive level of previous years.

Development of key figures

The differences in business development between areas create a mixed picture in terms of revenue and profits at the division level. While *revenues increased* by 7.5% from EUR 2,056.3 million to EUR 2,211.4 million, *EBIT* decreased slightly by 6.6% from EUR 337.5 million to EUR 315.3 million.

The increase in revenue resulted from higher sales volumes in the rail infrastructure, switching equipment and wire areas, as well as price increases due to higher raw materials costs passed on to customers.

In contrast, the additional increases in EBIT for rails and switches and the stable high level for wires were unable to fully compensate for the decrease in the seamless tube business area. If allowance is made for the decrease in profits resulting from outside purchases of pre-materials for rail production, which were required due to the shortfall caused by the lining of a blast furnace, almost the same profit would have been achieved as in the previous year.

The combined effects of the increase in revenue and slight decrease in profits led to a slightly weaker *EBIT margin* of 14.3% for the Railways Systems Division in financial year 2007/08 as compared to the previous year (16.4%).

The division had 7,827 *employees* at the end of financial year 2007/08. The 4% increase over the previous year (7,523) primarily resulted from the excellent employment trend due to an increase in orders, which was predominately in the VAE Group. The majority of the division's employees (4,278 versus 4,078) were employed outside of Austria as at the balance sheet date.

The number of apprentices also increased further in the year under review (from 210 to 219 youths). They were predominately trained at the Austrian and German production sites.

Quarterly development

	1st Quarter 2007/08	2nd Quarter 2007/08	3rd Quarter 2007/08	4th Quarter 2007/08	BY 2007/08
Revenue	585.5	543.6	513.9	568.4	2,211.4
EBITDA	115.1	105.4	93.5	88.8	402.8
EBITDA margin	19.7%	19.4%	18.2%	15.6%	18.2%
EBIT	93.7	83.5	71.6	66.5	315.3
EBIT margin	16.0%	15.4%	13.9%	11.7%	14.3%
Employees	7,656	7,751	7,775	7,827	7,827

In millions of euros

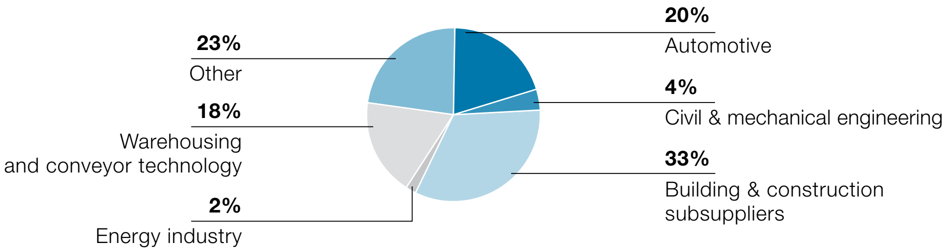
Profilform Division

Key figures of Profilform Division

In millions of euros	2006/07	2007/08
Revenue	969.5	1,138.7
EBITDA	173.3	186.8
EBITDA margin	17.9%	16.4%
EBIT	145.6	158.7
EBIT margin	15.0%	13.9%
Employees	3,314	3,794

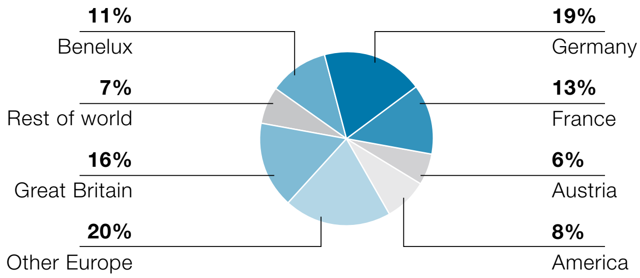
Customers of Profilform Division

As percentage of divisional revenue
Business year 2007/08



Markets of Profilform Division

As percentage of divisional revenue
Business year 2007/08



Highlights

- Revenues rise above EUR 1 billion for the first time.
- Record profit achieved in the previous year increases a further 9% to EUR 159 million.
- Business activity in the division's key sectors and market regions leads to increased deliveries in all product areas.
- By making further acquisitions, the division sustainably expands its market position in North America and enters the high-growth market in South America.

Market environment and business development

The increase in business activity, particularly in Europe (including Eastern Europe), and an extremely high, stable level of demand from all customer industries were the primary drivers of growth for the Profilform Division in financial year 2007/08. The division recorded a significant increase in revenues and a further improvement in profit, to once again surpass the records achieved in the previous year.

In addition to the positive market environment, these increases were also partly due to the increased production and sales volumes made possible by accelerated investments in capacity expansion at almost all production locations, thus satisfying the increased demand for high-quality special profiles and tailored sections as well as warehouse logistics systems.

In conjunction with the division's strong market position, these higher volumes translated into higher revenues, which in turn compensated for the increased costs of starting materials – especially steel – and led to a further increase in profit. The division continued to systematically pursue its globalization strategy in financial year 2007/08 with acquisitions in the U.S. and Brazil, facilitating the Company's entry into the key South American growth market. The division now has more than 16 production locations in close proximity to its customers in Europe, Russia, the U.S. and Brazil.

Development of key figures

The regional expansion of business activities in North and South America, together with higher deliveries and increased prices for pre-materials, increased sales by 17.5% over the previous year from EUR 969.5 million to EUR 1,138.7 million. This is the first time revenue exceeded the EUR 1 billion mark.

The *EBIT* of EUR 158.7 million achieved by the division in financial year 2007/08 was also the highest in its history, and represents a 9% increase over the previous year (EUR 145.6 million). In spite of increased prices for pre-materials, the EBIT margin of 13.9% remained close to the previous year's level (15.0%).

The two companies acquired during the financial year, Sharon Custom Metal Forming Inc. (U.S.A.) and Meincol Distribuidora de Aços S.A. (Brazil), were first consolidated in January 2008 and contributed a total of EUR 35 million to the revenue of the division.

The division had 3,794 *employees* as of March 31, 2008, representing an increase of 14.5% over the previous year (3,314). This increase was predominantly due to the acquisitions. The overwhelming majority of these employees (2,927) were employed at locations outside of Austria. The division also had 141 youths in training at the end of financial year 2007/08. This represents an increase of 14.6%, which is primarily due to both the expansion of apprenticeship training at Austrian locations and the company acquisition in Brazil.

Quarterly development

	1st Quarter 2007/08	2nd Quarter 2007/08	3rd Quarter 2007/08	4th Quarter 2007/08	BY 2007/08
Revenue	280.6	273.6	268.2	316.3	1,138.7
EBITDA	44.6	46.1	46.6	49.5	186.8
EBITDA margin	15.9%	16.9%	17.4%	15.7%	16.4%
EBIT	38.1	39.3	40.0	41.3	158.7
EBIT margin	13.6%	14.4%	14.9%	13.0%	13.9%
Employees	3,343	3,383	3,356	3,794	3,794

In millions of euros

Automotive Division[1]

Key figures of Automotive Division

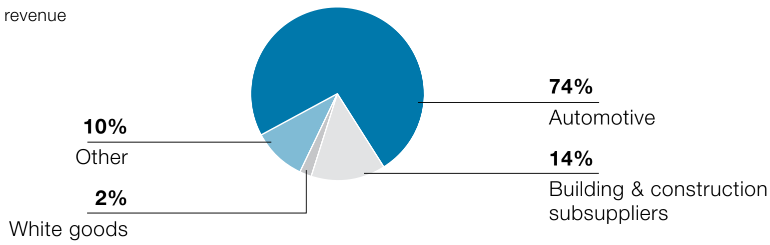
In millions of euros

	2006/07*	2007/08
Revenue	714.4	947.5
EBITDA	84.1	114.7
EBITDA margin	11.8%	12.1%
EBIT	41.2	60.2
EBIT margin	5.8%	6.4%
Employees	3,787	4,144

* Retrospectively adjusted

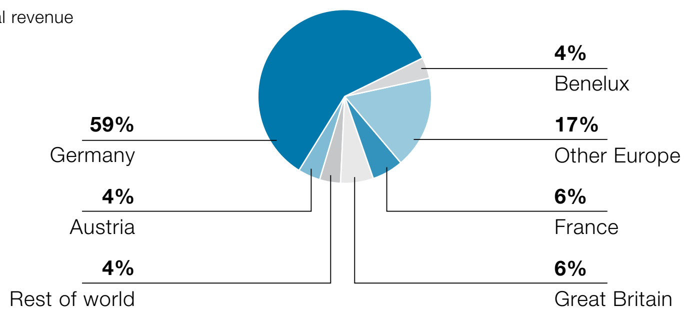
Customers of Automotive Division

As percentage of divisional revenue
Business year 2007/08



Markets of Automotive Division

As percentage of divisional revenue
Business year 2007/08



Highlights

- Revenue, profits and EBIT margin reached their highest values since formation of the division.
- Revenue increased nearly 33% to EUR 947.5 million.
- EBIT rose by 46% to EUR 60 million, and EBIT margin rose above 6% for the first time to reach 6.4%.
- Order situation is good, and newly acquired companies have been integrated successfully.
- Systematic portfolio adjustment creates sustainable increase in division profitability.

Market environment and business development

Global automobile production and sales both rose by approximately 5% in 2007, thereby reaching a new record level. The production increase of 6% in Europe was above the worldwide average. The sustained dynamic growth of approximately 18% in East and South East Europe (including Russia and Turkey) and the turnaround in West Europe, where production increased by almost 2.5% after a previous downward trend (production was still decreasing by 1.6% in 2006) both contributed to this result.
Good growth in demand was offset by further increases in the prices of starting materials, which could only be passed on to customers to a limited extent due to a simultaneous increase in cost pressure applied by OEMs[2]. One of the results of this was a further acceleration of consolidation in the automotive supply industry during the year under review.

Good growth in the European automotive industry (the most relevant sector for the voestalpine Group) led to a correspondingly high level of orders received in all segments of the Automotive Division. The laser-welded blank, precision part and safety components segments in particular showed sustained positive growth during financial year 2007/08.

Development of key figures

Business development was mainly influenced by the favorable market environment and continued efforts to focus activities on the technology-intensive steel-materials-related areas.

As a result of above-average increases in revenue and profits over the previous year, the Automotive Division achieved its highest revenues and by far best profits since its establishment in 2001.

Revenues rose by 32.6% from EUR 714.4 million to EUR 947.5 million in financial year 2007/08. In addition to organic growth in the laser-welded blank, precision part and safety component segments, the growth in sales was mainly due to first-time full consolidation of the German companies Gutbrod

[1] Retrospectively adjusted.
[2] Original Equipment Manufacturers, automobile manufacturers.

Stanz- und Umformtechnik GmbH, Gutbrod Schmölln GmbH, voestalpine Hügel GmbH & Co. KG and the Dancke Group acquired in the previous year. As against the previous financial year, these acquisitions contributed EUR 191.1 million in sales growth.

On the other hand, these figures no longer include the plastics operations of the division or the French company Amstutz Levin & Cie. The decision to divest these companies as part of the portfolio adjustment was made in the 4th quarter of financial year 2007/08. The companies are therefore shown as "discontinued operations" in the 2007/08 annual financial statements. (Details are provided in the "Acquisitions and Divestments" section and in the letter to shareholders on the first three quarters of financial year 2007/08.)

The Automotive Division's *EBIT* rose by 46.1% over the previous year from EUR 41.2 million to EUR 60.2 million. The *EBIT margin* increased from 5.8% to a current value of 6.4%, thereby also reaching a new high.

Internal activities during the year under review were focused on integration of the above acquisitions. Firstly, with the acquired companies, series competence in the body structure and safety-related component areas was expanded and secondly, this also enabled a simultaneous significant regulation of capacity utilization cycles at the division-level.

The Automotive Division had *4,144 employees* as of March 31, 2008, representing an increase of 9.4% over the previous year (3,787) due to acquisitions and, to a great extent, also to an increase in orders. An overwhelming majority of approximately 87% of the employees are traditionally employed in international production locations.
The division also had 126 apprentices in training at the end of financial year 2007/08, the majority of which are in Germany.

Quarterly development

	1st Quarter 2007/08*	2nd Quarter 2007/08*	3rd Quarter 2007/08*	4th Quarter 2007/08	BY 2007/08
Revenue	230.6	219.1	228.5	269.3	947.5
EBITDA	28.0	29.3	28.4	29.0	114.7
EBITDA margin	12.1%	13.4%	12.4%	10.8%	12.1%
EBIT	13.4	15.2	15.3	16.3	60.2
EBIT margin	5.8%	6.9%	6.7%	6.1%	6.4%
Employees	3,987	4,033	4,074	4,144	4,144

* Retrospectively adjusted

In millions of euros

Meeting Challenges
to create Value.

We let the results speak for themselves as we review the best financial year in our history. Success is not restricted to numbers only. It is the quality of the growth achieved that counts. By seizing opportunities we achieve sustainable value for our shareholders, clients and employees.

voestalpine AG

Consolidated Financial Statements 2007/08

Consolidated Financial Statements

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Report of the Supervisory Board on the 2007/08 financial year

In the 2007/08 financial year the Supervisory Board met eight times to perform the responsibilities incumbent upon it under the law and the articles of incorporation. The Management Board provided information both orally and in written form regarding the state of business and the situation of the company.

The Annual Financial Statement and the Group's Consolidated Financial Statement as of March 31, 2008 were audited by Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH, Vienna, which was engaged as mandated by § 270 of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB).

The audit showed that the accounting practices, the Annual Financial Statement and the Group's Consolidated Financial Statement conform to the statutory regulations and the provisions of the articles of incorporation. The audit also concluded that the provisions of § 269 of the Austrian Commercial Code were fully met so that the auditor issued an unqualified audit opinion.

There was no cause for any objections. The Annual Financial Statement was reviewed by the Audit Committee of the Supervisory Board in its meeting on June 4, 2008 and was forwarded to the Supervisory Board with the recommendation that it be approved. The Supervisory Board reviewed and approved the Annual Financial Statement and the Group's Consolidated Financial Statement, as well as the Management Report and the recommendation for the appropriation of earnings. The Annual Financial Statement is herewith deemed adopted pursuant to § 125 of the Austrian Stock Corporation Act (Aktiengesetz).

The Group's Consolidated Financial Statement was prepared in accordance with the current International Financial Reporting Standards (IFRS) and was also audited by Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH, Vienna, and issued an unqualified audit opinion. The Supervisory Board took note of and approved the Group's Consolidated Financial Statement and the Consolidated Management Report.

It has been established that the 2007/08 financial year has ended with a net profit of EUR 354,000,000.00; it is being recommended that a dividend of EUR 2.10 per dividend-bearing share be paid to the shareholders and the remaining amount be carried forward.

The Supervisory Board

Dr. Joachim Lemppenau (Chairman)

Linz, June 4, 2008

voestalpine AG

Consolidated income statement 2007/08

	Notes	2006/07	2007/08
Revenue	1	**6,943,850**	**10,481,204**
Cost of sales		–5,153,261	–7,977,871
Gross profit		**1,790,589**	**2,503,333**
Other operating income	2	188,063	308,317
Distribution costs		–462,474	–866,099
Administrative expenses		–342,666	–468,224
Other operating expenses	3	–162,063	–324,749
Profit from operations (EBIT)		**1,011,449**	**1,152,578**
Share of profit of associates	4	16,461	28,707
Finance income	5	65,066	61,204
Finance costs	6	–116,543	–262,908
Profit before tax (EBT)		**976,433**	**979,581**
Income tax expense	7	–221,467	–202,485
Profit for the period from continuing operations		**754,966**	**777,096**
Discontinued operations	8	9,930	–25,155
Profit for the period		**764,896**	**751,941**
Attributable to:			
Equity holders of the parent		757,403	718,227
Minority interest		7,493	3,806
Share planned for hybrid capital owners		0	29,908
Basic earnings per share from continuing operations (euros)	28	**4.76**	**4.69**
Diluted earnings per share from continuing operations (euros)		**4.41**	**4.56**

In thousands of euros

voestalpine AG

Consolidated cash flow statement 2007/08

	Notes	2006/07	2007/08
Operating activities			
Profit for the period		764,896	751,941
Adjustments	24	354,472	646,147
Changes in working capital		–149,196	–262,333
Cash flows from operating activities		**970,172**	**1,135,755**
Investing activities			
Additions of other intangible assets, property, plant and equipment		–583,418	–871,057
Income from disposals of assets		24,047	41,064
Cash flows from changes in the consolidation range and acquisitions of minority interest		–47,272	–3,335,866
Additions of other financial assets		12,172	131,344
Cash flows from investing activities		**–594,471**	**–4,034,515**
Financing activities			
Dividends paid		–122,743	–234,758
Dividends paid to minority interest/other changes in equity		–4,363	859
Acquisitions/disposals of own shares		–225,675	–192,106
Hybrid capital		0	992.096
Borrowing/repayment of financial liabilities		–183,695	2.297.869
Cash flows from financing activities		**–536,476**	**2,863,960**
Net decrease/increase in cash and cash equivalents		**–160,775**	**–34,800**
Cash and cash equivalents, beginning of year		513,228	356,135
Net exchange differences		3,682	10,557
Cash and cash equivalents, end of year	16	**356,135**	**331,892**

In thousands of euros

voestalpine AG

Consolidated balance sheet for the year ended March 31, 2008

Assets

	Notes	03/31/2007*	03/31/2008
A. Non-current assets			
Property, plant and equipment	9	2,660,781	4,001,665
Goodwill	10	316,714	1,403,387
Other intangible assets	11	103,306	768,408
Investments in associates	12	85,967	108,002
Other financial assets	12	81,250	103,726
Deferred tax assets	13	118,000	393,180
		3,366,018	**6,778,368**
B. Current assets			
Inventories	14	1,421,717	3,011,079
Trade and other receivables	15	1,293,772	2,232,787
Other financial assets	12	389,872	247,666
Cash and cash equivalents	16	356,135	331,892
		3,461,496	**5,823,424**
Total assets		**6,827,514**	**12,601,792**

* Insignificant assets and liabilities from discontinued operations are separated in the Notes.

In thousands of euros

Equity and liabilities

	Notes	03/31/2007*	03/31/2008
A. Equity			
Share capital		287,784	298,756
Capital reserves		398,939	470,633
Hybrid capital		0	992,096
Reserve for own shares		–181,810	–272,304
Other reserves		–105,449	–188,720
Retained earnings		2,429,488	2,734,942
Equity attributable to equity holders of the parent		2,828,952	4,035,403
Minority interest		53,348	253,894
	17	**2,882,300**	**4,289,297**
B. Non-current liabilities			
Pensions and other employee obligations	18	566,093	839,348
Provisions	19	20,989	69,038
Deferred tax liabilities	13	85,273	361,049
Financial liabilities	20	739,583	1,262,881
		1,411,938	**2,532,316**
C. Current liabilities			
Provisions	19	240,608	403,090
Tax liabilities		175,884	198,650
Financial liabilities	20	629,564	3,031,674
Trade and other payables	21	1,487,220	2,146,765
		2,533,276	**5,780,179**
Total equity and liabilities		**6,827,514**	**12,601,792**

* Insignificant assets and liabilities from discontinued operations are separated in the Notes.

