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Letter to Shareholders 1st Half 2008/09

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voestalpine Group Key Figures

In millions of euros	after ppa			pre ppa[1]		
	1 H 2007/08[2] 04/01–09/30/2007	1 H 2008/09 04/01–09/30/2008	Change in %	1 H 2007/08[2] 04/01–09/30/2007	1 H 2008/09 04/01–09/30/2008	Change in %
Revenue	4,694.9	6,486.2	38.2	4,694.9	6,486.2	38.2
EBITDA	906.0	1,143.4	26.2	952.2	1,176.4	23.5
EBITDA margin (in %)	19.3	17.6		20.3	18.1	
EBIT	616.5	785.6	27.4	736.5	918.4	24.7
EBIT margin (in %)	13.1	12.1		15.7	14.2	
Profit before tax	560.5	658.9	17.6	680.5	791.7	16.3
Profit for the period from continuing operations	437.0	522.1	19.5	523.6	625.5	19.5
Profit for the period[3]	434.3	518.8	19.5	520.9	622.2	19.4
Earnings per share from continuing operations (in euros)	2.76	2.96	7.2	3.31	3.60	8.8
Investments	3,318.7	467.2	–85.9			
Depreciation	289.5	357.8	23.6	216.1	258.0	19.4
Equity	3,465.5	4,211.6	21.5			
Net financial debt	4,220.3	3,859.6	–8.5			
Net financial debt in % of equity	121.8	91.6				
Employees excl. apprentices	40,301	42,325	5.0			
Capital Employed	8,455.8	8,701.5	2.9			

[1] Explanatory remarks on the purchase price allocation (ppa): The BÖHLER-UDDEHOLM Group has been consolidated since July 1, 2007 as the Special Steel Division of voestalpine AG. In the course of the initial consolidation a purchase price allocation was performed in accordance with the provisions of IFRS 3 (in this regard, please refer to the explanatory remarks on the inside cover page of the 2007/08 Annual Report).

As the ppa 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.

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

[3] Before minority interests and hybrid capital interest.

Ladies and Gentlemen,

"The crisis" has now hit the real economy with full force. This has been foreseeable for months, however, its extent and intensity, and especially the speed with which it has spread has been surprising. The industry's reactions have been similarly surprising—namely incomparably faster and more consistent than in similar crises in the past. While in earlier years, the usual approach was either "wait and see" or "it won't be all that bad" so that valuable time that could have been used for real crisis management was lost, today, short-term and consistent production slowdowns across the entire industrial value chain make it possible to hope for a comparatively quick trend reversal toward the positive end of the spectrum. Nevertheless, the coming quarters will be difficult enough.

Even in good economic times, the voestalpine Group has consistently focused on its cost position and on-going improvement programs have been a part of standard processes in our cost management. Nevertheless, the voestalpine Group is viewing the current developments primarily as an opportunity to critically and selectively revisit its structures and its cost position yet again and to implement the necessary optimization measures.

In any case, the differentiated product positioning of the voestalpine Group as compared to its competitors can be brought to bear so much more assertively in difficult times than under an economic boom. The departure from price-sensitive commodity products traded on the spot market as early as the 90s while focusing on technically and qualitatively sophisticated niche products in all divisions has made the Group significantly less susceptible to risk than other companies. This positioning is supported by largely long-term agreements in most of our business and customer sectors, thus preventing exposure to short-term price fluctuations, as well as by the fact that the Group is among the market leaders in all of the major product segments.

Against this backdrop, we feel that we are very well equipped for the coming challenges. Despite the extremely difficult economic environment in the second half of the business year, we anticipate that as of March 31, 2009, we will be able to show an operating result that is in line with the previous year's record level.

Linz, November 20, 2008

The Management Board

W. Eder F. Hirschmanner J. Mülner

R. Ottel C. J. Raidl W. Spreitzer

Highlights[1, 2]

- **BÖHLER-UDDEHOLM AG,** the Special Steel Division after successful completion of the squeeze-out procedure, is now **100% owned** by voestalpine AG.

- Due to the critical state of the financial markets, the resulting expectations of a recession and inestimable risks associated with future European environmental protection regulations, a **decision** on the construction of a **new steel works** on the Black Sea has been **postponed** until next year.

- **Most successful half year** in the history of the Group, bringing **new records** for **revenue** and **profit.**

- **Increase** in **revenue** by **38.2%** from EUR 4,694.9 million to **EUR 6,486.2 million** as the result of the completed consolidation of BÖHLER-UDDEHOLM AG and successful passing on of increased raw material and pre-material prices.

- **EBITDA** (profit from operations before depreciation) **before and after application** of the **ppa** at a new **all time high.** A 23.5% improvement from EUR 952.2 million to **EUR 1,176.4 million** before ppa, and by 26.2% from EUR 906 million to **EUR 1,143.4 million** after ppa.

- A 24.7% **increase** in **EBIT** from EUR 736.5 million to **EUR 918.4 million** before ppa, and by 27.4% from EUR 616.5 million to **EUR 785.6 million** after ppa, the result of **new record levels in all the divisions.**

- **EBITDA and EBIT margins** have been **weakened,** in spite of successfully passing on the **steep price increases in raw materials** and the higher revenue basis which has generated record results. Compared to 20.3% in the previous year, this year's **EBITDA margin** was **18.1% before ppa; after application of the ppa,** the EBITDA margin is **17.6%,** compared with 19.3% during the previous year. **The EBIT margin** fell from 15.7% to **14.2% before ppa,** and from 13.1% to **12.1% after ppa.**

- **Earnings per share** for the 1st half-year at **EUR 3.6** (EUR 2.96 after ppa) increased by 8.8% (7.2% after ppa) compared to the previous year.

- **Gearing ratio** (net financial debt in percent of equity) reduced significantly from 121.8% to **91.6%.**

- As of September 30, 2008 the number of **Group employees** had increased to **42,325** (excl. apprentices). Compared to last year's figure (40,301), this corresponds to an increase of 5.0% or 2,024 employees as the result of investments and acquisitions across all the divisions.