In thousands of euros

voestalpine AG
Statement of recognized income and expense 2007/08

	Share capital	Capital reserves	Hybrid capital	Reserve for own shares	Translation reserve
2006/07					
Hedge Accounting	0	0	0	0	0
Currency translation	0	0	0	0	–6,048
Actuarial gains/losses (including deferred tax)	0	0	0	0	0
Total income and expense for the year recognized directly in equity	**0**	**0**	**0**	**0**	**–6,048**
Profit for the period	0	0	0	0	0
Total income and expense for the year	**0**	**0**	**0**	**0**	**–6,048**
2007/08					
Hedge Accounting	0	0	0	0	0
Currency translation	0	0	0	0	–64,497
Actuarial gains/losses (including deferred tax)	0	0	0	0	0
Total income and expense for the year recognized directly in equity	**0**	**0**	**0**	**0**	**–64,497**
Profit for the period	0	0	0	0	0
Total income and expense for the year	**0**	**0**	**0**	**0**	**–64,497**

voestalpine AG
Statement of changes in equity 2007/08

Balance as of April 1, 2006	**287,784**	**470,843**	**0**	**–831**	**4,353**
Total income and expense for the year	**0**	**0**	**0**	**0**	**–6,048**
Own shares acquired/disposed	0	4,215	0	–180,979	0
Dividends	0	0	0	0	0
Convertible bond	0	–48,910	0	0	0
Share-based payment	0	16,727	0	0	0
Other changes	0	–43,936	0	0	147
Balance as of March 31, 2007 = Balance as of April 1, 2007	**287,784**	**398,939**	**0**	**–181,810**	**–1,548**
Total income and expense for the year	**0**	**0**	**0**	**0**	**–64,497**
Own shares acquired/disposed	0	–66,917	0	–90,494	0
Dividends	0	0	0	0	0
Hybrid capital	0	0	992,096	0	0
Capital increase	10,972	90,674	0	0	0
Share-based payment	0	17,209	0	0	0
Other changes	0	30,727	0	0	0
Balance as of March 31, 2008	**298,756**	**470,633**	**992,096**	**–272,304**	**–66,045**

Other reserves					
Hedging reserve	**Actuarial gains (+)/losses (–)**	**Retained earnings**	**Total attributable to equity holders of the parent**	**Minority interest**	**Total equity**
–1,428	0	0	–1,428	107	–1,321
0	0	0	–6,048	–774	–6,822
0	–9,217	0	–9,217	–28	–9,245
–1,428	**–9,217**	**0**	**–16,693**	**–695**	**–17,388**
0	0	757,403	757,403	7,493	764,896
–1,428	**–9,217**	**757,403**	**740,710**	**6,798**	**747,508**
–20,022	0	0	–20,022	927	–19,095
0	0	0	–64,497	–7,188	–71,685
0	1,247	0	1,247	–1,251	–4
–20,022	**1,247**	**0**	**–83,272**	**–7,512**	**–90,784**
0	0	748,135	748,135	3,806	751,941
–20,022	**1,247**	**748,135**	**664,863**	**–3,706**	**661,157**
5,084	**–98,332**	**1,817,250**	**2,486,151**	**61,138**	**2,547,289**
–1,428	**–9,217**	**757,403**	**740,710**	**6,798**	**747,508**
0	0	0	–176,764	0	–176,764
0	0	–122,743	–122,743	–4,363	–127,106
0	0	0	–48,910	0	–48,910
0	0	–5,545	11,182	60	11,242
0	–8	–16,877	–60,674	–10,285	–70,959
3,656	**–107,557**	**2,429,488**	**2,828,952**	**53,348**	**2,882,300**
–20,022	**1,247**	**748,135**	**664,863**	**–3,706**	**661,157**
0	0	0	–157,411	0	–157,411
0	0	–234,758	–234,758	–2,744	–237,502
0	0	0	992,096	0	992,096
0	0	0	101,646	0	101,646
0	0	0	17,209	132	17,341
1	0	–207,923	–177,195	206,865	29,670
–16,365	**–106,310**	**2,734,942**	**4,035,403**	**253,894**	**4,289,297**

In thousands of euros

voestalpine AG

Notes to the consolidated financial statements 2007/08

A. General information and corporate purpose

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

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

The consolidated financial statements for the year ended March 31, 2008 (including comparative figures for the year ended March 31, 2007) have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union.

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

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

The consolidated financial statements were approved by the Management Board of voestalpine AG on May 19, 2008.

B. Summary of accounting policies

General information

With one exception, the accounting policies used for the 2006/07 consolidated financial statements continue to apply. Put options granted to minority shareholders are recognized at fair value as liabilities for the first time. The consolidated financial statements for the year ended March 31, 2007, were restated appropriately.

The financial figures for the previous year were also adjusted retroactively in accordance with IFRS 5 to take into account a decision to divest four companies. In addition, a purchase price allocation performed in business year 2006/07 was restated within the twelve-month period following the acquisition date as required under IFRS 3.

In the total sums of rounded amounts and ratios, calculation differences may occur through the use of automatic calculation programs.

Consolidation methods

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

In the case of initial consolidation, assets, liabilities and contingent liabilities are measured at market value on the date of acquisition. Any excess of the cost of acquisition over net asset value is recognized as goodwill. Any deficiency of the cost of acquisition below net asset value is recognized as income in the period of acquisition. Hidden reserves or charges attributable to minority shareholders are allocated as well.

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

Foreign currency translation

In accordance with IAS 21, annual financial statements in foreign currencies that are included in the consolidated financial statements are translated into euros using the functional currency method. The relevant national currency is the functional currency in all cases since these entities operate independently from a financial, economic and organizational perspective. Assets and liabilities have been translated using the exchange rate on the balance sheet date. Income and expenses have been translated using the average exchange rate for the business year.

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

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

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

Closing exchange rate	03/31/2007	03/31/2008
USD	1.3318	1.5812
GBP	0.6798	0.7958
Average annual rate	**2006/07**	**2007/08**
USD	1.2828	1.4179
GBP	0.6779	0.7063

Estimates

The preparation of consolidated financial statements in conformity with IFRS requires estimates and assumptions that affect the reported amounts of assets, provisions, liabilities, income and expenses. Actual amounts may differ from these estimates. Estimates are made with the intention of adhering to the "true and fair view" principle.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised.

Recognition of revenues and expenses

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

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized according to the period in which the associated expenses are recognized. Government grants of EUR 11.6 million (2006/07: EUR 22.7 million) for investments, research and development, and promotion of job opportunities were recognized as income during the reporting period. Expenses for research and development were EUR 92.9 million (2006/07: EUR 66.0 million) in business year 2007/08.

Borrowing costs

All borrowing costs are expensed as incurred.

Property, plant and equipment

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

The construction costs of self-constructed property, plant and equipment includes direct costs and an appropriate portion of materials and production overheads. Borrowing costs are recognized as expenses in the period in which they are incurred.

Depreciation is charged on a straight-line basis over expected useful lives. Land is not depreciated. The expected useful lives are as follows:

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

Investment property is carried at depreciated cost.

Leasing

Leases are treated as finance leases when these are viewed commercially as asset purchases with long-term financing. All other leases are treated as operating leases. Lease payments under operating leases are shown as expenses in the consolidated income statement.

Assets held under finance leases are initially recognized as Group assets at the lower of market value or the present value of the minimum lease payments as determined at the beginning of the lease. The corresponding liability to the lessor is shown in the consolidated balance sheet under finance lease obligations.

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

Goodwill

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

Goodwill is allocated to cash-generating units and, in accordance with IFRS 3, is not amortized, but tested at least annually for impairment. The carrying amount of investments in associates also includes the carrying amount of goodwill.

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

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

Other intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense as incurred. In accordance with IAS 38.57, development expenditure is capitalized if the relevant criteria are satisfied. Expenditure on internally generated goodwill and brands is immediately recognized as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment. Amortization is charged on a straight-line basis over the expected useful life of the asset (up to twelve years).

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

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

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

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

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

Investments in associates

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

Financial instruments

Derivative financial instruments are used exclusively for the hedging foreign exchange, interest rate and raw materials price risk (including CO_2). Derivatives are carried at fair value. Hedge accounting within the meaning of IAS 39 is used for the majority of derivative financial instruments. Gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or directly in equity, depending on whether a fair value hedge or cash flow hedge is involved.

Loans and receivables are carried at amortized cost. Securities met the criteria of

IAS 39.9 for the application of the fair value option, so they are recognized at fair value through profit and loss. There are no held-to-maturity financial instruments.

Other investments

Investments in subsidiaries, joint ventures and associates that are not included in these consolidated financial statements by full consolidation, proportionate consolidation or the equity method are reported under "other investments" at the lower of cost or market value.

Securities are carried at market value, using the fair value option. Changes in market value are recognized as profit or loss in the income statement.

Taxes on income

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

In accordance with IAS 12, all temporary valuation and accounting differences between tax values and consolidated financial statements are included in deferred taxes. Deferred tax assets on losses carried forward are capitalized to the extent that can be expected to be reversed within a foreseeable period.

The calculation of deferred taxes is based on the respective local income tax rates. Fixed future tax rates are also taken into account for deferred values.

Emission certificates

Emission certificates are measured at zero cost, as the rights have been allocated free of charge. As the projected emissions exceed the free of charge allocated emission certificates, for the year 2008 a proportional provision was stated and disclosed among the other provisions. The necessary certificates were measured using the average hedged price as at the balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

The cost of inventories of the same type is determined by the weighted average price method or similar methods. Cost includes directly attributable costs and all prorated materials and production overheads based on normal capacity utilization. Interest costs and general administrative and sales expenses are not capitalized.

Trade and other receivables

Trade and other receivables are stated at nominal value. Credit insurance is acquired to cover individually identifiable risks. Non-interest or low-interest-bearing receivables with a remaining period of more than one year are recognized at their discounted present value.

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

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

Cash and cash equivalents

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

Pensions and other employee obligations

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

Employees of Austrian entities who began their employment before January 1, 2003, receive a lump-sum payment if their employment is terminated by the employer or if they retire. The size of the payment is dependent on the number of years of service and the employee's salary or wages at the time employment ends. For employees whose began their employment after December 31, 2002, this obligation has been converted into a defined contribution system. These payments to external employee pension funds are recognized as expenses.

Both defined contribution and defined benefit pension plans exist within the Group (in Austria and the Netherlands in particular). Defined contribution plans involve no additional future obligations after the payment of premiums. Defined benefit plans guarantee the employee a specific pension, which is based on a certain percentage of salaries or wages depending on years of service or on a valorized fixed amount per year of service. Defined benefit obligations are stated in the annual financial statements of the respective entities until the contractual vesting date. After that date the pensions are transferred to a pension fund.

In accordance with IAS 19.93A, actuarial gains and losses affecting provisions for post-employment benefits and pensions are recognized in equity in the year in which they occur with no effect on profit or loss. Actuarial gains and losses affecting long-service bonuses are recognized immediately in profit or loss.

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

	2006/07	2007/08
Interest rate (%)	4.75	5.25
Salary/wage increases (%)	3.50	3.50
Pension increases (%)	2.50	2.50
Retirement age men/women (years)	max. 65/60	max. 65/60
Mortality tables	Heubeck 1998	Heubeck 1998

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

Other provisions

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

Liabilities

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

Stock option program

A resolution approving a stock option plan was passed at the annual general meeting of July 5, 2006.

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

If the share closing price on the exercise date is at least 15% above the exercise price, each stock option plan participant is allowed to exercise 50% of his options. The exercise price is 29.78, which is calculated as the average of the closing prices during the period from August 1, 2006, to September 30,

2006. The market value of these options at the time of grant was estimated by an independent expert using Monte Carlo simulation.

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

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

Employee stock ownership plan

The employee stock ownership plan is based on collective bargaining agreements over several business years. In business year 2001/02, employees received shares of voestalpine AG in return for renouncing 1% of their salary or wages.

In each of business years 2002/03, 2003/04, 2005/06 and 2006/07, 0.5% (in financial year 2007/08 0.3%) of the total amount of wages and salaries required for the increase was used to provide voestalpine AG shares to employees. The actual amount is calculated from the monthly amount of wages and salary renounced, based on November 1, 2002, 2003, 2005, 2006 and 2007, applying an annual increase of 3.5%.

The works council and the Company concluded an agreeement for implementation of the employee stock ownership plan. Shares are acquired by the voestalpine employee private foundation, which transfers them to employees according to the wages and salary they have renounced. The value of the consideration provided is not dependent on price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on lower collective bargaining agreements.

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

On March 31, 2008, the voestalpine employee private foundation held approximately 10.8% of voestalpine AG's shares in trust for employees.

C. Scope of consolidation

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

Subsidiaries are entities controlled by the Group. Control exists when the Group has the direct or indirect potential to determine the financial and operating policies of an entity so as to obtain benefits from its activities. Joint ventures are included on a pro-rata basis in the consolidated financial statements. The annual financial statements of subsidiaries and joint ventures are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

The following table shows the pro-rata values for entities included in the financial statements by proportionate consolidation:

	03/31/2007	03/31/2008
Non-current assets	22.0	26.9
Current assets	155.2	115.9
	177.2	**142.8**
Equity	29.5	30.9
Non-current provisions and liabilities	11.0	11.7
Current provisions and liabilities	136.7	100.2
	177.2	**142.8**

	2006/07	2007/08
Revenue	304.5	272.9
Profit for the period	82.4	71.7

In millions of euros

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

	03/31/2007	03/31/2008
Non-current assets	159.6	319.7
Current assets	469.1	722.1
	628.7	**1,041.8**
Equity	189.1	314.9
Non-current provisions and liabilities	28.2	130.6
Current provisions and liabilities	411.4	596.3
	628.7	**1,041.8**

	2006/07	2007/08
Revenue	1,778.2	2,859.7
Profit for the period	64.1	84.9

In millions of euros

The scope of consolidation changed as follows during the business year:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2007	**156**	**3**	**12**
Change in consolidation method			
Acquisitions	1		1
Disposals			
Reorganizations	–5		–1
Divested or disposals	–5	–1	
Acquisitions	175	1	2
As of March 31, 2008	**322**	**3**	**14**
Of which foreign companies	265	1	5

The following entities were deconsolidated during the 2007/08 reporting year:

Name of entity	Date of deconsolidation
Fully consolidated in previous year	
voestalpine Stahlbeteiligungs GmbH	March 31, 2008
Metal Sections Limited	March 31, 2008
Nedcon Logistica Iberica S.A.	March 31, 2008
Nedcon Raktártechnikai Kft.	March 31, 2008
Uddeholm Technology AB	September 30, 2007
Reorganized	
voestalpine Automotive Finanzierungs GmbH	April 1, 2007
voestalpine Automotive GmbH	April 1, 2007
VAE SA (Pty) Ltd.	April 1, 2007
Nedcon Components B.V.	April 1, 2007
Intesy Business & IT Solutions Inc.	July 31, 2007
Proportional consolidated in previous year	
Nedcon DLS B.V.	March 31, 2008

D. Acquisitions

A preliminary purchase price allocation effected in the 2006/07 business year following an acquisition by the Automotive Division has been restated during the reporting period in accordance with IFRS 3 less than 12 months after acquisition date. The adjustment was made as follows:

	Assets	Equity and liabilities
Goodwill	3,885	
Intangible assets	–2,220	
Inventories	–930	
Deferred tax assets	1,940	
Provisions		2,675
	2,675	**2,675**

In thousands of euros

During business year 2007/08 a majority interest in BÖHLER-UDDEHOLM AG was acquired. This company and all its subsidiaries were initially consolidated as the new Special Steel Division on July 1, 2007. As of March 31, 2008 voestalpine´s share in BÖHLER-UDDEHOLM amounts to 90.65%. Further information on the companies of the new Special Steel Division can be found in the appendix "Investments" (p. 148 ff.).

In addition, the following entities were included in the consolidated financial statements for the first time during the business year just ended:

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
Dancke RO s.r.l.	70.000	April 1, 2007
Dancke Stanztechnik GmbH&Co. KG	70.000	April 1, 2007
Dancke Werkzeugbau GmbH&Co. KG	70.000	April 1, 2007
Meincol Distribuidora de Aços S.A.	75.000	January 1, 2008
Materiel Ferroviaire d'Arberats, S.A.S	100.000	August 16, 2007
Sharon Custom Metal Forming Inc.	100.000	January 1, 2008
BWG Services GmbH & Co KG	100.000	April 1, 2007
BWG Services Verwaltungs GmbH	100.000	April 1, 2007
Consolidation at-equity		
Rene Prinsen Spoorwegmaterialen B.V.	49.000	June 29, 2007
APK-Pensionskasse Aktiengesellschaft	29.192	July 1, 2007

These entities have contributed EUR –33.5 million to the profit for the period during the business year since initial consolidation, of which EUR –36.2 millions are attributable to the Special Steel Division.

As no separate valuations were performed for the above mentioned acquisitions on April 1, 2007, no pro-forma disclosure of figures "since the beginning of the period" is made.

The acquisitions had the following effect on the consolidated financial statements:

	Recognized values	Fair value adjustments	Carrying amounts
Non-current assets	2,305.0	1,193.9	1,111.1
Current assets	2,376.7	168.5	2,208.2
Non-current provisions and liabilities	–1,248.9	–331.8	–917.1
Current provisions and liabilities	–1,080.9	–0.4	–1,080.5
Net assets	**2,351.9**	**1,030.2**	**1,321.6**
Increase in majority interest	210.8		
Increase in minority interest	–203.4		
Goodwill/badwill	1,101.4		
Costs of acquisition	**3,460.7**		
Cash and cash equivalents acquired	–125.1		
Net cash outflow	**3,335.6**		

In millions of euros

The acquired companies are included in the consolidated financial statements as of March 31, 2008, in accordance with IFRS 3 at the fair values of the acquired assets, liabilities and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate.

At the time of the initial consolidation of BÖHLER-UDDEHOLM AG and its subsidiaries, hidden reserves of EUR 1.112,1 million were recognized. Also recognized was a tax credit through acquisition which is stated at EUR 253.0 million and will be allocated over its residual life of 14 years. The goodwill which includes also future effects of synergies amounts to EUR 1,069.6 million and is allocated to the divisions as follows:

	2007/08
Special Steel Division	889.0
Steel Division	154.8
Railway Systems Division	25.8
	1,069.6

In millions of euros

The amounts allocated to the Steel and Railway Systems Division are based on future effects of synergies.

The goodwill also includes EUR 14.9 million in incidental costs of acquisition. In accordance with IFRS 3, the purchase price allocation is considered provisional due to its complexity.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rata carrying value of the minority interests is recognized directly in equity. In the case of the BÖHLER-UDDEHOLM acquisition, 79.2% of the shares (costs of acquisition EUR 2,920.6 million) had been acquired by the end of the statutory extension period of the tender offer. Any difference between cost and the pro-rata carrying amount of shares acquired after this date was charged directly in equity. Until March 31, 2008 further shares in the amount of 11.5% for EUR 397 million have been acquired. EUR 166.4 million were charged directly in equity.

Starting in business year 2007/08, put options granted to minority shareholders in exchange for their shares in Group companies are disclosed in the balance sheet as liabilities stated at fair value. If the opportunities and risks associated with ownership of a minority interest have already passed over at the time that a majority interest is acquired, an acquisition of 100% of the entity is assumed. Where the opportunities and risks have not passed over, the minority interest continues to be shown in equity. The liability is covered by a transfer from Group capital reserves with no effect on profit or loss (double credit approach).