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

Interim Management Report

Economic environment

During the first half of the 2008/09 business year, in general the demand of all industries for the products and services of the voestalpine Group continued to be stable and remained on a high level. However, following a very positive development during the first three months, towards the end of the second quarter some segments started to feel the first effects of a clear slowdown of the economy:

- In the 1st six months of the year, the dynamic development of the energy sector, the oil and gas industry, the mechanical engineering industry and the white goods industry continued unchanged.
- In most European countries, i.e. with the exception of France, the United Kingdom and the countries of Southern Europe, the economic situation in the construction industry was still satisfactory, mainly because of construction activities in Germany as well as Northern and Central European countries.
- With the exception of the USA, the demand in the railway infrastructure segment and in the logistics and warehousing segment remained very stable worldwide; by contrast, in the aviation industry a certain degree of restraint was noticeable, especially after the summer.
- Finally, in the 1st six months of 2008 the European automotive industry was still an accrued 4.7% above the production values of the previous year before a market weakness, quickly turning into a sharp decline, caused most manufacturers to reduce or suspend production at the end of the summer. The economic development in the commercial vehicle segment was similar, but lately the trend there has even been more negative.

To summarize the development of the economy in the 1st six months of the 2008/09 business year, it is apparent that the spreading of the global financial and capital market crisis to the real economy was beginning to be felt dramatically at the end of the period, i.e. from the late summer of 2008. The sheer speed and intensity of the economic slump led several important industries to reduce production, in some cases drastically. This in turn brought down the spot market prices of raw materials and pre-materials, without however affecting the prices of long-term raw material contracts. Today's scrap prices are approximately 65% below the level of the summer.

The economic slump and banking crisis also had the effect of paralyzing major areas of the debt capital market. Against this background, the timely fulfillment of the financial obligations associated with the BÖHLER-UDDEHOLM acquisition on medium-term to long-term basis is a distinct advantage.

Because of the critical situation of the financial markets and the resulting insecurity about the global development of the real economy, the decision about the construction of a new steel mill on the Black Sea was postponed. Quite apart from the current economic environment, in any event it would be unreasonable to rush into a short-term decision in this matter because of the total lack of clarity concerning the future European climate protection rules.

Business performance of voestalpine Group[1, 2]

In the first six months of the 2008/09 business year, the voestalpine Group was able to continue its growth path, achieving further increases over the previous year relative to revenue, profit and employees and reaching a new record high in spite of a worsening economic environment.

During the 1st six months of 2008/09, the revenue of the Group rose by EUR 1,791.3 million (+38.2%) from EUR 4,694.9 million to EUR 6,486.2 million. EUR 926.0 million of this growth was attributable to the Special Steel Division, consolidated since July 1, 2007, of which only one quarter had been considered in the comparative figure of the previous year.

However, in addition to this consolidation-related revenue increase, all divisions also reported revenue increases from operating activities compared with the previous year. As it was able to pass on the considerably higher pre-material prices successfully and as its acquisitions in Russia and Brazil developed excellently, the Profilform Division was able to achieve the greatest percentage-based revenue increase out of all divisions, moving up 24.4% from EUR 554.2 million to EUR 689.7 million. The Steel Division, achieving further price (+11.2%) and volume (+10.1%) increases in spite of the ever more recognizable downward tendency of the economy, came a close second with a plus of 23.7%. The Railway Systems Division's 12% rise from EUR 1,129.1 million to EUR 1,264.6 million is essentially also the result of raw material price increases, most of which could be passed on to the market. Because of the high level of orders in the previous business year, the Automotive Division was able to increase its revenue by 10% from EUR 449.8 million to now EUR 494.9 million even though many car manufacturers had already started to reduce or suspend production in the late summer.

At EUR 1,176.4 million, the undistorted profit from operations before depreciation (EBITDA) reached a new all-time high. All divisions with the exception of the Automotive Division, which nevertheless succeeded in defending the good EBITDA level of the previous year, contributed to this 23.5% improvement over the previous year (EUR 952.2 million). In addition, EUR 155.2 million of the Group's EBITDA figure was attributable to the 1st quarter of the Special Steel Division, whose EBITDA had only been consolidated in the previous year as from the 2nd quarter. After ppa adjustment, an increase by 26.2% to EUR 1,143.4 million is obtained. It is noted that the purchase price allocation impacted EBITDA for the last time in the 1st quarter of the current business year (at a rate of EUR 33 million).

Compared with the previous year, the undistorted profit from operations (EBIT) improved by 24.7% from EUR 736.5 million to EUR 918.4 million. With ppa adjustment, an EBIT increase by 27.4% from EUR 616.5 million to EUR 785.6 million is obtained. The clear improvement of the Group's EBIT results from consistently new record figures in all divisions. In addition, EUR 124.1 million before ppa and EUR 33.8 million after ppa respectively are attributable to the 1st quarter of the Special Steel Division whose operative result for the first three months had not yet been included in the half-year statement of the previous year.

The decrease of the Group's EBITDA and EBIT margin before ppa from 20.3% to 18.1% and from 15.7% to 14.2% respectively is primarily due to the passing on of the very steep rise of raw material costs to the market and the resulting higher revenues. After consideration of the (solely accounting) effects of the ppa, a decrease from 19.3% to 17.6% and from 13.1% to 12.1% respectively is obtained for the EBTIDA and EBIT margins.

The undistorted earnings before tax (EBT) went up by 16.3% from EUR 680.5 million to EUR 791.7 million because of the strong increase of the operative result and the inclusion of an additional quarter of the Special Steel Division, in spite of the increase of the financing costs in the wake of the BÖHLER-UDDEHOLM acquisition. EBT after ppa increased by 17.6% from EUR 560.5 million to EUR 658.9 million.

The profit for the period[3] saw a similarly positive development, rising before ppa by 19.4% from EUR 520.9 million to EUR 622.2 million. After the application of the ppa, a rise by 19.5% from EUR 434.3 million to EUR 518.8 million is obtained.

Undistorted earnings per share (EPS) for the first half of 2008/09 amount to EUR 3.6 per share (after ppa: EUR 2.96 per share), thus exceeding the reference figure of the previous year (before ppa: EUR 3.31 per share, after ppa: EUR 2.76 per share) by 8.8% (respectively after ppa by 7.2%).

Compared with the first half 2007/08, the equity increased by 21.5% from EUR 3,465.5 million to EUR 4,211.6 million. This increase is largely the consequence of the hybrid bond with a volume of EUR 1 billion issued in October 2007 to refinance the BÖHLER-UDDEHOLM acquisition, which became effective in the 3rd quarter of the 2007/08 business year pursuant to IAS 32 (classification of such bonds as equity). The net financial debt could be reduced from EUR 4,220.3 million to EUR 3,859.6 million. The positive effects of the hybrid bond are opposed by the costs of the remaining 19.71% shares of BÖHLER-UDDEHOLM AG, acquired since October 1, 2007.

Against this background, the gearing ratio (net financial debt in percent of equity) at the end of the first half of 2008/09 is calculated as 91.6% – approximately thirty percentage points below the comparative figure of the previous year (121.8%). The increase compared with the quarter immediately predating it (77.0%) is essentially due to the payout of the dividend for the previous business year (EUR 341.5 million) in July 2008.

In the first half of 2008/09, the voestalpine Group produced 4.06 million tons of crude steel. The 11.2% increase compared with the previous year (3.65 million tons) is mainly attributable to the inclusion of an additional quarter of the Special Steel Division (total production during the first half of the year: 460,000 tons). Furthermore, the Steel Division with 2.78 million tons (+2.2%) and the Railway Systems Division with 830,000 tons (+15.5%) also report higher production figures than for the previous year.

1 Please refer to the explanatory remarks on the purchase price allocation (ppa) on the inside cover page.
2 Last year's values were retrospectively adjusted.
3 Before minority interests and hybrid capital interest.

Seen individually, the 1st six months of 2008/09 in the five divisions of the voestalpine Group can be presented as follows:

Steel Division

In millions of euros	1 Q		2 Q		1 H		
	2007/08 04/01–06/30/2007	2008/09 04/01–06/30/2008	2007/08 07/01–09/30/2007	2008/09 07/01–09/30/2008	2007/08 04/01–09/30/2007	2008/09 04/01–09/30/2008	Change in %
Revenue	964.7	1,174.7	949.6	1,193.9	1,914.3	2,368.6	23.7
EBITDA	235.8	240.8	234.5	264.9	470.3	505.7	7.5
EBITDA margin (in %)	24.4	20.5	24.7	22.2	24.6	21.4	
EBIT	186.8	188.7	182.4	210.9	369.2	399.6	8.2
EBIT margin (in %)	19.4	16.1	19.2	17.7	19.3	16.9	
Employees (not including apprentices)	9,621	9,889	9,650	9,937	9,650	9,937	3.0

Notwithstanding the ever clearer downward tendencies in the real economy, the business development of the *Steel Division* was characterized by a further improvement in terms of revenues and operating result, which both reached new record highs. This development was sustained by the stable high demand in all important customer segments, translating into increases in price (+11.2%) and delivery quantities (+10.1%) compared with the first half of 2007/08. The segment-by-segment analysis reveals that the company's largest segment, quality flat steel products, as well as the foundry, the Steel Service Center and customer-specific pre-processing all achieved record revenues and operating results. In addition, the heavy plate segment also enjoyed a sustainable positive development, virtually repeating the previous year's record values.

As the strong increase of the raw material costs as of the beginning of April could not be passed on fully in the first quarter, further price adjustments were enforced during the second quarter. This allowed the Steel Division to considerably improve its revenue and operating result in the first half of 2008/09 yet again, comfortably beating the previous records from the reference period of the previous year.

With an increase of 23.7% from EUR 1,914.3 million to EUR 2,368.6 million, the revenue reached a new record high. The same applies to EBITDA and EBIT, which outperformed the very good first half benchmark of the previous year by 7.5%, increasing from EUR 470.3 million to EUR 505.7 million and by 8.2% from EUR 369.2 million to EUR 399.6 million respectively. Due to the raw material related price adjustments and associated increase in revenue, the EBITDA and EBIT margins decreased from 24.6% to 21.4% and from 19.3% to 16.9% respectively.

Special Steel Division[1]

In millions of euros	1Q		2Q		1H		
	2007/08[2] 04/01–06/30/2007	2008/09 04/01–06/30/2008	2007/08 07/01–09/30/2007	2008/09 07/01–09/30/2008	2007/08[2] 04/01–09/30/2007	2008/09 04/01–09/30/2008	Change in %
Revenue	926.0	1,017.1	907.6	977.3	1,833.6	1,994.4	8.8
EBITDA		122.2	103.2	152.5		274.7	
pre ppa	147.4	155.2	149.4	152.5	296.8	307.7	3.7
EBITDA margin (in %)		12.0	11.4	15.6		13.8	
pre ppa	15.9	15.3	16.5	15.6	16.2	15.4	
EBIT		33.8	2.8	78.5		112.3	
pre ppa	119.1	124.1	122.8	121.0	241.9	245.1	1.3
EBIT margin (in %)		3.3	0.3	8.0		5.6	
pre ppa	12.9	12.2	13.5	12.4	13.2	12.3	
Employees (not including apprentices)	14,772	15,451	15,053	15,487	15,053	15,487	2.9

[1] Please refer to the explanatory remarks on the purchase price allocation (ppa) on the inside cover page.
[2] The first quarter of 2007/08 (04/01–06/30/2007) of the Special Steel Division, shown individually and also as a component of the 1st half of 2007/08 (04/01–09/30/2007), is given for purely informational purposes in order to better compare business development; these figures correspond to BÖHLER-UDDEHOLM AG figures published at that time, however, they were never a component of the voestalpine Group Consolidated Financial Statement, as initial consolidation of the BÖHLER-UDDEHOLM acquisition occurred on July 1, 2007.