Put options which are charged in equity had a fair value of EUR 21.2 million (2006/07: EUR 44.0 million) on March 31, 2008.

E. Explanations and other disclosures

1. Segment reporting

Segment information is presented according to business segments and geographical segments. The primary segment reporting format, by business segment, is based on the Group's management and internal reporting structure. Intersegment transfer prices are based on comparable normal market terms.

Geographical segments

The secondary segment reporting format, geographical segments, corresponds to IAS 14.69.

External revenue
Segment assets
Investments in property, plant and equipment and intangible assets

Business segments

	Steel Division		Special Steel Division		Railway Systems Division	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Revenue (total)	5,302.0	5,769.3	0.0	4,124.3	2,779.2	3,080.8
Of which intersegment revenue	1,621.9	1,826.5	0.0	1,365.9	722.9	869.3
Segment revenue	3,680.1	3,942.8	0.0	2,758.5	2,056.3	2,211.4
Profit from operations	544.1	684.4	0.0	5.8	337.5	315.3
Share of profit of associates	12.4	13.9	0.0	0.0	0.0	0.4
EBITDA	728.4	891.6	0.0	306.8	424.7	402.8
Segment assets	3,403.6	3,745.3	0.0	5,203.3	1,806.5	1,885.1
Of which investments in associates	67.7	74.8	0.0	0.1	0.0	4.7
Segment liabilities	1,814.0	2,261.9	0.0	2,139.7	1,320.4	1,402.2
Investments in property, plant and equipment and intangible assets	456.7	474.9	0.0	2,044.5	168.5	223.0
Depreciation and amortization of property, plant and equipment and intangible assets	184.3	207.3	0.0	301.0	87.2	87.5
Employees (without apprentices)	9,592	9,829	0	15,453	7,523	7,827

	Austria		European Union		Other countries		Total Group	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
	1,146.8	1,210.4	4,520.7	6,699.1	1,276.3	2,571.7	6,943.8	10,481.2
	5,725.0	9,282.2	943.2	2,396.9	159.3	922.7	6,827.5	12,601.8
	613.4	3,552.4	258.8	184.6	17.6	140.6	889.8	3,877.7

In millions of euros

	Profilform Division		Automotive Division		Other/consolidation		Total Group	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
	1,090.9	1,252.8	857.4	1,140.4	77.6	60.9	10,107.1	15,428.5
	121.4	114.2	143.0	192.9	554.1	578.5	3,163.3	4,947.3
	969.5	1,138.7	714.4	947.5	–476.5	–517.6	6,943.8	10,481.2
	145.6	158.7	41.2	60.2	–57.0	–71.9	1,011.4	1,152.6
	0.4	–0.4	0.0	0.0	3.7	14.8	16.5	28.7
	173.3	186.8	84.1	114.7	–51.9	–66.4	1,358.6	1,836.5
	710.6	775.9	1,153.8	1,033.4	–247.1	–41.2	6,827.5	12,601.8
	0.4	0.0	0.0	0.0	17.9	28.4	86.0	108.0
	359.1	510.2	824.6	736.8	–372.9	1,261.8	3,945.2	8,312.5
	40.9	97.5	217.4	77.7	6.3	960.0	889.8	3,877.7
	27.7	28.1	42.9	54.5	5.1	5.5	347.2	683.9
	3,314	3,794	3,787	4,144	397	443	24,613	41,490

In millions of euros

2. Other operating income

	2006/07	2007/08
Gains on disposal of property, plant and equipment	6.8	11.1
Income from reversal of provisions	38.4	60.1
Other operating income	142.9	237.1
	188.1	**308.3**

In millions of euros

3. Other operating expenses

	2006/07	2007/08
Taxes other than income taxes	9.1	13.7
Impairment losses on goodwill	0.0	0.0
Losses on disposal of property, plant and equipment	0.8	0.6
Other operating expenses	152.2	310.4
	162.1	**324.7**

In millions of euros

4. Share of profit of associates

	2006/07	2007/08
Income from associates	18.1	28.7
Expenses from associates	–1.6	0.0
	16.5	**28.7**

In millions of euros

Income from associates is primarily attributable to Metalservice s.p.a., Wuppermann Austria GmbH and VA Intertrading GmbH.

5. Finance income

	2006/07	2007/08
Income from investments	5.2	5.0
Of which from affiliated companies	4.9	4.3
Income from other long-term securities and loans	6.8	4.9
Of which from affiliated companies	0.0	0.5
Other interest and similar income	45.0	44.9
Of which from affiliated companies	1.1	0.0
Income from disposals and remeasurements of investment at fair value	8.1	6.4
	65.1	**61.2**

In millions of euros

6. Finance costs

	2006/07	2007/08
Expenses from investments		
Net loss on remeasurement of investment at fair value	1.7	11.1
Expenses from affiliated companies	0.1	0.0
Other expenses	0.0	2.0
	1.8	**13.1**
Other interest and similar expenses	114.8	249.8
Of which from affiliated companies	2.6	1.7
	116.6	**262.9**

In millions of euros

7. Income tax expense

Taxes on income include income taxes paid and owed as well as deferred taxes.

	2006/07	2007/08
Current tax expense	211.6	251.5
Deferred tax expense	9.9	–49.0
	221.5	**202.5**

In millions of euros

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

	2006/07		2007/08	
Profit before tax		**976.4**		**979.6**
Income tax using the Austrian corporate tax rate	25.0%	244.1	25.0%	244.9
Difference to foreign tax rates	0.7%	6.5	1.8%	17.8
Non-taxable income and expenses	–0.2%	–1.7	0.7%	6.5
Non-taxable income from participations	–1.0%	–10.1	–0.7%	–7.2
Utilization of previously unrecognized losses carried forward	–1.1%	–10.6	–1.9%	–18.5
Taxes from previous periods	–0.5%	–5.1	–0.2%	–1.5
Own shares	0.0%	0.0	–2.8%	–27.5
Hybrid bond	0.0%	0.0	–0.8%	–7.7
Other permanent differences	–0.2%	–1.6	–0.4%	–4.3
Effective Group tax rate (%)/income tax expense	**22.7%**	**221.5**	**20.7%**	**202.5**

In millions of euros

8. Discontinued operations

In the fourth quarter of business year 2007/08, the process to divest the plastic operations of the Polynorm Group was initiated and the decision was made to remove the French company Amstutz Levin & Cie from the Automotive Division's portfolio.

The operation discontinued in the previous year (North American standard pressed parts) was transferred to the Caparo Group in the United Kingdom effective November 1, 2007.

Due to their insignificance, assets and liabilities as well as cash flows from discontinued operations are presented separately only in the notes. The profit for the period from discontinued operations is shown separately in the income statement. The previous year's values were adjusted accordingly.

The balance sheet includes assets and liabilities from discontinued operations as follows:

	2006/07	2007/08
Non-current assets	45.5	35.3
Current assets	60.9	42.2
	106.4	**77.5**
Non-current liabilities	5.5	6.9
Current liabilities	72.6	55.5
	78.1	**62.4**

In millions of euros

The consolidated cash flow statement includes cash flows from discontinued operations as follows:

	2006/07	2007/08
Cash flow from operating activities	11.0	23.4
Cash flow from investing acitivities	–23.5	–2.0
Cash flow from financing activities	15.4	–26.1

In millions of euros

The profit for the period from discontinued operations is derived as follows:

	2006/07	2007/08
Revenue	351.9	135.8
Cost of sales	–296.4	–127.6
Gross profit	**55.5**	**8.2**
Profit from operations (EBIT)	14.6	–30.1
Profit before taxes (EBT)	12.7	–28.7
Income tax expense	–1.8	3.5
Profit/loss due to third parties	–1.0	0
Profit for the period from discontinued operations	**9.9**	**–25.2**

In millions of euros

The profit for the period from discontinued operations in the amount of EUR –25.2 million (2006/07: EUR 9.9 million, including EUR 24.4 million from the Steel Division) is attributable to the Automotive Division.

Amortization of goodwill in the amount of EUR 15.4 million (thereof EUR 12.3 million from "Amstutz Levin & Cie.") is included in the profit for the period from discontinued operations.

The valuation underlying the disposal proceeds was determined on the basis of a company valuation. The profit for the period from discontinued operations is comprised as follows:

	2006/07	2007/08
Operating activities	8.4	–5.9
Valuation/disposal	1.5	–19.3
Profit for the period from discontinued operations	**9.9**	**–25.2**

In millions of euros

9. Property, plant and equipment

	Land and buildings	Plant and equipment	Fixtures and fittings	Advanced payments and plant under construction	Total
Gross carrying amount	1,342.3	4,679.9	495.6	244.6	6,762.4
Accumulated depreciation and impairment	–752.8	–3,317.5	–373.0	–0.1	–4,443.4
Carrying amount as of April 1, 2006	**589.5**	**1,362.4**	**122.6**	**244.5**	**2,319.0**
Gross carrying amount	1,488.6	5,023.5	540.1	319.9	7,372.1
Accumulated depreciation and impairment	–778.2	–3,534.9	–398.2	0.0	–4,711.3
Carrying amount as of March 31, 2007	**710.4**	**1,488.6**	**141.9**	**319.9**	**2,660.8**
Gross carrying amount	2,173.1	7,025.6	836.8	451.5	10,487.0
Accumulated depreciation and impairment	–1,073.8	–4,803.1	–608.4	0.0	–6,485.3
Carrying amount as of March 31, 2008	**1,099.3**	**2,222.5**	**228.4**	**451.5**	**4,001.7**

In millions of euros

The carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as of March 31, 2008 have changed as follows:

	Land and buildings	Plant and equipment	Fixtures and fittings	Advanced payments and plant under construction	Total
Carrying amount as of April 1, 2006	**589.5**	**1,362.4**	**122.6**	**244.5**	**2,319.0**
Changes through business combinations	16.9	40.0	4.7	4.6	66.2
Additions	72.5	247.7	47.8	266.6	634.6
Transfers	71.3	105.6	13.6	–191.4	–0.9
Disposals	–2.5	–5.5	–0.6	–4.1	–12.7
Depreciation	–36.1	–258.2	–45.8	0.0	–340.1
Net exchange differences	–1.2	–3.4	–0.4	–0.3	–5.3
Carrying amount as of March 31, 2007	**710.4**	**1,488.6**	**141.9**	**319.9**	**2,660.8**
Changes through business combinations	352.2	459.1	64.2	194.7	1,070.2
Additions	85.2	276.5	68.0	371.1	800.8
Transfers	26.1	380.8	16.6	–425.7	–2.2
Disposals	–5.4	–13.2	–2.0	–3.5	–24.1
Depreciation	–56.1	–351.9	–57.8	0.0	–465.8
Net exchange differences	–13.1	–17.4	–2.5	–5.0	–38.0
Carrying amount as of March 31, 2008	**1,099.3**	**2,222.5**	**228.4**	**451.5**	**4,001.7**

In millions of euros

As of March 31, 2008, restrictions on the disposal of property, plant and equipment amounted to EUR 33.9 million (March 31, 2007: EUR 34.0 million).

The "Land and buildings" item includes investment property (IAS 40) with a carrying amount of EUR 26.8 million (March 31, 2007: EUR 6.3 million) measured at cost. The additions for the reporting periods include consolidation scope additions in the amount of EUR 21.3 million. Depreciation is made in line with the general accounting practices for property, plant and equipment. Based on comparable sales transactions, the market value of these assets is estimated at EUR 33.1 million (March 31, 2007: EUR 13.3 million).

"Land and buildings" and "Plant and equipment" include assets which are used on the basis of finance lease agreements. In the consolidated financial statements these assets are reported as follows:

	2006/07	2007/08
Gross carrying amount	109.7	120.7
Accumulated depreciation and impairment	–39.6	–43.7
Carrying amount	**70.1**	**77.0**

In millions of euros

Minimum finance lease payments are due as follows:

	2006/07	2007/08
Less than one year	9.9	12.4
Between one and five years	27.6	42.0
More than five years	34.8	35.8
	72.3	**90.2**

In millions of euros

In addition to finance leases, obligations also exist under operating leases for property, plant and equipment that are not reported in the balance sheet. These obligations are due as follows:

	2006/07	2007/08
Less than one year	20.2	21.8
Between one and five years	52.4	58.0
More than five years	28.8	52.0
	101.4	**131.8**

In millions of euros

Payments of EUR 21.4 million (2006/07: EUR 25.3 million) under operating leases have been recognized as an expense.

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

	2006/07	2007/08
Cost of sales	315.3	564.9
Distribution costs	6.3	82.9
Administration expenses	17.7	25.0
Other operating expenses	7.9	11.1
	347.2	**683.9**

In millions of euros

Impairment losses and subsequent reversal

Impairment losses on property, plant and equipment amounting to EUR 0.1 million (March 31, 2007: EUR 0.5 million) were recognized during the reporting period (in accordance with IAS 36).

10. Goodwill

	03/31/2006	03/31/2007	03/31/2008
Gross carrying amount	247.2	316.7	1,418.8
Accumulated depreciation and amortization	0.0	0.0	–15.4
Carrying amount	**247.2**	**316.7**	**1,403.4**

In millions of euros

The carrying amounts of goodwill for the periods presented in the consolidated financial statements of March 31, 2008, have changed as follows:

	Goodwill
Carrying amount as of April 1, 2006	**247.2**
Changes through business combinations	72.9
Disposals	–3.4
Carrying amount as of March 31, 2007	**316.7**
Changes through business combinations	1,102.1
Accumulated depreciation and amortization	–15.4
Carrying amount as of March 31, 2008	**1,403.4**

In millions of euros

Impairment tests for cash-generating units containing goodwill

The following divisions have significant carrying amounts of goodwill:

	2006/07	2007/08
Steel Division	0.0	154.8
Special Steel Division	0.0	902.3
Railway Systems Division	142.6	170.3
Automotive Division	121.6	118.7
Profilform Division	52.5	57.3
	316.7	**1,403.4**

In millions of euros

Within the divisions all goodwill is allocated to different cash generating units. The calculation is based on a three year medium-term business plan using a discount rate (WACC) of 9.5% before taxes. There was no need for an impairment of the goodwill in the 2007/08 business year.

11. Other intangible assets

	Other intangible assets		
	Patents and trademarks	Advance payments	Total
Gross carrying amount	240.1	2.9	243.0
Accumulated amortization and impairment	–184.9	0.0	–184.9
Carrying amount as of April 1, 2006	**55.2**	**2.9**	**58.1**
Gross carrying amount	302.5	2.7	305.2
Accumulated amortization and impairment	–201.9	0.0	–201.9
Carrying amount as of March 31, 2007	**100.6**	**2.7**	**103.3**
Gross carrying amount	1,244.2	2.3	1,246.5
Accumulated amortization and impairment	–477.9	–0.2	–478.1
Carrying amount as of March 31, 2008	**766.3**	**2.1**	**768.4**

In millions of euros

The carrying amounts of other intangible assets for the periods presented in the consolidated financial statements of March 31, 2008, changed as follows:

	Other intangible assets		
	Patents and trademarks	Advance payments	Total
Carrying amount as of April 1, 2006	**55.2**	**2.9**	**58.1**
Changes through business combinations	56.2	0.0	56.2
Additions	11.4	1.9	13.3
Transfers	3.2	–1.9	1.3
Disposals	–0.3	–0.2	–0.5
Amortization	–25.0	0.0	–25.0
Net exchange differences	–0.1	0.0	–0.1
Carrying amount as of March 31, 2007	**100.6**	**2.7**	**103.3**
Changes through business combinations	870.9	0.0	870.9
Additions	27.2	2.3	29.5
Transfers	4.7	–2.9	1.8
Disposals	–2.0	0.0	–2.0
Amortization	–230.7	0.0	–230.7
Net exchange differences	–4.4	0.0	–4.4
Carrying amount as of March 31, 2008	**766.3**	**2.1**	**768.4**

In millions of euros

12. Investments in associates and other financial assets

	Affiliated companies	Invest-ments in associates	Other invest-ments	Securities	Loans granted	Advance payments	Total
Gross carrying amount	13.5	66.4	26.3	75.2	9.6	0.0	191.0
Accumulated depreciation	–4.1	–2.6	–16.3	–3.5	–0.3	0.0	–26.8
Carrying amount as of April 1, 2006	**9.4**	**63.8**	**10.0**	**71.7**	**9.3**	**0.0**	**164.2**
Gross carrying amount	8.2	88.5	24.9	61.8	8.4	0.0	191.8
Accumulated depreciation	–1.7	–2.5	–16.5	–3.2	–0.7	0.0	–24.6
Carrying amount as of March 31, 2007	**6.5**	**86.0**	**8.4**	**58.6**	**7.7**	**0.0**	**167.2**
Gross carrying amount	25.0	110.5	14.6	63.8	14.4	2.3	230.6
Accumulated depreciation	–6.8	–2.5	–5.2	–3.2	–1.2	0.0	–18.9
Carrying amount as of March 31, 2008	**18.2**	**108.0**	**9.4**	**60.6**	**13.2**	**2.3**	**211.7**

In millions of euros

	Affiliated companies	Invest-ments in associates	Other invest-ments	Securities	Loans granted	Advance payments	Total
Carrying amount as of April 1, 2006	**9.4**	**63.8**	**10.0**	**71.7**	**9.3**	**0.0**	**164.2**
Changes through business combinations	1.4	18.7	–0.1	–0.1	0.1	0.0	20.0
Additions	1.3	18.1	2.7	5.4	0.6	0.0	28.1
Transfers	–2.7	0.0	0.6	0.0	–1.7	0.0	–3.8
Disposals	–2.8	–14.2	–3.9	–17.0	–0.5	0.0	–38.4
Depreciation	–0.1	0.0	–0.8	–1.4	–0.1	0.0	–2.4
Revaluation	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Net exchange differences	0.0	–0.4	–0.1	0.0	–0.1	0.0	–0.6
Carrying amount as of March 31, 2007	**6.5**	**86.0**	**8.4**	**58.6**	**7.7**	**0.0**	**167.2**
Changes through business combinations	8.8	0.1	3.7	20.1	1.7	0.0	34.4
Additions	7.6	24.7	7.3	28.1	6.4	2.3	76.4
Transfers	–2.8	8.8	–7.6	–2.4	–0.3	0.0	–4.3
Disposals	–1.4	–11.6	–2.4	–43.4	–1.0	0.0	–59.8
Depreciation	–0.5	0.0	0.0	–2.3	–0.1	0.0	–2.9
Revaluation	0.0	0.0	0.0	1.9	0.1	0.0	2.0
Net exchange differences	0.0	0.0	0.0	0.0	–1.3	0.0	–1.3
Carrying amount as of March 31, 2008	**18.2**	**108.0**	**9.4**	**60.6**	**13.2**	**2.3**	**211.7**

In millions of euros

Loans granted are comprised as follows:

	03/31/2006	03/31/2007	03/31/2008
Loans to affiliated companies	1.2	0.2	1.4
Loans to associates	0.6	0.0	0.0
Loans to other investments	0.4	0.0	0.0
Other loans	7.1	7.5	10.0
Other receivables from financing	0.0	0.0	1.8
	9.3	**7.7**	**13.2**

In millions of euros

The other current investments include shares in the V54 investment fund of EUR 217.0 million (March 31, 2007: EUR 364.9 million) and other securities of EUR 30.7 million (March 31, 2007: EUR 25.0 million).

Current and non-current securities of EUR 7.3 million (March 31, 2007: EUR 15.2 million) are pledged for investment loans granted by the European Investment Bank.

13. Deferred taxes

Deferred taxes on differences resulting from investments in subsidiaries were not recognized in accordance with IAS 12.39.

Timing differences between tax values and values in the consolidated financial statements are attributable to the following:

	Assets		Equity and liabilities	
	03/31/2007	03/31/2008	03/31/2007	03/31/2008
Non-current assets	106.8	93.8	135.6	272.7
Current assets	47.6	63.2	84.4	152.4
Non-current provisions and liabilities	254.0	321.0	68.0	70.0
Current provisions and liabilities	43.2	36.8	17.6	88.8
	451.6	**514.8**	**305.6**	**583.9**
Consolidation				
Intercompany profit elimination	58.7	124.9	0.0	0.0
Revalued assets	0.0	0.0	77.2	899.7
Other	7.6	55.2	4.4	22.0
	517.9	**694.9**	**387.2**	**1,505.6**
Corporate tax rate	25.0%	25.0%	25.0%	25.0%
Deferred taxes	129.5	173.7	96.8	376.4
Acquisition-related tax credit	0.0	234.9	0.0	0.0
Netting of deferred taxes to the same tax authority	–11.5	–15.4	–11.5	–15.4
Net deferred taxes	**118.0**	**393.2**	**85.3**	**361.0**

In millions of euros

The tax credit from the acquisition of BÖHLER-UDDEHOLM will be released over the residual life of 14 years with an amount of EUR 18.1 million per year.

Deferred tax assets and liabilities of EUR 0.8 million (March 31, 2007: EUR 4.3 million) for items recognized directly in equity were also recognized in equity with no effect on profit or loss during the reporting period.

14. Inventories

	2006/07	2007/08
Raw materials and consumables	671.2	993.5
Work in progress	303.4	757.3
Finished goods	395.3	973.7
Merchandise	38.2	239.7
As yet unbillable services	9.3	21.4
Advance payments	4.3	25.5
	1,421.7	**3,011.1**

In millions of euros

Value adjustments to the lower net realizable value amounting to EUR 39.2 million (March 31, 2007: EUR 16.8 million) are contained in the consolidated financial statements. Inventories of EUR 4.2 million (March 31, 2007: EUR 8.0 million) are pledged as security for liabilities. EUR 5,767.9 million (March 31, 2007: EUR 3,668.8 million) has been recognized as material expenses.

15. Trade and other receivables

	03/31/2007	Of which over one year	03/31/2008	Of which over one year
Trade receivables	973.4	0.4	1,754.6	4.7
Receivables from affiliated companies	12.2	0.0	31.5	0.0
Receivables from other investments	25.3	0.0	43.8	0.0
Other receivables and other assets	282.9	10.7	402.9	12.4
	1,293.8	**11.1**	**2,232.8**	**17.1**

In millions of euros

The trade receivables include the following receivables from construction contracts:

	03/31/2007	03/31/2008
Aggregate amount of costs incurred	102.4	120.1
Aggregate amount of accrued profits	38.0	13.5
Aggregate amount of accrued losses	–1.2	–2.5
Gross receivables from construction contracts	**139.2**	**131.1**
Amount of advances received	–111.0	–85.6
Receivables from construction contracts	**28.2**	**45.5**

In millions of euros

16. Cash and cash equivalents

	2006/07	2007/08
Cash on hand, cash at banks, checks	356.1	331.9

In millions of euros

17. Equity

Share capital

Under § 4 (6) of the articles of incorporation, the Management Board is authorized to increase the share capital by up to EUR 28,778,442.33 by issuing up to 15,840,000 ordinary no-par value shares to the extent that creditors of the convertible bond issued in July 2005 exercise their conversion rights (contingent capital increase).

The Management Board used this authorization between June 2 and June 4, 2007, to increase the share capital of voestalpine by 3.81% through the issue of 6,039,033 ordinary no-par value bearer shares to creditors of the convertible bond issued in July 2005. As of March 31, 2008, the share capital was therefore equal to EUR 298,756,264.42 (March 31, 2007: EUR 287,784,423.33) divided into 164,439,033 ordinary no-par value shares (March 31, 2007: 158,400,000). During the reporting period voestalpine settled obligations due to conversion of convertible bonds with a nominal value of EUR 113.2 million through the capital increase and of EUR 38.2 million by the use of repurchased own shares.

Under § 4 (2) of the articles of incorporation, the Management Board is authorized to increase the share capital of the Company by issuing up to 31,680,000 ordinary no-par value bearer shares until June 30, 2010, against cash contributions or contributions in kind, in the latter case in particular against contributions of equity interests, companies, businesses or business units, while excluding the subscription rights of shareholders in full or in part. The Management Board is also authorized under § 4 (2) of the articles of incorporation to increase the share capital of the Company until June 30, 2010, by a further amount of up to EUR 28,778,442.33 by issuing up to 15,840,000 ordinary no-par value bearer shares to employees, executive officers and members of the Management Board of the Company under an employee stock ownership plan or stock option plan while excluding the pre-emptive rights of shareholders.

During the annual general meeting of July 4, 2007, the Management Board was authorized, for a period of 18 months, to repurchase shares of the Company representing up to 10% of the share capital. The repurchase price may not be more than 20% below or 10% above the average stock exchange price of the shares on the three market trading days prior to the repurchase. On December 11, 2007, the Management Board resolved to utilize this authorization starting as of January 2, 2008.

Capital reserves include the share premium (reduced by the equity capital funding costs), the equity component of the convertible bond, profit/loss from the sale of own shares and share-based compensation.

Hybrid capital

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

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

Own shares

	Own shares thsd. pcs.	Carrying amount thsd. euros	Share capital %	Share capital thsd. euros
Balance as of April 1, 2007	**4,327**	**181,810**	**2.63**	**7,861**
Additions	4,674	262,356	2.84	8,492
Disposals	–3,798	–171,862	–2.31	–6,900
Balance as of March 31, 2008	**5,203**	**272,304**	**3.16**	**9,453**

Minority interest

The minority interest as of March 31, 2008, results primarily from minority interests in BÖHLER-UDDEHOLM AG, the VAE Group, Railpro B.V. and the Danube Equity companies.

18. Pensions and other employee obligations

	2006/07	2007/08
Provisions for severance payments	359.8	447.8
Provisions for pensions	111.4	278.9
Provisions for long-service bonuses	94.9	112.6
	566.1	**839.3**

In millions of euros

Provisions for severance payments

	2006/07	2007/08
Present value of defined benefit obligation (DBO) as of April 1, 2007	**337.6**	**359.8**
Service costs for the period	10.6	11.7
Interest costs for the period	14.5	20.0
Changes through business combinations	–8.3	87.2
Severance payments	–18.0	–25.8
Actuarial gains (+)/losses (–)	23.4	–5.1
Present value of defined benefit obligation (DBO) as of March 31, 2008	**359.8**	**447.8**

In millions of euros

	03/31/2004	03/31/2005	03/31/2006	03/31/2007	03/31/2008
Actuarial gains (+)/losses (–) due to parameter changes in %	6.6%	–3.6%	–11.1%	–3.0%	2.7%

Provisions for pensions

	2006/07	2007/08
Present value of defined benefit obligation (DBO) as of April 1, 2007	**377.0**	**381.4**
Service costs for the period	7.1	9.6
Interest costs for the period	16.5	27.4
Changes through business combinations	–5.0	268.3
Pension payments	–13.9	–36.9
Net exchange differences	0.0	–9.5
Actuarial gains (+)/losses (–)	–0.3	–23.5
Present value of defined benefit obligation (DBO) as of March 31, 2008	**381.4**	**616.8**
Plan assets as of March 31, 2008	–270.0	–337.9
Provisions for pensions as of March 31, 2008	**111.4**	**278.9**

In millions of euros

	2006/07	2007/08
Plan assets as of April 1, 2007	**253.7**	**270.0**
Expected return for the period	14.9	19.5
Actuarial gains (+)/losses (–)	5.7	–16.5
Net exchange differences	0.0	–8.6
Changes through business combinations	–6.0	80.4
Employer contributions	10.2	24.1
Pension payments	–8.5	–31.0
Plan assets as of March 31, 2008	**270.0**	**337.9**

In millions of euros

	03/31/2004	03/31/2005	03/31/2006	03/31/2007	03/31/2008
Present value of defined benefit obligation (DBO)	284.2	311.4	377.0	381.4	616.8
Plan assets	–187.4	–212.9	–253.7	–270.0	–337.9
	96.8	**98.5**	**123.3**	**111.4**	**278.9**
Actuarial gains (+)/losses (–) due to parameter changes in %	0.0%	0.0%	–12.4%	1.1%	1.3%

In millions of euros

The calculation of the provisions for pensions was based on an expected interest rate of 6% on plan assets. The actual interest rate was 1.1%.

Provisions for long-service bonuses

	2006/07	2007/08
Present value of defined benefit obligation (DBO) as of April 1, 2007	**90.7**	**94.9**
Service costs for the period	5.2	5.4
Interest costs for the period	3.9	5.0
Changes through business combinations	–0.2	17.6
Long-service bonus payments	–5.9	–7.1
Actuarial gains (+)/losses (–)	1.2	–3.2
Present value of defined benefit obligation (DBO) as of March 31, 2008	**94.9**	**112.6**

In millions of euros

19. Provisions

	Balance as of 04/01/2007	Changes through business com-binations	Net exchange differences	Use	Reversal	Addition	Balance as of 03/31/2008
Non-current provisions							
Other personnel expenses	10.2	8.8	–0.2	–3.5	–0.1	6.3	21.5
Warranties	3.0	14.3	–0.4	–1.0	–3.3	2.4	15.0
Other non-current provisions	7.8	16.0	0.0	–0.9	–1.4	11.0	32.5
	21.0	**39.1**	**–0.6**	**–5.4**	**–4.8**	**19.7**	**69.0**
Current provisions							
Vacations	78.3	36.6	–0.9	–66.9	–4.5	79.8	122.4
Other personnel expenses	41.5	39.0	–1.2	–50.2	–15.2	76.7	90.6
Warranties	26.4	21.0	–0.2	–15.5	–9.3	28.6	51.0
Anticipated losses	13.9	0.4	–0.2	–4.3	–1.8	6.3	14.3
Other current provisions	80.5	59.5	–0.7	–71.7	–22.0	79.2	124.8
	240.6	**156.5**	**–3.2**	**–208.6**	**–52.8**	**270.6**	**403.1**
	261.6	**195.6**	**–3.8**	**–214.0**	**–57.6**	**290.3**	**472.1**

In millions of euros

The provisions for personnel expenses mainly include premiums and bonuses. Provisions for warranties and anticipated losses are related to the current operating activities. The other provisions mainly concern provisions for distribution allowances, process-, legal- and consulting costs and obligations for environmental protection.

20. Financial liabilities

	Up to one year		Over one year	
	03/31/2007	03/31/2008	03/31/2007	03/31/2008
Bank loans and bonds	445.6	2,919.5	686.2	1,200.9
Liabilities from finance leases	6.2	6.4	53.1	60.5
Liabilities from affiliated companies	11.4	21.1	0.0	0.0
Liabilities from other investments	96.3	68.0	0.0	0.0
Other payables and liabilities	70.1	16.7	0.3	1.5
	629.6	**3,031.7**	**739.6**	**1,262.9**

In millions of euros

On July 21, 2005, convertible bonds with a nominal value of EUR 250 million and a term of 5 years have been issued. The interest rate amounts to 1.5%.

The proceeds from the issue of the convertible bonds is divided into a liability and equity component. The equity component reflects the market value of the embedded option to convert the liability into equity.

The interest expense for the convertible bond is calculated by using the effective interest rate method with an interest rate of 4.0%.

The liability component is calculated as follows as of March 31, 2008:

Liability component as of March 31, 2006	**225.3**
Conversion	–0.5
Repurchase	–24.1
Interest accrued	5.0
Liability component as of March 31, 2007	**205.7**
Conversion	–137.5
Repurchase	0.0
Interest accrued	–0.6
Liability component as of March 31, 2008	**67.6**

In millions of euros

21. Trade and other payables

	03/31/2007	03/31/2008
Prepayments received on orders	37.3	70.4
Trade payables	870.2	1,291.9
Liabilities from bills payable	224.4	203.4
Liabilities from affiliated companies	8.6	9.2
Liabilities from other investments	3.6	4.9
Other payables and other liabilities	343.1	567.0
	1,487.2	**2,146.8**

In millions of euros

22. Contingent liabilities

	03/31/2007	03/31/2008
Obligations from bills payable	21.3	0.2
Guarantees	7.9	4.8
Other contingent liabilities	1.9	1.3
	31.1	**6.3**

In millions of euros

23. Financial instruments

General information

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

The Group also uses derivative financial instruments. These instruments mainly include interest rate swaps and forward exchange transactions. These derivative financial instruments are used to hedge interest rate and currency risks and risks from fluctuations in raw materials and CO_2 prices which result from the business activities of the Group and its sources of financing.

Capital management

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

Capital management in the voestalpine Group is performed using the financial debt to EBITDA ratio and the gearing ratio, the ratio of net financial debt divided by equity. Net financial debt consists of interest bearing loans less financing receivables and other loans receivables, securities, cash and cash equivalents. Equity includes minority interests in Group companies, the equity component of the convertible bond and the hybrid capital.

Financial risk management – Corporate Finance – Organization

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

It is part of our corporate policy to continuously monitor, quantify and, when reasonable, hedge financial risks. Our willingness to accept risk is relatively low. Risks posing a threat to the continued existence of the Company must be hedged; in other respects the strategy aims at reducing fluctuations in cash flow and income. Hedging of market risks is done to a large extent by means of derivative financial instruments.

voestalpine AG uses the "@-risk" concept to quantify interest rate, currency and commodity price risk. The maximum potential loss within one year is determined with 95% certainty. Risk is calculated for the open position, which is defined as the budgeted quantity for the next 12 months less the quantity that has already been hedged.

The variance-covariance approach is used to evaluate interest rate and foreign currency risk. The cash flow risk due to fluctuations in raw material prices is calculated using Monte Carlo simulation.

Liquidity risk – Financing
Liquidity risk refers to the ability to raise funds at any time to settle incurred liabilities.

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

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

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

Adequate credit lines that are callable at any time exist with domestic and foreign banks. These credit lines have only been drawn to a small extent. In addition to the possibility of exhausting these financing arrangements, a contractually agreed non-terminable liquidity reserve of EUR 350 million is available to bridge any downturns due to the economy.

The sources of financing are managed on the basis of the principle of bank independence. Financing is currently being provided by approximately 25 different domestic and foreign banks. The capital market is also used as a source of financing. As an example, a EUR 1 billion hybrid bond was issued during the 2007/08 business year.

A maturity analysis of all liabilities existing on the balance sheet date is presented below:

Liabilities

	Due within one year		Due between one and five years		Due after more than five years	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Bonds	0.5	0.3	206.1	67.8	–	–
Bank loans	445.1	2,919.2	431.9	1,055.9	48.2	77.2
Trade payables	869.9	1,291.5	0.3	0.4	–	–
Liabilities from finance leases	6.2	6.4	25.9	39.5	27.3	21.0
Other financial liabilities	70.1	16.7	0.3	1.5	–	–
Total liabilities	**1,391.8**	**4,234.1**	**664.4**	**1,165.1**	**75.4**	**98.2**

In millions of euros

The following future interest charges, as estimated as of the balance sheet date, correspond to these existing liabilities:

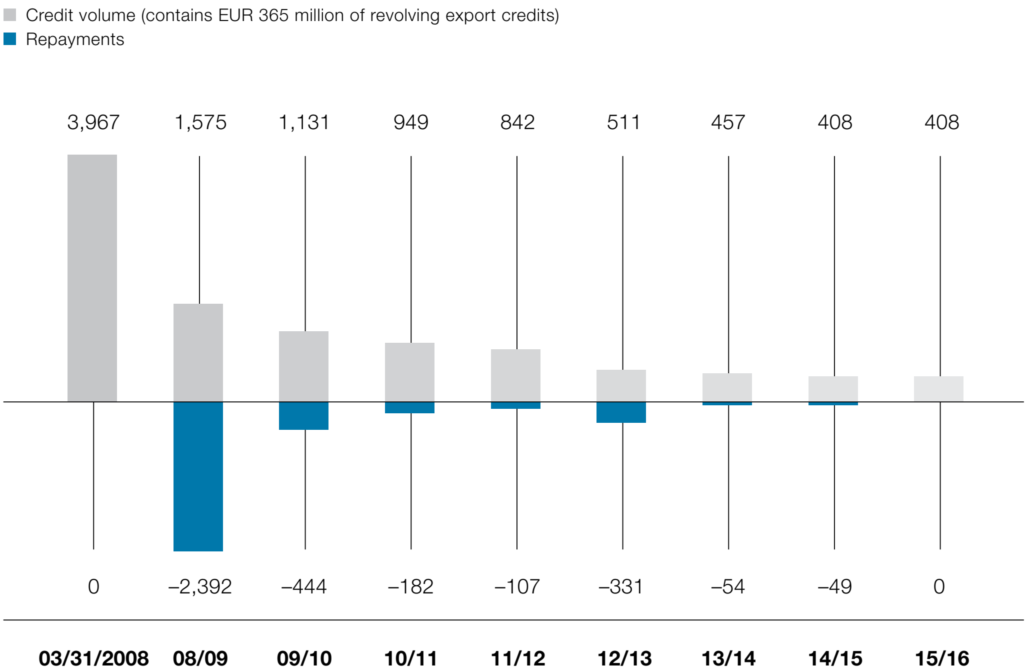
	Due within one year		Due between one and five years		Due after more than five years	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Interest on bonds	–	–	13.4	3.2	–	–
Interest on bank loans	20.3	33.5	40.0	73.0	2.1	4.4
Interest on trade payables	–	–	–	–	–	–
Interest on liabilities from finance leases	3.8	2.7	12.1	10.1	13.0	10.2
Interest on other financial liabilities	–	–	–	–	–	–
Total interest charges	**24.1**	**36.2**	**65.5**	**86.3**	**15.1**	**14.6**

In millions of euros

The maturity structure of the credit portfolio has the following repayment profile for the next several years. The bridge financing in the amount of EUR 2,189 million for the acquisition of BÖHLER-UDDEHOLM which is due in business year 2008/09 will be refinanced for a longer term.

Credit portfolio maturity structure

In millions of euros



Credit risk

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

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

The following overdue receivables for which no valuation allowance had been formed existed as of the balance sheet date:

	2006/07	2007/08
Less than 30 days past due	180.5	212.8
More than 31 and less than 60 days past due	19.0	54.0
More than 61 and less than 90 days past due	5.4	22.5
More than 91 and less than 120 days past due	2.8	11.5
More than 121 days past due	21.1	31.8
Total	**228.8**	**332.5**

In millions of euros

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

	2006/07	2007/08
Opening balance as of April 1, 2007	**27.8**	**28.8**
Addition	7.3	19.5
Net exchange differences	0.0	1.0
Changes through business combinations	–0.1	19.0
Reversal	–5.4	–7.5
Use	–0.9	–8.3
Closing balance as of March 31, 2008	**28.8**	**52.4**

In millions of euros

As the main part of receivables is insured, the risk of bad debt losses is limited. The maximum loss which is theoretically possible equals the amount at which the receivables are stated in the balance sheet.