On the whole, the business of the *Special Steel Division* developed positively during the first six months of 2008/09. However, although the good development of the first three months of the current business year continued during the 2nd quarter, some buyer segments (above all the automotive and the construction industry) and core markets (US) began to feel the marked slowdown of the economy towards the end of the period.

In terms of the result, negative effects during the period under review included the significant cost increases for energy and manpower, although the rate of increase differed from country to country. The alloy prices were very volatile, but of late both the prices of nickel and scrap have tended sharply downward. Additional adverse effects for the business development in the 1st six months were the unfavorable exchange rates relative to the US dollar, the Brazilian real and the Swedish krona.

The still gratifyingly high demand in the energy generation, oil country goods, offshore and mechanical engineering sectors as well as the good price level and the stable capacity utilization have all contributed to lift both the revenue and the result of the division during the 1st six months of 2008/09 above the reference values for the previous year.

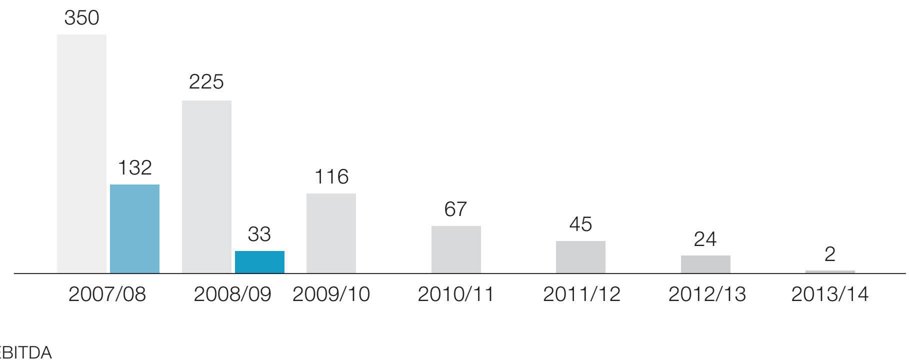
The revenue amounted to EUR 1,994.4 million, corresponding to an increase of 8.8% over the previous year's value (EUR 1,833.6 million). Unaffected EBITDA improved from EUR 296.8 million to EUR 307.7 million, representing an increase by 3.7%. The corresponding value after ppa is EUR 274.7 million. The ppa-related impact on the EBITDA of EUR 33 million is attributable to the consideration of the purchase price allocation – for the last time – in the 1st quarter of 2008/09.

At EUR 245.1 million before ppa, EBIT of the Special Steel Division was 1.3% up on the previous year's value of EUR 241.9 million; the operative result after ppa is EUR 112.3 million. In total, the impact of the application of ppa in the first six months of the current business year on EBIT amounted to EUR 132.8 million. In the 1st six months of 2008/09, the Special Steel Division achieved an EBITDA margin of 15.4% before ppa and 13.8% after ppa respectively. The figures for the EBIT margin are 12.3% before ppa and 5.6% after ppa respectively.

The following graphic represents the effect of the ppa on the profit of individual business years (whereby the future figures provided are anticipated ones). Because of the reversal of the short-term effects in the sector of inventories and outstanding orders, from the 2009/10 business year onwards only EBIT will experience a – distinctly degressive – effect on earnings while EBITDA will not be affected by ppa any more.

EBIT and EBITDA effects of the ppa

In millions of euros



Railway Systems Division

In millions of euros	1Q		2Q		1H		
	2007/08 04/01– 06/30/2007	2008/09 04/01– 06/30/2008	2007/08 07/01– 09/30/2007	2008/09 07/01– 09/30/2008	2007/08 04/01– 09/30/2007	2008/09 04/01– 09/30/2008	Change in %
Revenue	585.5	630.8	543.6	633.8	1,129.1	1,264.6	12.0
EBITDA	115.1	112.8	105.4	113.3	220.5	226.1	2.5
EBITDA margin (in %)	19.7	17.9	19.4	17.9	19.5	17.9	
EBIT	93.7	90.7	83.5	91.0	177.2	181.7	2.5
EBIT margin (in %)	16.0	14.4	15.4	14.3	15.7	14.4	
Employees (not including apprentices)	7,656	8,023	7,751	8,068	7,751	8,068	4.1

Business development in the *Railway Systems Division* during the 1st half-year 2008/09 was characterized by constant, high demand and a correspondingly positive development in all segments – rail, turnouts, rope wire, seamless tubes and semi-finished steel products (billets, blooms).

The rail segment was most successful in the overseas markets whilst the switches segment profited from high demand in the European market. The strong market environment in the quality wire sector resulted in a repeated increase in sales volumes compared to the 1st half of the preceding year which, together with optimal price levels, lead to a further improvement in results. As the weakness of the preceding quarter was also overcome by the seamless tubes segment, the division was again able to beat the all-time high records achieved during the 1st half of the previous year in terms of revenue and results.

In detail, revenue rose by 12% from EUR 1,129.1 million to EUR 1,264.6 million, EBITDA increased by 2.5% from EUR 220.5 million to EUR 226.1 million, as did the EBIT, rising 2.5% from EUR 177.2 million to EUR 181.7 million. The recent increase in revenue reflects the price rises, the result of the exorbitant increases in raw materials costs (coke/coal, ore, scrap metal) from April 2008, which have been predominantly passed on to the market – although not completely where customers have existing delivery contracts. The new record levels for EBIT and EBITDA are also the result of the continuous improvement process (CIP) which has been consistently deployed for years. The decrease in profit margins is largely the result of passing on the increased costs of raw materials directly to the customer. Thus the EBITDA margin fell from 19.5% to 17.9% compared to the same period during the previous year, and the EBIT margin from 15.7% to 14.4%.