In the course of asset-backed-securities-transactions receivables amounting to EUR 58.0 million (March 31, 2007: EUR 59.9 million) were sold, whereas delcredere risk deductions of EUR 7.1 million (March 31, 2007: EUR 9.3 million) are not paid out and therefore do not meet the criteria of derecognition.

The management of financial transaction credit risk is governed by internal guidelines. All investments and derivatives transactions are limited for each counterparty, with the size of the limit dependent on the rating and capital resources of the bank.

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

Breakdown of investments at financial institutions by rating classes

	AAA	AA	A	NR
Bonds	58	113	35	33
Money market investments excl. account credit balances	0	53	30	66
Derivates	4	17	0	1
Other investments	0	119	0	0

In millions of euros

Currency risk

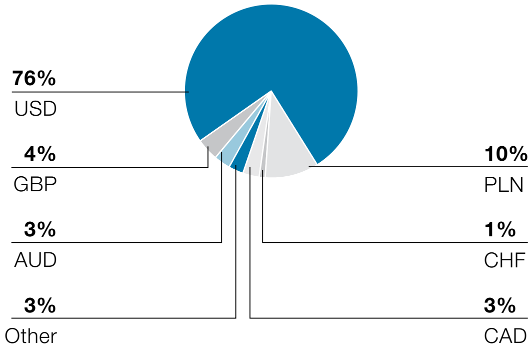
The biggest currency position in the Group arises from raw material purchases in USD and to a lesser degree from exports to the "non-euro area".

An initial hedge is provided by naturally covered items where, for example, trade receivables in USD are offset by liabilities for the purchase of raw materials (USD netting). The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted (net) foreign currency payment flows over the next 12 months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 50% and 100%. The further the cash flow is in the future, the lower the hedging ratio. There is no indirect currency risk.

The net requirement for USD was USD 665 million in business year 2007/08. The significant increase over the previous year (USD 263 million) was due to the increase in the quantity and price of raw materials purchased. The Polish zloty is the second largest foreign currency position in the Group because some of the invoicing for raw material purchases changed over to PLN. The remaining foreign currency exposure, resulting primarily from exports to the "non-euro area", is significantly lower than the USD risk.

Foreign currency portfolio 2007/08 (net)

In USD and PLN, the outflows predominate; in all other currencies receipts predominate.



Based on the Value-at-Risk calculation, as at March 31, 2008 the risks for all open positions for the upcoming financial year are as follows:

	USD	PLN	CAD	GBP	CHF	Other
Position	–240.90	–41.50	15.88	6.80	4.33	
Undiversified risk	27.98	3.77	2.55	0.68	0.35	0.68

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 28.3 million.

Interest rate risk

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

The increase in liabilities caused by the acquisitions made it necessary to review the global interest rate strategy. The optimization of interest expenses was chosen as the primary objective. voestalpine's business profile permits an overweighting of floating-rate financing. Fixed interest rates are used to take advantage of extreme situations (cycle bottom).

The variable interest positions on the liabilities side significantly exceed the positions on the asset side, so that a 1% increase in the money market rate increases the interest expense by EUR 24.2 million (variable interest asset and liability positions were equal in the previous year).

The weighted average interest rate for asset positions is 4.28% with a duration of 1.1 years (including money market investments), and 4.37% for liability positions with a duration of 0.7 years.

	Position	Weighted average interest rate	Duration	Average capital commitment	Sensitivity to a 1% change in the interest rate	Cash flow risk
Assets	587	4.28%	1.1 years	2 years	–6.0	–4.6
Liabilities	–4,026	4.37%	0.7 years	1.7 years*	24.8	28.8
Net	–3,439				18.8	24.2

* excluding revolving export credits of EUR 365 million

In millions of euros

The present value risk determined using the value-at-risk calculation for March 31, 2008, is equal to EUR 4.7million (2006/07: EUR 5.7 million) for positions on the asset side given a 1% change in the interest rate and EUR 33.8 million (2006/07: EUR 11.1 million) for positions on the liabilities side. Therefore, in the event of a 1% drop in the interest rate, voestalpine AG would have an imputed (unrecognized) net present value loss of EUR 29.1 million (2006/07: EUR 5.4 million).

The asset positions include EUR 286.5 million (previous year: EUR 429.8 million) of investments in the V47 and V54 funds of funds. 93.5% of the fund assets are invested in bonds and money market securities in euro or in cash in the three sub-funds V101, V102 and V103, and in three special funds, as follows:

Funds	Investment currency	
Sub-fund V101	EUR 101 million	with a modified duration of 0.34
Sub-fund V102	EUR 86 million	with a modified duration of 2.80
Sub-fund V103	EUR 67 million	with a modified duration of 5.70
Special funds	EUR 13.6 million	(only included in V54)

The funds of funds include EUR 18.5 million in equities (6.5% of fund assets), which is divided among 3 global equities funds with different investment approaches.

Due to the negative effects of the financial market crisis in the last quarter of the financial year, performance growth for the financial year was small for both the bond and equity portions:

Umbrella funds	Performance
V47	0.36%
V54	0.68%

Securities are assessed at fair value; net profits amounting to EUR 0.2 million (2006/07: EUR 13.3 million) are recognized at fair value through profit or loss using the fair value option.

Derivative financial instruments

Portfolio of derivative financial instruments as of March 31, 2008:

	Nominal value (In millions of euros)	Fair value	Of which accounted for in equity	Maturity
Forward exchange transactions (incl. currency swaps)	618.5	–31.8	–18.4	100% < 1 year
Currency options	13.5	–0.4	–0.3	100% < 1 year
Derivatives	1,904.9	–43.8	–2.8	100% <= 5 years
Commodity swaps	115.0	–2.3	0.0	100% < 1 year
Total	**2,651.9**	**–78.3**	**–21.5**	

Net losses amounting to EUR 46.4 million are recognized through profit and loss during the reporting period. The derivative transactions are marked to market daily by determining the value that would be realized if the hedging position were closed out (liquidation method).

voestalpine uses hedge accounting for a significant portion of its derivative financial instruments. Profits and losses are recognized directly in equity. When the underlying transaction is recognized, the accumulated profits or losses that were recognized directly in equity in previous periods are initially recognized in the amount of the underlying assets and then in profit or loss.

In business year 2007/08, hedge accounting was used for hedging foreign currency payment flows, interest bearing receivables and liabilities, and raw material purchase agreements. The interest rate and currency hedges are cash flow hedges, while the raw material hedges were classified as fair value hedges. From the reserve for foreign exchange differences EUR 0.8 million were withdrawn during the reporting period and recognized as income through profit and loss; negative fair values amounting to EUR 18.7 million were conveyed to the reserve. The reserve for interest hedges in equity was decreased by EUR 5.7 million following variations in the fair values of hedges.

Categories of financial instruments

Classes	Financial assets measured at (amortized) cost	Financial assets measured at fair value			
Categories	**Loans and receivables**	**Financial assets available-for-sale**	**Financial assets measured at fair value through profit and loss**		
			Derivatives	**Designated at fair value**	**Total**
Assets – 2006/07					
Other financial assets – non current	22.6	1.5	–	57.1	81.2
Trade and other receiveables	1,292.9	–	0.9	–	1,293.8
Other financial assets – current	–	25.0	–	364.9	389.9
Cash and cash equivalents	356.1	–	–	–	356.1
Carrying amount	**1,671.6**	**26.5**	**0.9**	**422.0**	**2,121.0**
Fair value	**1,671.6**	**26.5**	**0.9**	**422.0**	**2,121.0**
Assets – 2007/08					
Other financial assets – non current	43.1	1.7	–	58.9	103.7
Trade and other receiveables	2,224.4	–	8.4	–	2,232.8
Other financial assets – current	–	21.9	–	225.8	247.7
Cash and cash equivalents	331.9	–	–	–	331.9
Carrying amount	**2,599.4**	**23.6**	**8.4**	**284.7**	**2,916.1**
Fair value	**2,599.4**	**23.6**	**8.4**	**284.7**	**2,916.1**

In millions of euros

Classes	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value	
Categories	**Financial liabilities measured at amortized cost**	**Financial liabilities measured at fair value through profit or loss**	**Total**
Liabilities – 2006/07			
Financial liabilities – non current	739.6	–	739.6
Financial liabilities – current	629.6	–	629.6
Trade and other payables	1,483.1	4.1	1,487.2
Carrying amount	**2,852.3**	**4.1**	**2,856.4**
Fair value	**3,296.0**	**4.1**	**3,300.1**
Liabilities – 2007/08			
Financial liabilities – non current	1,262.9	–	1,262.9
Financial liabilities – current	3,031.7	–	3,031.7
Trade and other payables	2,060.1	86.7	2,146.8
Carrying amount	**6,354.7**	**86.7**	**6,441.4**
Fair value	**6,454.6**	**86.7**	**6,541.3**

In millions of euros

24. Consolidated cash flow statement

The consolidated cash flow statement was prepared using the indirect method. Cash and cash equivalents include cash on hand, cash at banks and checks. The effects of any changes in the consolidation range were eliminated and reported in the cash flow from investing activities.

	2006/07	2007/08
Interest received	52.0	44.8
Interest paid	87.1	208.5
Taxes paid	233.9	286.3

In millions of euros

Adjustments

	2006/07	2007/08
Depreciation, amortization and impairment	367.1	709.4
Result from sale of assets	–13.9	–13.4
Changes in pensions and other employee benefits non-current provisions and deferred taxes	8.7	–54.9
Non-cash share of profit of associates	–7.4	5.0
	354.5	**646.1**

In millions of euros

The conversion of convertible bonds amounting to EUR 136.4 increased the equity. But there was no effect of the conversion on the cash flow statement.

Cash flows from changes in the consolidation range include EUR 0.3 million from the disposal of entities that were fully consolidated in the previous year.

25. Related parties, corporate bodies and employees

Business transactions between the Group and non-consolidated subsidiaries and equity-consolidated entities are dealt with at arm's length terms and are included in the following items of the consolidated financial statements:

	2006/07	2007/08
Revenue	313.2	394.5
Cost of sales	35.1	156.4
Other operating expenses	44.8	43.4
	03/31/2007	**03/31/2008**
Trade and other receivables	44.5	38.1
Financial liabilities/trade and other payables	32.7	35.2
Contingent liabilities	0.1	0.1

In millions of euros

In business year 2007/08, 818 temporary employees (2006/07: 741) from companies reported under other investments were employed to cover short-term personnel shortages.

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

Management Board

A target agreement must be concluded with the Executive Committee of the Supervisory Board before a bonus can be awarded. 80% of the possible bonus is based on quantitative targets, and 20% to qualitative targets. The target amounts for the quantitative targets are the profit from operating activities (EBIT) and return on capital employed (ROCE). Specific target amounts are set periodically by the Executive Committee of the Supervisory Board in consultation with the Management Board. The qualitative targets consist of two to four individual targets, relating primarily to the areas of strategy, cost management and organization. The bonus is limited to 150% of annual gross salary.

The size of the contractually approved company pension depends on the length of service. The size of the annual pension equals 1.2% of the last annual gross salary for each year of service, with a maximum pension benefit of 40% of the last annual gross salary (without bonuses).

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

The compensation paid to the active members of the Management Board of voestalpine AG is comprised as follows:

	2006/07	2007/08
Fixed compensation	2.4	2.9
Variable compensation	3.4	5.7
	5.8	**8.6**

In millions of euros

No advances or loans were granted to the members of the Management Board of voestalpine AG.

Supervisory Board

The annual general meeting of the Company on July 5, 2006, passed a resolution to include the compensation plan for Supervisory Board members that was applied in business year 2004/05 into the articles of incorporation. Under § 15 of the articles of incorporation, the members of the Supervisory Board therefore receive as compensation 0.1% of the net income for the year as shown in the approved consolidated financial statements. The total amount is divided in proportion to the assigned fractions of 100% for the Chairman, 75% for the Vice-Chairman and 50% for all other members, with a minimum compensation of EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman and 10,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the indicated amounts. The attendance honorarium equals EUR 500 per Supervisory Board meeting.

The annual compensation of members of the Supervisory Board is therefore conclusively regulated by the articles of incorporation. An annual general meeting resolution is no longer necessary.

The compensation of the Supervisory Board and other Supervisory Board expenses totaled EUR 0.5 million (2006/07: EUR 0.5 million) in business year 2007/08. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

As legal counsel to voestalpine AG, Dr. Michael Kutschera and the law firm Binder Grösswang performed in the reporting period 2007/08 legal advisory services on matters of takeover law, on various legal questions in connection with the takeover bid for BÖHLER-UDDEHOLM AG, the issuance of a hybrid bond, a senior bond and other transactions to finance the acquisition of BÖHLER-UDDEHOLM AG as well as on the minority shareholder squeeze-out procedure related to BÖHLER-UDDEHOLM AG, and various other legal questions. Fees for these matters are invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte applicable at the time. Total net fees of EUR 645,321.08 were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte.

Employee information

Total personnel expenses are comprised as follows:

	2006/07	2007/08
Wages	575.5	819.7
Salaries	445.3	703.4
Expenses for severance payments	18.7	17.1
Expenses for pensions	10.5	19.3
Expenses for statutory benefits and payroll-based contributions	239.3	356.2
Other social security expenses	23.0	44.7
	1,312.3	**1,960.4**

In millions of euros

Total number of employees

	Balance sheet date		Average	
	03/31/2007	03/31/2008	2006/07	2007/08
Laborers	16,135	26,350	15,152	25,632
Salaried employees	8,478	15,140	8,026	14,849
Apprentices	881	1,411	875	1,451
	25,494	**42,901**	**24,053**	**41,932**

26. Share-based payments

Stock option plan

A resolution approving a stock option plan was adopted in business year 2006/07. The vesting period ends on June 30, 2008. Five members of the Management Board were granted a total of 900,000 options and executives were granted 3,309,795 options in the business year 2006/07. All of the options were outstanding at the end of the business year. The options and the right to exercise the options are not transferable. The options can be exercised if the participant is a current employee or officer of voestalpine AG or a Group company.

The market value of the options at the time of grant is EUR 5.26 per option and is allocated linearly over 22 months until the end of the vesting period. An expense of EUR 12.1 million is reported in the consolidated financial statements for 2007/08. The following parameters are used for valuing the options at the time of grant:

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

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

Employee bonuses

Bonuses with a total value of EUR 5.2 million had been granted to employees in the form of own shares (123,400 shares) by the end of business year 2007/08. In accordance with IFRS 2, the shares are measured at the market price at the time of grant. This amount is recognized as personnel expenses. The offsetting entry is recognized directly in equity.

27. Important events after the balance sheet date

Through its share purchases in BÖHLER-UDDEHOLM, the voestalpine AG has surpassed the 90% voting threshold and as at March 31, 2008 holds 90.65% of the shares in BÖHLER-UDDEHOLM. At the BÖHLER-UDDEHOLM annual general meeting on June 23, 2008, voestalpine AG will submit an application requesting that all of the shares not yet owned by the majority shareholder voestalpine AG, in accordance with the the Minority Shareholders Squeeze Out Act, be transferred to the majority shareholder voestalpine AG for an appropriate cash settlement amount ("squeeze out").

The appropriate cash settlement as announced in a joint resolution by the Management Board of BÖHLER-UDDEHOLM and its majority shareholder voestalpine AG was set at EUR 70.26 per share. This cash settlement also includes the profit for the period per share for the business year 2007 and the split year 2008 (01/01–31/03/2008) of the company. A separate dividend distribution is not intended.

28. Earnings per share

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

	2006/07	2007/08
Profit attributable to equity holders of the parent	**757,403**	**718,227**
Issued ordinary shares (average)	158,400,000	162,929,275
Effect of own shares held (average)	–1,187,818	–4,461,144
Weighted average number of outstanding ordinary shares	**157,212,182**	**158,468,131**
Basic (undiluted) earnings per share (euros)	**4.82**	**4.53**
Profit from continuing operations attributable to equity holders of the parent	748,545	743,382
Basic (undiluted) earnings per share (continuing operations) (euros)	**4.76**	**4.69**

In thousands of euros

The undiluted earnings per share for the discontinued operations amount to EUR –0.16 (2006/07: EUR +0.06).

Diluted earnings per share are calculated as follows:

	2006/07	2007/08
Profit attributable to equity holders of the parent	757,403	718,227
Interest charged for convertible bonds (net)	6,320	2,691
Base for diluted earnings per share	**763,723**	**720,918**
Weighted average number of outstanding ordinary shares	157,212,182	158,468,131
Weighted average potential shares of convertible bonds	13,797,503	5,178,134
Weighted average number of ordinary shares for diluted earnings per share	**171,009,685**	**163,646,265**
Diluted earnings per share (euros)	**4.47**	**4.41**
Profit from continuing operations attributable to equity holders of the parent	754,865	746,073
Diluted earnings per share (continuing operations) (euros)	**4.41**	**4.56**

In thousands of euros

The diluted earnings per share for the discontinued operations amount to EUR –0.15 (2006/07: EUR +0.06).

29. Dividend

In accordance with the Stock Corporation Act, the appropriation of net profit is based on the annual financial statements of voestalpine AG as of March 31, 2008. These financial statements show net retained profits of EUR 345.0 million. The Management Board proposes a dividend of EUR 2.10 per share (2006/07: EUR 1.45).

30. Management Board statement in accordance with § 82 (4) line 3 of the Stock Exchange Act

The Management Board of voestalpine AG hereby declares that to the best of its knowledge the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, May 19, 2008

The Management Board

Wolfgang Eder	Franz Hirschmanner	Josef Mülner
Robert Ottel	Claus J. Raidl	Wolfgang Spreitzer

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

Appendix to the notes: Investments

Unqualified auditor's report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of voestalpine AG, Linz, for the business year from April 1, 2007 to March 31, 2008. These consolidated financial statements comprise the balance sheet as at March 31, 2008, and the income statement, the statement of changes in equity and cash flow statement for the year ended March 31, 2008, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of March 31, 2008, and of its financial performance and its cash flows for the financial year from April 1, 2007 to March 31, 2008 in accordance with International Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group.