Profilform Division

In millions of euros	1Q		2Q		1H		
	2007/08 04/01–06/30/2007	2008/09 04/01–06/30/2008	2007/08 07/01–09/30/2007	2008/09 07/01–09/30/2008	2007/08 04/01–09/30/2007	2008/09 04/01–09/30/2008	Change in %
Revenue	280.6	341.2	273.6	348.5	554.2	689.7	24.4
EBITDA	44.6	57.3	46.2	58.4	90.8	115.7	27.4
EBITDA margin (in %)	15.9	16.8	16.9	16.8	16.4	16.8	
EBIT	38.2	49.4	39.3	50.4	77.5	99.8	28.8
EBIT margin (in %)	13.6	14.5	14.4	14.5	14.0	14.5	
Employees (not in-including apprentices)	3,343	3,839	3,383	3,859	3,383	3,859	14.1

The positive business development of the 1st quarter of 2008/09 continued into the following three months. With the exception of the British construction industry, which is suffering from the collapse in the UK housing market, demand from all key customer segments remained strong. This was particularly the case for the commercial vehicle and energy production industries.

In addition, the *Profilform Division* profited from the excellent development of its acquisitions in Russia and Brazil. Thus the business volume for the 1st half-year 2008/09 for special sections production in Russia was significantly greater than expected, with demand from the construction and infrastructure sectors in particular remaining high. The acquisitions in Brazil completed during the past business year – and the resulting entry into the South American market – also developed most successfully, profiting from the sustained economic development of the region.

As a result of the positive market environment and strong global positioning, the Profilform Division achieved a new all-time record for revenue and results in the 1st half-year 2008/09. In comparison to the preceding year the division was not only able to increase its revenue by 24.4% from EUR 554.2 million to EUR 689.7 million (including additional revenues of around EUR 90 million attributable to acquisitions, resulting from the initial consolidation of the companies acquired in the USA and Brazil in the course of the year) but, with a 27.4% increase in EBITDA from EUR 90.8 million to EUR 115.7 million and a 28.8% increasing in operating revenue from EUR 77.5 million to EUR 99.8 million, also to improve its results even more significantly. Because of the high level of demand, it was largely possible to pass on the year's significant increases in pre-materials costs. EBITDA and EBIT margins improved slightly in comparison to the 1st half-year 2007/08, from 16.4% to 16.8% and from 14.0% to 14.5%.

Automotive Division*

In millions of euros	1 Q		2 Q		1 H		
	2007/08 04/01–06/30/2007	2008/09 04/01–06/30/2008	2007/08 07/01–09/30/2007	2008/09 07/01–09/30/2008	2007/08 04/01–09/30/2007	2008/09 04/01–09/30/2008	Change in %
Revenue	230.6	259.2	219.2	235.7	449.8	494.9	10.0
EBITDA	28.0	30.4	29.3	24.9	57.3	55.3	–3.5
EBITDA margin (in %)	12.1	11.7	13.4	10.6	12.7	11.2	
EBIT	13.4	17.6	15.2	12.1	28.6	29.7	3.8
EBIT margin (in %)	5.8	6.8	6.9	5.2	6.4	6.0	
Employees (not including apprentices)	3,987	4,244	4,033	4,306	4,033	4,306	6.8

* Last year's figures were retrospectively adjusted.

The *Automotive Division* succeeded in compensating for the production cuts and stoppages initiated by many automobile manufacturers in August and September by working through the high level of orders remaining from the previous business year and, as a result, largely maintaining the results for the 1st half-year 2008/09 at the level of the 1st half of the previous business year.

As a result of the positive production load, and having partly passed on the higher prematerial costs, during the first 6 months of the current business year we were able to achieve a 10% increase in revenue from EUR 449.8 million to EUR 494.9 million in spite of the dramatic deterioration in the business climate for this industry sector. At EUR 55.3 million, the EBITDA closed near the level of the previous year (EUR 57.3 million), resulting in an EBITDA margin of 11.2% compared to 12.7% in the 1st half of 2007/08. The operating result rose by 3.8% compared to the previous year's reference value, which had been positively influenced by once-off special items, from EUR 28.6 million to EUR 29.7 million, resulting in an EBIT margin of 6.0% (previous year 6.4%) for the 1st half-year 2008/09. A further improvement in the results could not be achieved both due to the constant increase in costs during the year which, as a result of market conditions, could only be partially passed on to the customers, and to the unexpectedly severe cuts in production which were implemented by many automotive manufacturers in August and September. Against a background of an exceptionally difficult economic situation in the automotive industry, the development of the Automotive Division during the first half of the current business year – especially compared to its peer group – was satisfactory.

Business transactions with associated companies or parties

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

Investments

During the first six months of the current business year the *investments of the voestalpine Group* came to EUR 467.2 million. Last year's comparative figure (EUR 3,318.7 million) is of limited substance to the extent that it contains the expenditures for the majority acquisition of BÖHLER-UDDEHOLM AG (with regard to the current status of the acquisition and squeeze-out procedure, please refer to the section "Acquisitions and Divestments").

At EUR 179.4 million (–41.2% compared to EUR 304.9 million in the previous year), almost 40% of all investments were accounted for by the *Steel Division.* Both the last individual project in the "Linz 2010" investment program – the construction of hot-dip galvanizing plant 5 as well as implementation of the follow-up project "L6 – Part 1" are being implemented according to plan. As part of this project, the installation activities at the new power plant, the building of a new continuous casting facility in the steel mill, and the technological optimization in the heavy-plate sector are all being undertaken.