In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, May 19, 2008

GRANT THORNTON
Wirtschaftsprüfungs- und Steuerberatungs-GmbH

Mag. Josef Töglhofer

MMag. Dr. Sascha Berkovec

Auditors and Tax Consultants

Disclosure, publication and/or reproduction in a form that deviates from the certified version of our appended certificate and that deviates from the requirements under the law within the meaning of § 281 (2) of the Austrian Companies Code (UGB) is not permitted. If such a disclosure, publication and/or reproduction refers to our audit, our prior consent in writing is required.

voestalpine AG

Investments

Steel Division

	Domicile of the company	Interest held	Parent company
voestalpine Stahl GmbH	AUT	100.000%	voestalpine AG
Importkohle Gesellschaft m.b.H.	AUT	66.000%	voestalpine Rohstoffbeschaffungs GmbH
Importkohle Gesellschaft m.b.H.	AUT	1.000%	Böhler Edelstahl GmbH & Co KG
Logistik Service GmbH	AUT	100.000%	voestalpine Stahl GmbH
vatron gmbh	AUT	61.500%	voestalpine Stahl GmbH
vatron gmbh	AUT	5.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine Anarbeitung GmbH	AUT	100.000%	voestalpine Stahl GmbH
voestalpine Eurostahl GmbH	AUT	100.000%	voestalpine Stahl GmbH
voestalpine Giesserei Linz GmbH	AUT	100.000%	voestalpine Stahl GmbH
voestalpine Giesserei Traisen GmbH	AUT	100.000%	voestalpine Giesserei Linz GmbH
voestalpine Grobblech GmbH	AUT	100.000%	voestalpine Stahl GmbH
voestalpine Personalberatung GmbH	AUT	100.000%	voestalpine Stahl GmbH
voestalpine Rohstoffbeschaffungs GmbH	AUT	75.100%	voestalpine Stahl GmbH
voestalpine Rohstoffbeschaffungs GmbH	AUT	24.900%	voestalpine Stahl Donawitz GmbH & Co KG
voestalpine Stahl Service Center GmbH	AUT	100.000%	voestalpine Stahl GmbH
voestalpine Steel Service Center Polska Sp. z o.o.	POL	100.000%	voestalpine Stahl Service Center GmbH
GEORG FISCHER FITTINGS GmbH[2]	AUT	49.000%	voestalpine Stahl GmbH
Herzog Coilex GmbH[2]	DEU	25.100%	voestalpine Stahl Service Center GmbH
Industrie-Logistik-Linz GmbH & Co KG[2]	AUT	37.000%	voestalpine Stahl GmbH
Kühne + Nagel Euroshipping GmbH[2]	DEU	49.000%	Logistik Service GmbH
METALSERVICE S.P.A.[2]	ITA	40.000%	voestalpine Stahl Service Center GmbH
Ningxia Kocel Steel Foundry Co. Ltd.[2]	CHN	49.000%	voestalpine Giesserei Linz GmbH
Scholz Austria GmbH[2]	AUT	28.250%	voestalpine Stahl GmbH
Scholz Austria GmbH[2]	AUT	5.160%	voestalpine Stahl Donawitz GmbH & Co KG
Scholz Austria GmbH[2]	AUT	3.712%	Böhler Edelstahl GmbH & Co KG
voestalpine Stahlhandel GmbH[2]	AUT	25.100%	voestalpine Stahl GmbH
Wuppermann Austria Gesellschaft m.b.H.[2]	AUT	30.000%	voestalpine Stahl GmbH
„Sport-Kultur-Aktiv“ registrierte Genossenschaft mit beschränkter Haftung[1]	AUT	28.750%	voestalpine Stahl GmbH
Austrian Center of Competence in Mechatronics GmbH[1]	AUT	33.330%	vatron gmbh
B-Zone Projektentwicklungs- und -vermarktungsgesellschaft mbH[1]	AUT	82.500%	voestalpine Stahl GmbH

	Domicile of the company	Interest held	Parent company
Cargo Service GmbH[1]	AUT	100.000%	Logistik Service GmbH
Caseli GmbH[1]	AUT	100.000%	voestalpine Stahl GmbH
GWL Gebäude- Wohnungs- und Liegenschafts-Verwaltungsgesellschaft m.b.H.[1]	AUT	76.000%	voestalpine Stahl GmbH
Hot Vision Research GmbH[1]	AUT	100.000%	vatron gmbh
Industrie-Logistik-Linz Geschäftsführungs-GmbH[1]	AUT	37.000%	voestalpine Stahl GmbH
Kontext Druckerei GmbH[1]	AUT	64.800%	voestalpine Stahl GmbH
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.[1]	AUT	33.333%	voestalpine Stahl GmbH
Stahlservice Rauschenberger Verwaltungs-GmbH[1]	DEU	100.000%	voestalpine Stahl GmbH
VA OMV Personalholding GmbH[1]	AUT	50.000%	voestalpine Personalberatung GmbH
voestalpine Belgium NV/SA[1]	BEL	100.000%	voestalpine Eurostahl GmbH
voestalpine CR, s.r.o.[1]	CZE	100.000%	voestalpine Eurostahl GmbH
voestalpine d.o.o.[1]	HRV	100.000%	voestalpine Eurostahl GmbH
voestalpine d.o.o.[1]	SCG	100.000%	voestalpine Eurostahl GmbH
voestalpine d.o.o.[1]	SVN	100.000%	voestalpine Eurostahl GmbH
voestalpine Danmark ApS.[1]	DNK	100.000%	voestalpine Eurostahl GmbH
voestalpine Deutschland GmbH[1]	DEU	100.000%	voestalpine Eurostahl GmbH
voestalpine France SAS[1]	FRA	100.000%	voestalpine Eurostahl GmbH
voestalpine Hungaria Kft.[1]	HUN	99.000%	voestalpine Eurostahl GmbH
voestalpine Hungaria Kft.[1]	HUN	1.000%	Donauländische Baugesellschaft m.b.H.
voestalpine Italia S.r. l.[1]	ITA	100.000%	voestalpine Eurostahl GmbH
voestalpine Nederland B.V.[1]	NLD	100.000%	voestalpine Eurostahl GmbH
voestalpine Polska Sp.z o.o.[1]	POL	100.000%	voestalpine Eurostahl GmbH
voestalpine Romania S.R.L[1]	ROU	100.000%	voestalpine Eurostahl GmbH
voestalpine Scandinavia AB[1]	SWE	100.000%	voestalpine Eurostahl GmbH
voestalpine Schweiz GmbH[1]	CHE	100.000%	voestalpine Eurostahl GmbH
voestalpine Slovakia S.r.o.[1]	SVK	100.000%	voestalpine Eurostahl GmbH
voestalpine Steel Service Center Romania SRL[1]	ROU	100.000%	voestalpine Stahl Service Center GmbH
voestalpine UK LTD[1]	GBR	100.000%	voestalpine Eurostahl GmbH
voestalpine USA Corp.[1]	USA	100.000%	voestalpine Eurostahl GmbH
Werksgärtnerei Gesellschaft m.b.H.[1]	AUT	100.000%	voestalpine Stahl GmbH

[1] no consolidation [2] equity method, for all other companies: full consolidation

Special Steel Division

	Domicile of the company	Interest held	Parent company
Böhler-Uddeholm Aktiengesellschaft	AUT	90.650%	voestalpine AG
Aceros Boehler de Colombia S.A.	COL	0.189%	BÖHLER Bleche GmbH & Co KG
Aceros Boehler de Colombia S.A.	COL	0.189%	Böhler Edelstahl GmbH & Co KG
Aceros Boehler de Colombia S.A.	COL	90.390%	Böhler-Uddeholm Aktiengesellschaft
Aceros Boehler de Colombia S.A.	COL	9.232%	Böhler Ybbstalwerke GmbH
Aceros Boehler del Ecuador S.A.	ECU	1.750%	Aceros Boehler de Colombia S.A.
Aceros Boehler del Ecuador S.A.	ECU	98.250%	Böhler-Uddeholm Aktiengesellschaft
Aceros Boehler del Peru S.A.	PER	2.500%	Böhler Edelstahl GmbH & Co KG
Aceros Boehler del Peru S.A.	PER	95.000%	Böhler-Uddeholm Aktiengesellschaft
Aceros Boehler del Peru S.A.	PER	2.500%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.
Aceros Boehler Uddeholm S.A.	ARG	95.500%	Böhler-Uddeholm Aktiengesellschaft
Aceros Boehler Uddeholm S.A.	ARG	4.500%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.
Aceros Bohler Uddeholm, S.A. de C.V.	MEX	100.000%	Uddeholms Aktiebolag
Acos Bohler Uddeholm do Brasil Ltda.	BRA	99.99997%	Böhler-Uddeholm Aktiengesellschaft
Acos Bohler Uddeholm do Brasil Ltda.	BRA	0.00003%	Gebrüder Böhler & Co. AG
Aktiebolaget Finansa	SWE	100.000%	Uddeholm Tooling Aktiebolag
Aktiebolaget Uddeholmsagenturen	SWE	100.000%	Uddeholm Tooling Aktiebolag
ASSAB Steels (China) Ltd.	CHN	100.000%	ASSAB Steels (HK) Ltd.
ASSAB Steels (HK) Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Steels (Korea) Co., Ltd.	KOR	85.000%	ASSAB Pacific Pte.Ltd.
ASSAB Steels (Malaysia) Co., Ltd.	MYS	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Steels (Taiwan) Ltd.	TWN	82.500%	ASSAB Pacific Pte.Ltd.
ASSAB Steels (Thailand) Ltd.	THA	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Steels Singapore (Pte) Ltd.	SGP	90.000%	ASSAB Pacific Pte.Ltd.
ASSAB Technology (Malaysia) Sdn Bhd	MYS	95.000%	ASSAB Steels (Malaysia) Co., Ltd.
ASSAB Tooling (Beijing) Co., Ltd.	CHN	100.000%	ASSAB Pacific Pte.Ltd.
ASSAB Tooling (Dongguan) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Tooling (Qing Dao) Co., Ltd.	CHN	100.000%	ASSAB Pacific Pte.Ltd.
ASSAB Tooling (Xiamen) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Tooling Technology (Chongqing) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Tooling Technology (Ningbo) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB Tooling Technology (Shanghai) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte.Ltd.
ASSAB CELIK VE ISIL ISLEM SANAYI VE TICARET ANONIM SIRKETI	TUR	69.891%	ASSAB International Aktiebolag
ASSAB CELIK VE ISIL ISLEM SANAYI VE TICARET ANONIM SIRKETI	TUR	0.036%	Böhler Grundstücks GmbH & Co KG
ASSAB CELIK VE ISIL ISLEM SANAYI VE TICARET ANONIM SIRKETI	TUR	0.036%	BÖHLER-UDDEHOLM Immobilien GmbH

	Domicile of the company	Interest held	Parent company
ASSAB CELIK VE ISIL ISLEM SANAYI VE TICARET ANONIM SIRKETI	TUR	0.036%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.
ASSAB CELIK VE ISIL ISLEM SANAYI VE TICARET ANONIM SIRKETI	TUR	30.000%	Uddeholms Aktiebolag
ASSAB International Aktiebolag	SWE	100.000%	Uddeholms Aktiebolag
ASSAB Pacific Pte.Ltd.	SGP	100.000%	Uddeholms Aktiebolag
ASSAB SRIPAD Steels Private Ltd	IND	70.000%	ASSAB International Aktiebolag
Associated Swedish Steels Aktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
Associated Swedish Steels Phils., Inc.	PHL	84.970%	ASSAB Pacific Pte.Ltd.
Avesta Welding Aktiebolag	SWE	100.000%	Böhler Schweißtechnik Austria GmbH
Avesta Welding LLC	USA	100.000%	Bohler Welding Group USA Inc.
BÖHLER Bleche GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
BÖHLER Bleche GmbH & Co KG	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Tecnica de Soldagem Ltda.	BRA	100.000%	Böhler Welding Holding GmbH
Bohler Uddeholm Polska s.p.z.o.o	POL	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Uddeholm CZ s.r.o.	CZE	100.000%	Böhler-Uddeholm Aktiengesellschaft
BOHLER WELDING GROUP ITALIA s.p.a.	ITA	100.000%	Böhler Welding Holding GmbH
Böhler Welding Group Norway AS	NOR	100.000%	Böhler Welding Holding GmbH
Böhler Welding Holding GmbH	DEU	94.500%	Böhler-Uddeholm Aktiengesellschaft
Böhler Welding Holding GmbH	DEU	5.500%	Böhler Uddeholm Härtereitechnik GmbH
Böhler Welding Technololgy (China) Co. Ltd.	CHN	100.000%	Böhler Welding Holding GmbH
Böhler Welding Trading (Shanghai) Co. Ltd.	CHN	100.000%	Böhler Welding Holding GmbH
Böhler Aktiengesellschaft	DEU	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Bleche Multilayer GmbH	DEU	100.000%	BÖHLER Bleche GmbH & Co KG
Böhler Edelstahl GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Edelstahl GmbH & Co KG	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Grundstücks Beteiligungs GmbH	DEU	100.000%	Böhler Aktiengesellschaft
Böhler Grundstücks GmbH & Co KG[4]	DEU	100.000%	Böhler Schweisstechnik GmbH
Böhler International GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Kereskedelmi Kft.	HUN	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Lastechniek Groep Nederland B.V.	NLD	100.000%	Hilarius Holding B.V.
Böhler Schmiedetechnik GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Schmiedetechnik GmbH & Co KG	AUT	99.999%	Böhler-Uddeholm Aktiengesellschaft
Böhler Schmiedetechnik GmbH & Co KG	AUT	0.001%	Böhler Schmiedetechnik GmbH
Böhler Schweißtechnik Austria GmbH	AUT	100.000%	Böhler Welding Holding GmbH
Böhler Schweisstechnik Deutschland GmbH	DEU	100.000%	Böhler Welding Holding GmbH
Böhler Schweisstechnik GmbH	DEU	100.000%	Böhler Aktiengesellschaft

[4] These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co KG according to Art. 264b of the German Commercial Code. For all other companies: full consolidation.

	Domicile of the company	Interest held	Parent company
Böhler Soldaduras S.A. de C.V.	MEX	100.000%	Böhler Welding Holding GmbH
Bohler Uddeholm (Australia) Pty Ltd.	AUS	100.000%	Böhler-Uddeholm Aktiengesellschaft
Bohler Uddeholm Africa (Pty) Ltd.	ZAF	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Uddeholm Deutschland GmbH	DEU	100.000%	Böhler-Uddeholm Holding GmbH
Böhler Uddeholm Härtereitechnik GmbH	DEU	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Uddeholm Precision Strip AB	SWE	100.000%	Uddeholms Aktiebolag
Bohler Uddeholm Romania s.r.l.	ROU	99.907%	Böhler International GmbH
Bohler Uddeholm Romania s.r.l.	ROU	0.093%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.
Böhler Verwaltungs GmbH	DEU	100.000%	Böhler Aktiengesellschaft
Böhler Wärmebehandlung GmbH	AUT	51.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler Welding Group Schweiz AG	CHE	100.000%	Böhler Welding Holding GmbH
Bohler Welding Group Canada Ltd.	CAN	100.000%	Böhler Welding Holding GmbH
Böhler Welding Group GmbH	AUT	100.000%	Böhler Welding Holding GmbH
Böhler Welding Group Greece S.A.	GRC	100.000%	Böhler Welding Holding GmbH
Bohler Welding Group UK Ltd	GBR	100.000%	Böhler Welding Holding GmbH
Bohler Welding Group USA Inc.	USA	100.000%	Böhler Welding Holding GmbH
Böhler Ybbstalwerke GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhlerstahl Vertriebsgesellschaft m.b.H.	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Bohler-Uddeholm (UK) Ltd.	GBR	100.000%	Bohler-Uddeholm Holdings (UK) Ltd.
Böhler-Uddeholm B.V.	NLD	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Bearbeitung GmbH	DEU	100.000%	Böhler-Uddeholm Holding GmbH
Bohler-Uddeholm Corporation	USA	100.000%	Uddeholms Aktiebolag
Böhler-Uddeholm France S.A.S.	FRA	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Holding GmbH	DEU	100.000%	Böhler Aktiengesellschaft
Bohler-Uddeholm Holdings (UK) Ltd.	GBR	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Iberica S.A.	ESP	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Italia S.p.A.	ITA	99.250%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Italia S.p.A.	ITA	0.750%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.
Böhler-Uddeholm LLC	RUS	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Ltd.	CAN	100.000%	Uddeholms Aktiebolag
Böhler-Uddeholm Precision Strip GmbH & Co KG	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Precision Strip GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Bohler-Uddeholm Services, LLC	USA	100.000%	Bohler-Uddeholm Corporation
Böhler-Uddeholm SLOVAKIA, s.r.o.	SVK	100.000%	Böhler-Uddeholm Aktiengesellschaft
Bohler-Uddeholm Specialty Metals, Inc.	USA	100.000%	Bohler-Uddeholm Corporation
Bohler-Uddeholm Strip Steel, LLC	USA	100.000%	Bohler-Uddeholm Corporation
Böhler-Ybbstal Profil GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft

	Domicile of the company	Interest held	Parent company
BTF S.p.A.	ITA	51.000%	Böhler Welding Holding GmbH
BU Beteiligungs- und Vermögensverwaltung GmbH	AUT	100.000%	Böhler Edelstahl GmbH
Buderus Edelstahl Zerspanungstechnik GmbH	DEU	100.000%	Buderus Edelstahl GmbH
Buderus Edelstahl Band GmbH	DEU	100.000%	Böhler-Uddeholm Aktiengesellschaft
Buderus Edelstahl GmbH	DEU	100.000%	Böhler-Uddeholm Aktiengesellschaft
Buderus Edelstahl Schmiedetechnik GmbH	DEU	100.000%	Böhler-Uddeholm Aktiengesellschaft
Compania de Industria y Comercio, S.D. de C.V.	MEX	0.001%	Böhler-Uddeholm Precision Strip GmbH & Co KG
Compania de Industria y Comercio, S.D. de C.V.	MEX	99.999%	Martin Miller GmbH
D.I.N. Acciai S.p.A.	ITA	0.043%	Böhler-Uddeholm Aktiengesellschaft
D.I.N. Acciai S.p.A.	ITA	99.957%	Böhler-Uddeholm Italia S.p.A.
DAN Spray A/S	DNK	100.000%	Uddeholm Tooling Aktiebolag
Densam Industrial Co. Ltd.	TWN	51.000%	ASSAB Pacific Pte.Ltd.
Densam Industrial Co. Ltd.	TWN	49.000%	ASSAB Steels (Taiwan) Ltd.
Deville Rectification S.A.S.	FRA	100.000%	Buderus Edelstahl GmbH
EDRO Engineering, Inc.	USA	80.000%	Bohler-Uddeholm Corporation
EDRO Specialty Steels GmbH[4]	DEU	75.000%	EDRO Specialty Steels, Inc.
EDRO Specialty Steels, Inc.	USA	80.000%	Bohler-Uddeholm Corporation
ENPAR Sonderwerkstoffe GmbH	DEU	85.000%	Böhler Aktiengesellschaft
Eschmann Stahl GmbH & Co KG	DEU	51.000%	Böhler-Uddeholm Holding GmbH
Eschmann Stahl GmbH & Co KG	DEU	49.000%	Eschmann Vermögensverwaltung GmbH
Eschmann Stal S.p.z.o.o.	POL	100.000%	Eschmann Stahl GmbH & Co KG
Eschmann Textura Internacional Lda.	PRT	99.000%	Eschmann Textures International GmbH
Eschmann Textura Internacional Lda.	PRT	1.000%	Eschmann Stahl GmbH & Co KG
Eschmann Textures International GmbH	DEU	100.000%	Eschmann Stahl GmbH & Co KG
Eschmann Vermögensverwaltung GmbH	DEU	100.000%	Böhler-Uddeholm Aktiengesellschaft
Eschmann-Stahl Portugal-Acos Finos e Transformacao de Ferramentas, Lda	PRT	80.800%	Eschmann Stahl GmbH & Co KG
Eschmann-Stahl Portugal-Acos Finos e Transformacao de Ferramentas, Lda	PRT	17.500%	Eschmann Textures International GmbH
Flotek (International) Ltd.	GBR	52.010%	Eschmann Stahl GmbH & Co KG
Fontargen Gesellschaft mit beschränkter Haftung	DEU	100.000%	Böhler Welding Holding GmbH
Gebrüder Böhler & Co. AG	CHE	99.833%	Böhler-Uddeholm Aktiengesellschaft
GMV Eschmann International SAS	FRA	100.000%	Eschmann Stahl GmbH & Co KG
Grabados Eschmann International S.L.	ESP	100.000%	Eschmann Stahl GmbH & Co KG
Gravutex Eschmann International Ltd.	GBR	75.500%	Eschmann Stahl GmbH & Co KG
Groupe Bohler Soudage France S.A.S.	FRA	100.000%	Böhler Schweißtechnik Austria GmbH

[4] These consolidated financial statements represent an exemption for EDRO Specialty Steels GmbH according to Art. 264b of the German Commercial Code.
For all other companies: full consolidation.