In the *Special Steel Division,* the investment program to increase capacity in open die forging is going ahead according to plan. The total volume of respective investments at the locations Kapfenberg (Austria), Hagfors (Sweden), Sumaré (Brazil) and Wetzlar (Germany) amounts to a total of around EUR 300 million. Investment at the Sumaré location is almost complete, and completion at the other locations is scheduled for the business year 2009/10. Furthermore, the construction of a cold rolling mill and a strip steel mill has begun at the Kematen (Austria) location. The combined investment volume for the two plants totals around EUR 110 million, and they are scheduled to go into production during the business year 2009/10. Investment volume for the Special Steel Division totaled EUR 100.1 million for the 1st half of 2008/09.

As was the case in the preceding quarters, in the *Railway Systems Division* the investment focus was on the construction of the new power plant block which will ensure a completely self-sufficient energy supply, as well as on the realization of a comprehensive new concept for a cooling water system. Both of these major projects are scheduled to be completed by the end of the 2008 calendar year. In the business segment turnout technology, work has started on the construction of a foundry for core turnout components in southern France, with production due to start in 2009. The Railway Systems Division reports investment expenditures for the 1st half of 2008/09 at EUR 85.7 million, 32.9% lower than in the first six months of the preceding year (EUR 127.7 million).

The *Profilform Division* is implementing investments geared towards expanding capacity, particularly for the special profiles sector, at a series of locations according to plan. During the 1st half of 2008/09 investment volumes increased by 32.5% in comparison with the same period in the preceding year, from EUR 19.4 million to EUR 25.7 million.

The focus of investment activities in the *Automotive Division* continued to be on the start-up of six new presses at different locations which will enable a significant increase in press capacity for high-quality structural parts and components to meet customer needs. At EUR 29.3 million, investments during the 1st half of 2008/09 were significantly lower than the previous year's level of EUR 54.6 million which included acquisition costs.

Acquisitions and Divestments

Apart from the acquisitions made by the Railway Systems Division, which have already been detailed in full in the shareholders' letter for the 1st quarter of 2008/09, during the rest of the 1st half-year of 2008/09 no further companies have been acquired by the voestalpine Group.

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

The BÖHLER-UDDEHOLM AG Annual General Meeting held on June 23, 2008 adopted a resolution to initiate the steps necessary under Austrian Minority Shareholder Exclusion Act (Gesellschafterausschlussgesetz) for a squeeze-out of the minority shareholders. This resolution is the basis for voestalpine AG's acquisition of all BÖHLER-UDDEHOLM shares. In consequence, Convisor Consulting Ltd, a company registered on the Turks and Caicos Islands, has brought legal action before the Commercial Court (Handelsgericht) Vienna contesting this resolution as invalid.

Despite this legal action, on September 4, 2008 the Commercial Court Vienna registered the resolution of the Annual General Meeting of June 23, 2008 with regards to the transfer of all BÖHLER-UDDEHOLM AG shares held by minority shareholders to voestalpine AG shares in the Commercial Register. In accordance with the legal time limits, payment of the settlement amount of EUR 70.26 per share, plus statutory interest, will therefore be effected on November 24, 2008. With reference to the registration of the resolution adopted by the Annual General Meeting in the Commercial Register, as a result Convisor Consulting Ltd. has withdrawn its legal challenge and waived its claim.

In accordance with the Minority Shareholder Exclusion Act, each minority shareholder has the right to request judicial appraisal of the adequacy of the cash settlement offered. By October 22, 2008, the legal deadline for applications for such a judicial appraisal, two such applications had been submitted. As a result, this appraisal procedure is being initiated. However, it is limited exclusively to appraising the adequacy of the settlement amount and therefore will not have any effect on the validity of the squeeze-out, i.e. the 100% of ownership of BÖHLER-UDDEHOLM AG by the voestalpine AG.

Divestments

With respect to the divestment process for those companies whose sale was decided upon in the past business year as part of the measures taken to streamline the portfolio of the Automotive Division, we refer to the detailed representations made in the preceding Shareholder's Letter.

The global financial and capital market crisis is certainly creating difficulties in financing acquisitions in general and, in consequence, is also damaging to sales negotiations. However, the divestment process for the affected companies is largely proceeding according to plan, although occasionally at different stages.

Employees[1]

As of September 30, 2008, the voestalpine Group had 42,325 employees (excl. apprentices). This corresponds to an increase compared to the previous year (40,301) of 5.0% or 2,024 employees. Each of the five divisions now has a higher number of employees than during the previous year, with the biggest increase occurring in the Profilform Division (+14.1%) as a result of its acquisitions. The increase by 1,548 employees in the other four divisions is the consequence of the acquisitions in the Railway Systems Division, now consolidated as opposed to the previous year, and of growth-related investments in the divisions Steel, Special Steel and Automotive.

With 22,498 employees, a majority of the workforce (53.2%) is employed outside Austria at 360 production sites and distribution offices on each of the continents. The domestic group companies have 19,827 employees (46.8%).

As of September 30, the voestalpine Group has been training 1,801 apprentices worldwide, thereof approximately 30% at international locations. All divisions have contributed to the increase compared to the previous year (1,605) of 12.2% respectively 196 apprentices.

Environment

From the viewpoint of the Group as a whole, during the 1st half of 2008/09 the spotlight remained focused on the topics which are decisive for the future of the European steel industry, namely the CO_2/post-Kyoto regime and REACH (the EU regulation on registration, evaluation, authorization and restriction of chemicals) which have each been treated in detail in past publications (Annual Report 2007/08 and Shareholders' Letter for 1st quarter of 2008/09).

Furthermore, a variety of environmental protection measures have again been put into place at many Austrian and international Group locations which will further and sustainably improve the voestalpine Group's already high standards in the fields of energy and raw materials efficiency, reduction of air and water emissions, and waste avoidance.

For example, the Steel Division has expanded its testing laboratory in Linz to improve environmental monitoring and has built a new facility for a more efficient treatment of washing tower sludge and its subsequent return to the sintering plant. The Steel Division's current environmental activities are also focusing on measures designed to reduce both fresh water consumption and wastewater emissions during the production of heavy plates by ten percent, as well as a significant reduction in emissions at the Stahl Service Center GmbH in Linz.

Important energy and emissions reduction projects have also been realized at several Special Steel Division locations during the 1st half of 2008/09. In addition to the implementation of a heat recovery concept and the commissioning of new facilities to further reduce emissions at the Austrian location Kapfenberg, specific activities worthy of note include two new "titanium-capable" filter extraction systems in Ybbstal, Lower Austria, a second gas scrubbing facility in Germany and a series of new installations to reduce noise and exhaust emissions in China.

Measures intended to optimize the energy and environmental situation in the divisions Railway Systems, Profilform and Automotive

[1] Last year's figures retrospectively adjusted.

during the 2008/09 business year are also being implemented according to plan.

During the 1st half of the year the voestalpine Group's high environmental and security standards were again awarded a variety of honors. After having won once in 2002, in June 2008 the voestalpine Stahl GmbH was again awarded the Austrian EMAS environmental prize. The EMAS is awarded for the content and design quality of the environmental statement as well as for the representation and marketing of EMAS (Eco-Management and Audit Scheme) as part of a company's corporate identity. Participation is voluntary. Together with the voestalpine Stahl Donawitz GmbH, the company plays a leading role in the European steel industry in terms of EMAS validation and environmental standards.

Research and Development

The consistent optimization of process technology and the development of new steel qualities and coatings are also the focus of operative R&D activities in the *Steel Division* in the current business year. The zinc-magnesium coated sheets of seam-welded steel, which have been newly developed over the past years, have been successfully brought into serial production and already sold in considerable quantities to the construction industry. The advantage of these products lies primarily in their strongly improved resistance to corrosion with a simultaneous and significant reduction in the thickness of the zinc coating. Consequently, their development represents a further contribution to the protection of natural resources.

One current focus of the Division's R&D is the development of new alloying concepts for the energy industry, to lend materials greater resistance to pressure and temperature, thereby further increasing efficiency levels in the energy production industry.

The development of new materials and improvement of existing materials were also the key R&D focus of the *Special Steel Division* during the 1st half of 2008/09. In addition to the intensified development of nitrogen-alloyed powdered steels, the development of a new form of high-speed stainless steel and, in cooperation with the *Automotive Division,* the new development of bullet-proof plates for the automotive industry, are also particularly worthy of note.

In the *Railway Systems Division,* the successful Russian licensing approval gained for a new form of gastight thread connection for oilfield pipelines marks the completion of this project for the present. Furthermore, in the field of steel production, key improvements have been made in homogenizing material characteristics as the result of technological innovations in continuous casting.

In September 2008, Kobe Steel, Ltd., Japan, and voestalpine Krems GmbH *(Profilform Division)* signed a cooperation agreement on the use of ultra high-strength steel together with cold roll forming technologies for the automotive industry. In doing so, the voestalpine Group is pushing and expanding its activities in the field of UHSS (ultra high strength steel) qualities for the automotive industry, which are aimed at further reducing the weights of cars from 2011 onwards by promoting the use of super high strength steel.

The research and development cooperative agreements which the voestalpine Group entered into during the first months of the 2008/09 business year have already been laid out in detail in the shareholders letter for the 1st quarter of 2008/09.

EU Statistics on R&D Expenditure

According to the "2008 EU Industrial R+D Investment Scoreboard", published by the European Commission in October 2008, as in the preceding year the voestalpine Group is the most research intensive Austrian company by far, ranking 175th in the European-wide comparison of research investment. Furthermore, with a latest R&D expenditure of EUR 93 million and an R&D coefficient of 0.9 (R&D expenditure in terms of revenue), the voestalpine Group also ranks number one in Europe compared to other companies in this industry.

Outlook

By the end of summer 2008, the crisis in the financial and capital markets had finally spread across the board and to the real economy, both globally and across all business sectors. As a result of rapidly sinking investment and consumption quotas, the massive economic slump which has now occurred is set to deteriorate further. However, its further progression may not be uniform: According to all the current available indicators, a further slowing down in the automotive and commercial vehicles industries, as well as the machinery construction and tool manufacturing industries, appears likely during the 1st half of 2009. In the European construction industry we must anticipate that the negative developments in the Western and Southern European economies will spread to Northern, Central and Eastern Europe, if possibly in a slightly milder form.

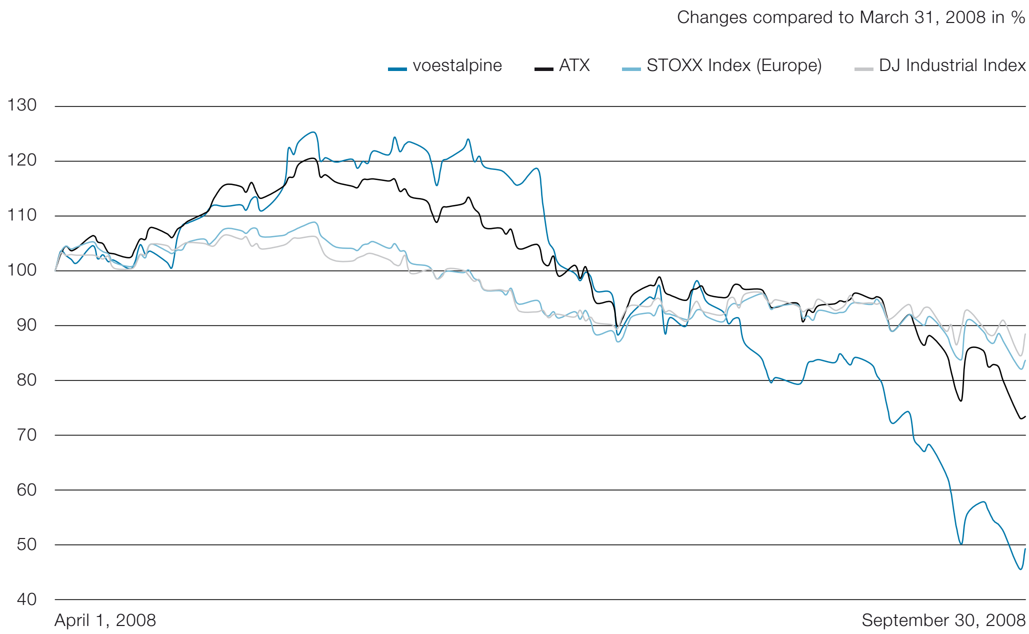
The situation in the aerospace and household appliance industries is less dramatic although also subdued in comparison with the previous three years. In contrast, in spite of weak tendencies in several regions, sustained high levels of demand from the rest of the world ought to ensure that, for the time being, the energy sector remains largely unaffected by further downturns in the market. The situation is similar for the railway infrastructure sector, where both the global demand for maintenance and repairs as well as the need for significant expansion in many parts of the world ensures stable levels of demand.