	Domicile of the company	Interest held	Parent company
Grupo Bohler Soldadura Espana S.A.	ESP	100.000%	Böhler Welding Holding GmbH
Hagfors Tooling Center Aktiebolag	SWE	100.000%	Uddeholms Aktiebolag
Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.	AUT	100.000%	Böhler Edelstahl GmbH & Co KG
Helmold LLC	USA	100.000%	Böhler-Uddeholm Precision Strip GmbH & Co KG
Hilarius Haarlem Holland B.V.	NLD	100.000%	Hilarius Haarlem Holland Beheer B.V.
Hilarius Haarlem Holland Beheer B.V.	NLD	100.000%	Hilarius Holding B.V.
Hilarius Holding B.V.	NLD	100.000%	Böhler Welding Holding GmbH
Integrated Systems 4 e-Business AB	SWE	100.000%	Intesy Business & IT Solutions GmbH
Intesy Business & IT Solutions GmbH	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Intesy Business & IT Solutions GmbH	DEU	100.000%	Intesy Business & IT Solutions GmbH
Intesy Business & IT Solutions Pte. Ltd.	SGP	100.000%	Intesy Business & IT Solutions GmbH
Intesy Tecnologia da Informacao Ltda.	BRA	100.000%	Intesy Business & IT Solutions GmbH
IS Intersteel Stahlhandel GmbH	DEU	100.000%	Böhler Aktiengesellschaft
Jing Ying Industrial Co. Ltd.	TWN	100.000%	Densam Industrial Co. Ltd.
Kestra Schweißtechnik GmbH	DEU	100.000%	Böhler Welding Holding GmbH
LEED Steel LLC	USA	100.000%	Bohler-Uddeholm Corporation
Martin Miller GmbH	AUT	100.000%	Böhler-Uddeholm Precision Strip GmbH & Co KG
Nordmark-Klarälvens Järnvägsaktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
OOO Böhler Welding Group Russia	RUS	100.000%	Böhler Welding Holding GmbH
Oy Uddeholm Ab	FIN	100.000%	Uddeholm Tooling Aktiebolag
PT Assab Steels Indonesia	IDN	100.000%	ASSAB Pacific Pte.Ltd.
PT Avesta Welding Products	IDN	100.000%	Avesta Welding Aktiebolag
Sacma Acciai Speciali S.p.A.	ITA	0.040%	Böhler-Uddeholm Aktiengesellschaft
Sacma Acciai Speciali S.p.A.	ITA	99.960%	Böhler-Uddeholm Italia S.p.A.
Schoeller-Bleckmann (UK) Ltd.	GBR	100.000%	Bohler-Uddeholm (UK) Ltd.
Servitroquel - Notting, S.A., Unipersonal	ESP	100.000%	Böhler-Uddeholm Precision Strip GmbH & Co KG
Soudokay S.A.	BEL	100.000%	Böhler Welding Holding GmbH
Soudometal S.A.	BEL	100.000%	Böhler Welding Holding GmbH
T-P.U.T Welding India (Pvt) Ltd.	IND	75.100%	Böhler Welding Holding GmbH
Uddeholm Eiendom AS	NOR	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm Granmelt Aktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm International Aktiebolag	SWE	100.000%	Uddeholms Aktiebolag
Uddeholm K.K.	JPN	100.000%	ASSAB Pacific Pte.Ltd.
Uddeholm Strip Steel Aktiebolag	SWE	100.000%	Uddeholms Aktiebolag
Uddeholm Trading Aktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm A/S	DNK	100.000%	Uddeholm Tooling Aktiebolag

	Domicile of the company	Interest held	Parent company
Uddeholm AS	NOR	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm Machining Aktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm Svenska Aktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm Tooling Aktiebolag	SWE	100.000%	Uddeholms Aktiebolag
Uddeholms Forskningsaktiebolag	SWE	100.000%	Uddeholm Tooling Aktiebolag
Uddeholms Aktiebolag	SWE	100.000%	Böhler-Uddeholm Aktiengesellschaft
UTP Schweißmaterial GmbH	DEU	100.000%	Böhler Welding Holding GmbH
Viking Tools (M) Sdn. Bhd.	MYS	95.000%	ASSAB Steels (Malaysia) Co., Ltd.
Villares Metals International B.V.	NLD	100.000%	Villares Metals S.A.
Villares Metals S.A.	BRA	100.000%	Böhler-Uddeholm Aktiengesellschaft
Villares Metals Suomi Oy	FIN	100.000%	Villares Metals International B.V.
ZAO Uddeholm Tooling	RUS	100.000%	Böhler-Uddeholm Aktiengesellschaft
GBT Gedik Böhler Technology Kaynak Sanayi ve Ticaret A. S.[3]	TUR	50.000%	Böhler Welding Holding GmbH
BÖHLER-UDDEHOLM Immobilien GmbH[2]	AUT	100.000%	Böhler-Uddeholm Aktiengesellschaft
Aceros Boehler Bolivia S.A.[1]	BOL	98.000%	Aceros Boehler del Peru S.A.
Aceros Boehler Bolivia S.A.[1]	BOL	1.000%	Böhler-Uddeholm Aktiengesellschaft
Aceros Boehler Bolivia S.A.[1]	BOL	1.000%	Handelsgesellschaft für Industrie- und Hüttenprodukte m.b.H.
Bohlasia Steels Sdn. Bhd.[1]	MYS	53.300%	Böhler International GmbH
Bohler High Performance Metal Private Limited[1]	IND	100.000%	Böhler International GmbH
Böhler-Uddeholm (UK) Pension Trustees Ltd.[1]	GBR	100.000%	Bohler-Uddeholm Holdings (UK) Ltd.
Böhler-Uddeholm Solidaritätsfonds Privatstiftung[1]	AUT	100.000%	Böhler Edelstahl GmbH & Co KG
Böhler-Uddeholm Toplinska Obrada d.o.o.[1]	HRV	85.000%	Böhler International GmbH
Böhler-Uddeholm Ukraine LLC[1]	UKR	100.000%	Böhler-Uddeholm Aktiengesellschaft
Böhler-Uddeholm Wärmebehandlung GmbH[1]	DEU	100.000%	Böhler Uddeholm Deutschland GmbH
Böhler-Uddeholm Zagreb d.o.o.[1]	HRV	85.036%	Böhler International GmbH
Böhler Welding Group Nordic Sales AB[1]	SWE	100.000%	Avest Welding Aktiebolag
DEGECANDOR Grundstücksverwaltungs-gesellschaft mbH & Co Immobilien-Vermietungs KG[1]	DEU	95.000%	Böhler Aktiengesellschaft
Edelstahlwerke Buderus Nederland B.V.[1]	NLD	100.000%	Buderus Edelstahl GmbH
EDRO Limited[1]	CHN	100.000%	EDRO Specialty Steels, Inc.
Eschmann Beteiligungsgesellschaft mbH[1]	DEU	51.000%	Böhler-Uddeholm Holding GmbH
Eschmann Beteiligungsgesellschaft mbH[1]	DEU	49.000%	Eschmann Vermögensverwaltung GmbH
Eschmann Textures India Private Limited[1]	IND	70.000%	Eschmann Textures International GmbH
Euracier[1]	FRA	20.000%	Martin Miller GmbH
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG[1]	DEU	58.124%	Böhler Aktiengesellschaft

[1] no consolidation [2] equity method [3] proportionate consolidation, for all other companies: full consolidation

	Domicile of the company	Interest held	Parent company
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG[1]	DEU	4.792%	Böhler Schweisstechnik GmbH
Hotel Böhlerstern Gesellschaft m.b.H.[1]	AUT	99.000%	Böhler Edelstahl GmbH & Co KG
Hotel Böhlerstern Gesellschaft m.b.H.[1]	AUT	1.000%	Böhler Schmiedetechnik GmbH & Co KG
Industriegleiskonsortium Birgi[1]	CHE	24.958%	Gebrüder Böhler & Co. AG
Inter Stal Centrum Property Holding Sp.z.o.o.[1]	POL	100.000%	Bohler Uddeholm Polska s.p.z.o.o
Intesy Business & IT Solutions Pty Ltd[1]	AUS	100.000%	Intesy Business & IT Solutions GmbH
Martin Miller Blansko, spol.s.r.o. (in Liquidation)[1]	CZE	100.000%	Martin Miller GmbH
Martin Miller North America Inc.[1]	USA	100.000%	Martin Miller GmbH
Munkfors Värmeverk Aktiebolag[1]	SWE	40.000%	Böhler Uddeholm Precision Strip AB
Osaühing Uddeholm Tooling Eesti[1]	EST	100.000%	Uddeholm Tooling Aktiebolag
Uddeholm Tooling Latvia, SIA[1]	LVA	100.000%	Uddeholm Tooling Aktiebolag

Railway Systems Division

	Domicile of the company	Interest held	Parent company
voestalpine Bahnsysteme GmbH & Co KG	AUT	100.000%	voestalpine AG
Advanced Railway Systems GmbH	AUT	100.000%	VAE Eisenbahnsysteme GmbH
BWG Services GmbH & Co KG[4]	DEU	100.000%	voestalpine BWG GmbH & Co. KG
BWG Services Verwaltungs GmbH	DEU	100.000%	BWG Services GmbH & Co KG
CONTEC GmbH Transportation Systems	DEU	51.000%	VAE Eisenbahnsysteme GmbH
Digvijay Steels Private Limited	IND	50.100%	VAE GmbH
HBW Light Rail B.V.	NLD	51.400%	voestalpine BWG GmbH & Co. KG
JEZ Sistemas Ferroviarios S.L.	ESP	50.000%	VAE GmbH
Materiel Ferroviaire d'Arberats, S.A.S	FRA	100.000%	JEZ Sistemas Ferroviarios S.L.
Rahee Track Technologies (Pvt) Ltd	IND	51.000%	VAE GmbH
SST Signal & System Technik GmbH	DEU	80.000%	VAE Eisenbahnsysteme GmbH
TENS Spolka z.o.o.	POL	80.000%	VAE Eisenbahnsysteme GmbH
TSTG Beteiligungs GmbH & Co. KG[4]	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH
TSTG Schienen Technik GmbH & Co KG[4]	DEU	100.000%	TSTG Beteiligungs GmbH & Co. KG
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH
VAE Africa (Pty) Ltd.	ZAF	100.000%	VAE GmbH
VAE APCAROM SA	ROU	88.700%	VAE GmbH
VAE Brasil Produtos Ferroviarios Ltda.	BRA	59.000%	VAE GmbH

	Domicile of the company	Interest held	Parent company
VAE Eisenbahnsysteme GmbH	AUT	100.000%	VAE GmbH
VAE Geschäftsführung (Deutschland) GmbH	DEU	100.000%	VAE GmbH
VAE GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG
VAE Holding (Deutschland) GmbH	DEU	100.000%	VAE GmbH
VAE Italia S.r.l.	ITA	100.000%	VAE GmbH
VAE Legetecha UAB	LTU	66.000%	VAE GmbH
VAE NORTRAK LTD.	CAN	100.000%	VAE Nortrak North America Incorporation
VAE Nortrak North America Incorporation	USA	100.000%	VAE GmbH
VAE Perway (Pty) Ltd.	ZAF	69.000%	VAE Africa (Pty) Ltd.
VAE Polska Sp.z.o.o.	POL	100.000%	VAE GmbH
VAE Railway Systems Pty.Ltd.	AUS	100.000%	VAE GmbH
VAE Riga SIA	LVA	100.000%	VAE GmbH
VAE Sofia OOD	BGR	51.000%	VAE GmbH
VAE UK Ltd.	GBR	100.000%	VAE GmbH
VAE VKN Industries Private Limited	IND	6.000%	JEZ Sistemas Ferroviarios S.L.
VAE VKN Industries Private Limited	IND	51.000%	VAE GmbH
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	VAE GmbH
voestalpine Austria Draht GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	DEU	100.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine BWG GmbH & Co. KG[4]	DEU	99.997%	VAE Holding (Deutschland) GmbH
voestalpine BWG GmbH & Co. KG[4]	DEU	0.003%	VAE Geschäftsführung (Deutschland) GmbH
voestalpine Draht Finsterwalde GmbH	DEU	100.000%	voestalpine Austria Draht GmbH
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH
voestalpine Rail Center Duisburg GmbH	DEU	75.171%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH
voestalpine Railpro B.V.	NLD	70.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine Schienen GmbH	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine Stahl Donawitz GmbH & Co KG	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG
voestalpine Stahl Donawitz Immobilien GmbH	AUT	100.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH
WBG Weichenwerk Brandenburg GmbH[4]	DEU	100.000%	voestalpine BWG GmbH & Co. KG
Weichenwerk Wörth GmbH	AUT	70.000%	VAE Eisenbahnsysteme GmbH

[1] no consolidation [4] These consolidated financial statements represent an exemption for BWG Services GmbH & Co KG, TSTG Beteiligungs GmbH & Co. KG, TSTG Schienen Technik GmbH & Co KG, voestalpine BWG GmbH & Co. KG and WBG Weichenwerk Brandenburg GmbH according to Art. 264b of the German Commercial Code. For all other companies: full consolidation.

	Domicile of the company	Interest held	Parent company
Wisselbouw Nederland B.V.	NLD	100.000%	VAE GmbH
voestalpine Tubulars GmbH[3]	AUT	50.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH
voestalpine Tubulars GmbH & Co KG[3]	AUT	49.985%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH
voestalpine Tubulars GmbH & Co KG[3]	AUT	0.010%	voestalpine Tubulars GmbH
Rene Prinsen Spoorwegmaterialen B.V.[2]	NLD	49.000%	voestalpine Railpro B.V.
AJA UTE[1]	ESP	33.000%	JEZ Sistemas Ferroviarios S.L.
Burbiola S.A.[1]	ESP	50.000%	JEZ Sistemas Ferroviarios S.L.
Chinese New Turnout Technologies Co. Ltd.[1]	CHN	29.070%	VAE GmbH
Draht & Stahl GmbH[1]	DEU	30.000%	voestalpine Draht Finsterwalde GmbH
Draht + Stahl – Polska spolka z.o.o.[1]	POL	100.000%	voestalpine Draht Finsterwalde GmbH
Drahtwerk Finsterwalde GmbH[1]	DEU	100.000%	voestalpine Draht Finsterwalde GmbH
Gerfer Lda[1]	PRT	60.000%	VAE GmbH
gibSoft GmbH[1]	DEU	75.000%	SST Signal & System Technik GmbH
JAFA (JEZ, Alegria, Felguera, Amurrio) Suministros Ferroviarios[1]	ESP	25.000%	JEZ Sistemas Ferroviarios S.L.
Liegenschaftsverwaltungs GmbH[1]	AUT	100.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH
Rail Group – Firmengruppe Bahntechnik Brandenburg[1]	DEU	16.670%	WBG Weichenwerk Brandenburg GmbH
VAE Murom LLC[1]	RUS	50.000%	VAE GmbH
VAENR Railway Systems Kairo[1]	EGY	51.000%	VAE GmbH
voestalpine Bahnsysteme GmbH (Komplementär)[1]	AUT	100.000%	voestalpine AG
VOEST-ALPINE SOUTH AMERICA, C.A.[1]	VEN	100.000%	voestalpine Tubulars GmbH
voestalpine Stahl Donawitz GmbH (Komplementär)[1]	AUT	100.000%	voestalpine Bahnsysteme GmbH & Co KG
VOEST-ALPINE TUBULAR CORP.[1]	USA	100.000%	voestalpine Tubulars GmbH
voestalpine Tubulars Middle East FZE[1]	UAE	100.000%	voestalpine Tubulars GmbH

Profilform Division

	Domicile of the company	Interest held	Parent company
voestalpine Profilform GmbH	AUT	100.000%	voestalpine AG
Global Rollforming Corporation	USA	41.927%	SADEF N.V.
Global Rollforming Corporation	USA	58.073%	voestalpine Profilform GmbH
Meincol Distribuidora de Aços S.A.	BRA	75.000%	voestalpine Profilform GmbH
Metsec plc	GBR	100.000%	VOEST-ALPINE KREMS U.K. plc
Nedcon Bohemia s.r.o.	CZE	100.000%	Nedcon Groep N.V.
Nedcon France S.A.S	FRA	100.000%	Nedcon Groep N.V.
Nedcon Groep N.V.	NLD	100.000%	voestalpine Profilform GmbH
Nedcon Lagertechnik GmbH	DEU	100.000%	Nedcon Groep N.V.
Nedcon Magazijninrichting B.V.	NLD	100.000%	Nedcon Groep N.V.
Nedcon N.V.	BEL	100.000%	Nedcon Groep N.V.
Nedcon UK Ltd.	GBR	100.000%	Nedcon Groep N.V.
Nedcon USA Inc.	USA	100.000%	Nedcon Groep N.V.
Roll Forming Corporation	USA	100.000%	Global Rollforming Corporation
SADEF N.V.	BEL	100.000%	voestalpine Profilform GmbH
Sharon Custom Metal Forming Inc.	USA	100.000%	Global Rollforming Corporation
Société Automatique de Profilage	FRA	100.000%	voestalpine Profilform GmbH
Société Profilafroid	FRA	100.000%	voestalpine Profilform GmbH
Stratford Joists Limited	GBR	100.000%	Metsec plc
voestalpine Krems Finaltechnik GmbH	AUT	100.000%	voestalpine Profilform GmbH
voestalpine Krems GmbH	AUT	100.000%	voestalpine Profilform GmbH
VOEST-ALPINE KREMS U.K. plc	GBR	100.000%	voestalpine Profilform GmbH
voestalpine Präzisionsprofil GmbH	DEU	10.000%	voestalpine Profilform GmbH
voestalpine Präzisionsprofil GmbH	DEU	90.000%	voestalpine Profilform Beteiligung GmbH
voestalpine Profilform Beteiligung GmbH	AUT	100.000%	voestalpine Profilform GmbH
voestalpine PROFILFORM s.r.o.	CZE	100.000%	voestalpine Profilform GmbH
ZAO voestalpine Arkada Profil	RUS	80.000%	voestalpine Profilform Beteiligung GmbH
ZAO Nedcon – SE Group[2]	RUS	49.000%	Nedcon Magazijninrichting B.V.
OOO Arkada Yug[1]	RUS	100.000%	ZAO voestalpine Arkada Profil
voestalpine Arkada Zapad IP[1]	BLR	100.000%	ZAO voestalpine Arkada Profil
Gemeinnützige Donau-Ennstaler Siedlungs-Aktiengesellschaft[1]	AUT	33.333%	voestalpine Krems GmbH
SADEF FRANCE S.A.R.L.[1]	FRA	90.000%	SADEF N.V.
SADEF FRANCE S.A.R.L.[1]	FRA	10.000%	voestalpine Krems GmbH

[1] no consolidation [2] equity method [3] proportionate consolidation, for all other companies: full consolidation

Automotive Division

	Domicile of the company	Interest held	Parent company
voestalpine Automotive GmbH	AUT	100.000%	voestalpine AG
Amstutz Levin & Cie	FRA	99.999%	Coriolis
Bauer & Dittus Verwaltungs Gesellschaft mit beschränkter Haftung	DEU	100.000%	Flamco STAG Behälterbau GmbH
Bauer und Dittus GmbH & Co. KG	DEU	75.000%	Wemefa Horst Christopeit GmbH
Coriolis	FRA	99.999%	Stamptec France SAS
Dancke RO s.r.l.	ROU	100.000%	Dancke Stanztechnik GmbH&Co.KG
Dancke Stanztechnik GmbH&Co.KG[4]	DEU	70.000%	voestalpine Automotive GmbH
Dancke Werkzeugbau GmbH&Co.KG[4]	DEU	70.000%	voestalpine Automotive GmbH
Flamco AG	CHE	100.000%	Flamco Holding B.V.
Flamco BV	NLD	100.000%	Flamco Holding B.V.
Flamco Flexcon B.V.	NLD	100.000%	Flamco Holding B.V.
Flamco Flexcon Ltd.	GBR	100.000%	Flamco Holding B.V.
Flamco Flexcon Sarl	FRA	100.000%	Flamco Holding B.V.
Flamco Heating Accessories (Changshu) Co., Ltd.	CHN	100.000%	Flamco Holding B.V.
Flamco Holding B.V.	NLD	100.000%	voestalpine Polynorm N.V.
Flamco IMZ B.V.	NLD	100.000%	Flamco BV
Flamco Pipe Support B.V.	NLD	100.000%	Flamco BV
Flamco Polska Sp. z o.o.	POL	100.000%	Flamco Holding B.V.
Flamco STAG Behälterbau GmbH	DEU	94.000%	Flamco Holding B.V.
Flamco STAG Behälterbau GmbH	DEU	6.000%	Polynorm GmbH
Flamco STAG GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH
Flamco UK Ltd.	GBR	100.000%	Flamco Flexcon Ltd.
Flamco WEMEFA GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH
Gutbrod Schmölln GmbH	DEU	100.000%	Gutbrod Stanz- und Umformtechnik GmbH
Gutbrod Stanz- und Umformtechnik GmbH	DEU	100.000%	Stamptec Holding GmbH
voestalpine Hügel GmbH & Co KG[4]	DEU	100.000%	voestalpine Hügel Holding GmbH
voestalpine Hügel Holding GmbH	DEU	100.000%	Stamptec Holding GmbH
Kadow und Riese Laser- und Umformtechnik GmbH	DEU	100.000%	voestalpine Hügel Holding GmbH
Polynorm Automotive Holding USA Inc.	USA	100.000%	voestalpine Polynorm N.V.
Polynorm GmbH	DEU	100.000%	voestalpine Polynorm N.V.
Polynorm Immobilien GmbH & Co. KG[4]	DEU	100.000%	voestalpine Polynorm N.V.
Production Tube Cutting France (PTC) S.A.	FRA	100.000%	voestalpine Rotec GmbH

	Domicile of the company	Interest held	Parent company
Retrospective Limited	GBR	100.000%	voestalpine Rotec GmbH
ROTEC Zug AG	CHE	100.000%	voestalpine Rotec GmbH
Société Civile Immobiliere Jean Monnet en liquidation	FRA	100.000%	voestalpine Rotec Vertriebs GmbH
Stamptec France SAS	FRA	100.000%	Stamptec Holding GmbH
Stamptec Holding GmbH	DEU	100.000%	voestalpine Automotive GmbH
voestalpine Hügel Verwaltungsgesellschaft mbH	DEU	100.000%	voestalpine Hügel Holding GmbH
voestalpine Automotive Netherlands Holding B.V.	NLD	100.000%	voestalpine Automotive GmbH
voestalpine Elmsteel Group Limited	GBR	100.000%	voestalpine Rotec GmbH
voestalpine Elmsteel Incorporated	USA	100.000%	voestalpine Elmsteel Group Limited
voestalpine Elmsteel Limited	GBR	100.000%	voestalpine Elmsteel Group Limited
voestalpine Elmsteel Polska Sp. z.o.o	POL	99.999%	voestalpine Elmsteel Group Limited
voestalpine Elmsteel Polska Sp. z.o.o	POL	0.001%	voestalpine Elmsteel Limited
voestalpine Elmsteel Romania SRL	ROU	99.500%	voestalpine Elmsteel Group Limited
voestalpine Elmsteel Romania SRL	ROU	0.500%	voestalpine Elmsteel Limited
voestalpine Europlatinen GmbH	AUT	100.000%	voestalpine Automotive GmbH
voestalpine Euroweld S.r.l.	ITA	92.000%	voestalpine Europlatinen GmbH
voestalpine HTI Beteiligungs GmbH	AUT	100.000%	voestalpine Rotec GmbH
voestalpine HTI GmbH & Co KG[4]	DEU	99.000%	voestalpine HTI Beteiligungs GmbH
voestalpine HTI GmbH & Co KG[4]	DEU	1.000%	voestalpine Rotec GmbH
voestalpine Polynorm B.V.	NLD	100.000%	voestalpine Polynorm N.V.
voestalpine Polynorm Grau GmbH & Co. KG[4]	DEU	100.000%	Polynorm GmbH
voestalpine Polynorm Inc.	USA	100.000%	Polynorm Automotive Holding USA Inc.
voestalpine Polynorm N.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.
voestalpine Polynorm Plastics B.V.	NLD	100.000%	voestalpine Polynorm N.V.
voestalpine Polynorm Plastics Limited	GBR	100.000%	voestalpine Polynorm N.V.
voestalpine Polynorm van Niftrik B.V.	NLD	100.000%	voestalpine Polynorm N.V.
voestalpine Präzisrohrtechnik GmbH	AUT	100.000%	voestalpine Rotec GmbH
voestalpine Rotec AB	SWE	100.000%	voestalpine Rotec GmbH
voestalpine Rotec GmbH	AUT	100.000%	voestalpine Automotive GmbH
voestalpine ROTEC Iberica S.A.	ESP	100.000%	voestalpine Rotec GmbH
voestalpine Rotec Vertriebs GmbH	DEU	100.000%	voestalpine Rotec GmbH
voestalpine Vollmer GmbH & Co KG[4]	DEU	0.333%	voestalpine Automotive GmbH

[4] These consolidated financial statements represent an exemption for Dancke Stanztechnik GmbH&Co.KG, Dancke Werkzeugbau GmbH&Co.KG, voestalpine HügelGmbH & Co KG, Polynorm Immobilien GmbH & Co. KG, voestalpine HTI GmbH & Co KG, voestalpine Polynorm Grau GmbH & Co. KG and voestalpine Vollmer GmbH & Co KG according to Art. 264b of the German Commercial Code. For all other companies: full consolidation.

	Domicile of the company	Interest held	Parent company
voestalpine Vollmer GmbH & Co KG[4]	DEU	99.667%	voestalpine Vollmer Holding GmbH
voestalpine Vollmer Holding GmbH	AUT	100.000%	voestalpine Automotive GmbH
voestalpine Vollmer Pfaffenhofen GmbH & Co KG[4]	DEU	0.067%	voestalpine Automotive GmbH
voestalpine Vollmer Pfaffenhofen GmbH & Co KG[4]	DEU	99.933%	voestalpine Vollmer Holding GmbH
Wemefa Horst Christopeit GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH
DS-Beteiligungs-GmbH[1]	DEU	100.000%	Dancke Stanztechnik GmbH&Co.KG
DW-Beteiligungs-GmbH[1]	DEU	100.000%	Dancke Werkzeugbau GmbH&Co.KG
Entwicklungsgesellschaft Gügling Ost GmbH & Co. KG[1]	DEU	6.000%	Polynorm GmbH
Entwicklungsgesellschaft Gügling Verwaltungs GmbH[1]	DEU	100.000%	Polynorm GmbH
Polynorm Immobilien Beteiligungs GmbH[1]	DEU	100.000%	voestalpine Polynorm N.V.
voestalpine Polynorm Beteiligungsgesellschaft m.b.H.[1]	DEU	100.000%	voestalpine Polynorm Grau GmbH & Co. KG

Other companies

	Domicile of the company	Interest held	Parent company
Danube Beteiligungs Invest MF-AG	AUT	100.000%	Danube Equity Invest AG
Danube Equity Invest AG	AUT	71.373%	voestalpine AG
Danube Equity Invest Management GmbH	AUT	100.000%	voestalpine AG
voestalpine Dienstleistungs- und Finanzierungs GmbH	DEU	100.000%	voestalpine Treasury Holding GmbH
voestalpine Finanzierungs GmbH	AUT	100.000%	voestalpine Treasury Holding GmbH
voestalpine Informationstechnologie GmbH	AUT	100.000%	voestalpine AG
voestalpine Treasury Holding GmbH	AUT	100.000%	voestalpine AG
VA Intertrading Aktiengesellschaft[2]	AUT	38.500%	voestalpine AG
APK-Pensionskasse Aktiengesellschaft[2]	AUT	19.110%	voestalpine AG
APK-Pensionskasse Aktiengesellschaft[2]	AUT	7.233%	Böhler-Uddeholm Aktiengesellschaft
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.406%	BÖHLER Bleche GmbH & Co KG
APK-Pensionskasse Aktiengesellschaft[2]	AUT	1.459%	Böhler Edelstahl GmbH & Co KG
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.013%	Böhler International GmbH
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.219%	Böhler Schmiedetechnik GmbH & Co KG
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.145%	Böhler Schweißtechnik Austria GmbH
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.217%	Böhler Ybbstalwerke GmbH
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.062%	Böhlerstahl Vertriebsgesellschaft m.b.H.
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.222%	Böhler-Uddeholm Precision Strip GmbH & Co KG
APK-Pensionskasse Aktiengesellschaft[2]	AUT	0.105%	Böhler-Ybbstal Profil GmbH
IVM Industrieversicherungsmakler GmbH[1]	AUT	50.000%	voestalpine AG
IVM Industrieversicherungsmakler GmbH[1]	AUT	50.000%	Böhler-Uddeholm Aktiengesellschaft
Donauländische Baugesellschaft m.b.H.[1]	AUT	100.000%	voestalpine AG

[1] no consolidation [2] equity method [4] These consolidated financial statements represent an exemption for voestalpine Vollmer GmbH & Co KG and voestalpine Vollmer Pfaffenhofen GmbH & Co KG according to Art. 264b of the German Commercial Code. For all other companies: full consolidation.

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Glossary

Acquisition. Takeover or purchase of companies or of interests in companies.

Affiliated companies. Companies that are directly or indirectly under the same management – in this case of voestalpine AG – in which voestalpine AG holds, directly or indirectly, a majority of the voting rights or exercises the controlling influence.

Asset deal. Company takeover, where the buyer purchases individual assets (rather than shares).

ATX. "Austrian Traded Index", the leading index of the Vienna Stock Exchange, which contains the 20 most important stocks in the standard market continuous segment.

Blanking. An early step in preparing flat-rolled steel for use by an end user. A blank is a section of sheet that has the same outer dimensions as a specified part (such as a car door or hood) but that has not yet been stamped.

Blast furnace. A towering cylinder lined with heat-resistant (refractory) bricks, used by integrated steel mills to smelt iron from ore. Its name comes from the "blast" of hot air and gases forced up through the iron ore, coke and limestone that load the furnace.

Bloom. A semi-finished steel form whose rectangular cross-section is more than eight inches. This large cast steel shape is broken down in the mill to produce the familiar rails, I-beams, H-beams and sheet piling. Blooms are also part of the high-quality bar manufacturing process. Reduction of a bloom to a much smaller cross-section can improve the quality of the metal.

Body-in-white. Unpainted and untrimmed automotive upper body structures.

Borrowed capital. Inclusive term for provisions, trade and other payables, and liabilities-side accruals posted on the liabilities side of the balance sheet.

Borrowed capital ratio. Ratio of borrowed capital recorded on the balance sheet to total assets (the higher the ratio, the higher the debt burden).

Capital employed. Total employed interest-bearing capital.

Cash flow.
- From investment activities: outflow/inflow of liquid assets from investments/disinvestments;
- From operating activities: outflow/inflow of liquid assets not affected by investment, disinvestment, or financing activities.

Coating. The process of covering steel with another material (tin, chrome, zinc), primarily for corrosion resistance.

Coils. Steel sheet that has been wound. A slab, once rolled in a hot-strip mill, can be more than one mile long; coils are the most efficient way to store and transport sheet steel.

Coke. The basic fuel consumed in blast furnaces in the smelting of iron. Coke is a processed form of coal.

Cold working (rolling). Changes in the structure and shape of steel at a low temperature (often room temperature). It is used to create a permanent increase in the hardness and strength of the steel.

Continuous casting. A method of pouring steel directly from a ladle through a tundish into a mold, shaped to form billets, blooms, or slabs.

Corporate governance. International term for responsible corporate management and supervision oriented toward creating long-term added value.

Current assets. Those assets that are expected to be realized in cash or consumed in the short term, that is, they are not expected to be available for a company's business operations long-term, for example, inventory, trade accounts receivable, or securities.

E-procurement. Procurement of goods and services using modern electronic media, particularly Internet technology.

EBIT (earnings before interest and taxes). Earnings: Profit before the deduction of taxes, equity interests of other shareholders, and financial result.

EBIT margin. EBIT percentage of revenue.

EBITDA (earnings before interest, taxes, depreciation, and amortization). Profit before the deduction of taxes, equity interests of other shareholders, interest, and depreciation and amortization expenses.

EBITDA margin. EBITDA percentage of revenue.

EBT (result from ordinary activities or earnings before taxes). Profit before the deduction of taxes and equity interests of other shareholders.

Electrogalvanized. Zinc plating process in which the molecules on the positively charged zinc anode attach to the negatively charged sheet steel. The thickness of the zinc coating is readily controlled. By increasing the electric charge or slowing the speed of the steel through the plating area, the coating will thicken.

Endogenous growth. Economic growth generated from within an existing company or group.

Equity. Assets made available to a corporation by the owners through deposits and/or contributions or from retained profits.

Equity capital ratio. Balance sheet equity capital divided by total assets.

Exogenous growth. Economic growth generated by acquisitions.

Free float. The portion of the share capital that is actively traded on the stock exchange.

Galvanized steel. Steel coated with a thin layer of zinc to provide corrosion resistance in underbody auto parts, garbage cans, storage tanks, or fencing wire. Sheet steel normally must be cold-rolled prior to the galvanizing stage.

Gearing. Ratio of net financial debt to shareholders' equity.

Gross profit. Revenue less manufacturing costs.

Heavy plate. Steel sheet with a width of up to 200 inches and a thickness of at least 5 millimeters. Mainly used for construction, heavy machinery, ship building or pipes of big diameters.

Hollow sections. See "Welded tubes"

Hot dipped. Steel is run through a molten zinc coating bath, followed by an air stream "wipe" that controls the thickness of the zinc finish.

Hot mill. The rolling mill that reduces a hot slab into a coil of specified thickness; the whole processing is done at a relatively high temperature (when the steel is still "red").

Hot rolled. Product that is sold in its "as produced state" off the hot mill with no further reduction or processing steps.

IFRS (International Financial Reporting Standards). Accounting regulations developed to guarantee comparable balance sheet preparation and disclosure.

Joint venture. A business partnership between two or more companies, which remain independent but which pool capital to pursue a commercial goal, for example, the penetration of a foreign market.

Laser-welded blanks. Two or more sheets of steel seam-welded together into a single "blank" which is then stamped into a part. Materials that are both highly malleable and strong can be combined to meet customer requirements.

Liquidity ratio. The liquidity ratio measures a company's ability to pay off short-term debt as it becomes due.

Market capitalization. Market capitalization reflects the current market price of an exchange-listed company.

Cost of materials. Incorporates all expenditures necessary for the procurement of raw and auxiliary materials required for production.

Net financial debt. Interest-bearing liabilities less interest-earning assets.

Organic coating. High-tech composite material made of thin sheet with the highest surface quality and with a colored organic coating. Organic coating offers an even surface, excellent malleability and deep-drawing characteristics due to antifriction effects, high protection against corrosion, high resistance to chemical influences, and good temperature resistance.

Purchase Price Allocation (ppa). Within the scope of the acquisition of a company, the purchase price is allocated to the assets and liabilities of the acquired enterprise, which are then assigned fair values and recognized in the Group's Consolidated Financial Statement.

Rating. An evaluation of the credit quality of a company recognized on international capital markets.

Return on equity. The ROE is the ratio between after-tax profit (net income) and equity as recorded in the previous period.

ROCE (return on capital employed). ROCE is the ratio of EBIT to capital employed, that is, profit generated by the capital invested.

Scrap (ferrous). Ferrous (iron-containing) material that generally is remelted and recast into new steel.

Seamless tubes. Tubes made from a solid billet or bloom, which is heated, then rotated under extreme pressure. This rotational pressure creates an opening in the center of the billet, which is then shaped by a mandrel to form a tube.

Sections. Blooms or billets that are hot-rolled in a rolling mill to form, among other shapes, "L", "U", "T" or "I" shapes. Sections can also be produced by welding together pieces of flat products. Sections can be used for a wide variety of purposes in the construction, machinery and transport industries. Also known as "profiles."

Share capital. The minimum capital requirement to be contributed by the shareholders for shares when establishing a stock corporation or limited partnership; it is issued in shares and constitutes a part of equity.

Simultaneous engineering. At any time of the design process each product life stage is appropriately taken into consideration, i.e. by applying the related expert knowledge by means of forecasting, prognosis and simulation either by tools or by involving the human expert directly.

Slag. The impurities in a molten pool of iron. Flux such as limestone may be added to foster the congregation of undesired elements into a slag. Because slag is lighter than iron, it will float on top of the pool, where it can be skimmed.

Special sections. Sections that are tailor-made to meet individual requirements of the customer.

Specialty tubes. Refers to a wide variety of high-quality custom-made tubular products requiring critical tolerances, precise dimensional control and special metallurgical properties. Specialty tubing is used in the manufacture of automotive, construction and agricultural equipment, and in industrial applications such as hydraulic cylinders, machine parts and printing rollers.

Supply chain management (SCM). The management and control of all materials, funds, and related information in the logistics process from the acquisition of raw materials to the delivery of finished products to the end user.

Surface-coated steel products. Products that are metallically or organically coated through different methods, such as hot dip galvanizing, electrical galvanizing, color coating and powder coating. Surface coating helps adapt steel for different end uses and creates more value in the steel product.

Switches. Turnout systems and components that meet a wide range of requirements, including high speeds and axle loads, that are used for passengers, freight, heavy haul, commuting and suburban rail transport.

Tailored blanks. A section of sheet or strip that is cut to length and trimmed to match specifications for the manufacturer's stamping design for a particular part. Because excess steel is cut away (to save shipping costs), all that remains for the stamper is to impart the three-dimensional shape with a die press (see "Blanking").

Volatility. The degree of fluctuation in stock prices and currency exchange rates or in prices of consumer goods in comparison to the market.

Weighted average cost of capital (WACC). Average capital costs for both borrowed capital and equity.

Welded tubes. Rolled plates welded into tubes of various shapes, gages, and diameters from different types of material.

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