In view of the fact that the voestalpine Group product portfolio is far more comprehensive than that of "traditional" steel companies, and with the Group being established worldwide and a market leader in all its sectors, the risks associated with the current economic downturn ought to remain clear and controllable – all the more so considering that cost saving programs and synergy projects carried out this year have allowed EUR 300 million in improvement potential to be realized.

In spite of an incomparably more difficult economic climate compared to one year ago, as well as the largely unpredictable nature of economic development in the coming months and the significantly weaker results this had led to for the second half of the current business year, the management board still intends to achieve results for the current business year which match those of the business year 2007/08.

Investor Relations

voestalpine AG vs. international indices



Price development of the voestalpine share

The price of the voestalpine share during the 2008/09 business year thus far reflects the development of the international capital markets, which has been characterized by the worldwide financial and banking crisis, triggering the fear of an imminent recession and partly causing hitherto unknown ups and downs as well as price losses on the stock exchanges.
Thus, the divergence of the share price from the fundamental key figures and the earning prospects of the voestalpine Group, already apparent towards the end of the previous business year, not only continued but was further exacerbated rather dramatically.
The direct consequences of the financial crisis – emergency sales by US investment companies and in their wake by other institutional investors– were a genuine stampede away from shares. In this environment, the traditionally comparably low liquidity of the Vienna market, reflected in the inferior performance of the ATX compared with other international indices, further aggravated the situation. Finally, in recent months the events at stock exchanges worldwide have been under the impression of rapidly worsening forecasts including expectations of an approaching recession.

Against this background, the voestalpine share dropped from EUR 45.55 to EUR 21.75 in the period from April 1 to September 30, 2008, losing more than 50% of its value in spite of the operative development of the 2008/09 business year and the stable positive outlook for the entire year.

Convertible bond 2005

Within the scope of the convertible bond issued by voestalpine AG in July 2005, additional bond holders have meanwhile exercized their right to convert the bonds to voestalpine shares. Only voestalpine AG's own shares were used to effect these bond conversions. As of September 30, 2008 only 9.8% of the convertible bonds were still in circulation.

Transfer of voestalpine AG's own shares

Within the scope of the existing employee shareholding plan, in the first half of 2008/09, voestalpine AG transferred 1,000,991 of its own shares (corresponding to 0.61% of the share capital) to voestalpine Group employees and to the voestalpine – Arbeitnehmer-Privatstiftung (employee private foundation). As of the end of September 2008, the share in voestalpine AG held by employees therefore amounted to 11.3%.

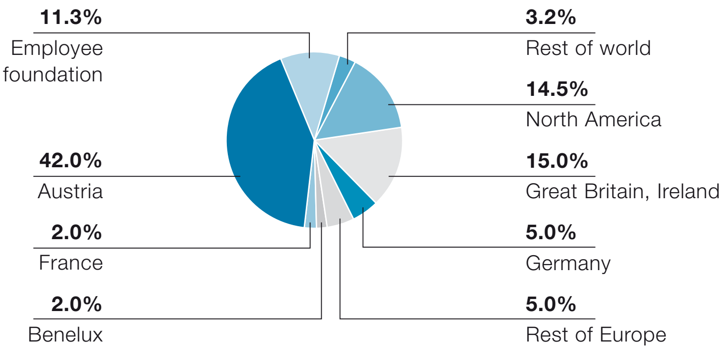
Bond with a volume of EUR 333 million issued

In November 2008, i.e. shortly after the end of the 1st half of 2008/09, voestalpine issued a fixed-interest bond with a volume of EUR 333 million, exclusively to qualified investors pursuant to section 1 paragraph 1 numeral 5a of the Austrian Capital Market Act, for the purpose of refinancing the acquisition of BÖHLER-UDDEHOLM AG. This optimization measure further improves the already well-securitized refinancing of the acquisition of BÖHLER-UDDEHOLM AG. This bond replaces existing short-term loans.

voestalpine AG will repay the bond in two tranches. The first part payment of EUR 222 million will fall due on December 17, 2010 and the second part payment of EUR 111 million on December 17, 2011. The fixed interest throughout the term of both tranches is 5.75% p.a. and therefore corresponds to normal market conditions for such investments.

Shareholder structure

The shareholder structure of voestalpine AG is as follows (indicative; as of July 2008):



Largest individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	> 15%
Employee foundation	11.3%
Oberbank AG	> 5%

Share information

Share capital	EUR 298,756,264.42 divided into 164,439,033 non-par shares
	Number of own shares as of September 30, 2008: 1,695,855
Class of shares	Ordinary bearer shares
Securities identification number (WKN)	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Class of shares

Share price high between April 2008 and September 2008	EUR 55.03
Share price low between April 2008 and September 2008	EUR 20.11
Share price as of September 30, 2008	EUR 21.75
Market capitalization as of September 30, 2008*	EUR 3,539,664,121.50

* Based on total number of shares minus treasury shares

Business year 2007/08

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

Financial calendar 2008/09

Letter to shareholders for 3rd Quarter 2008/09	February 25, 2009
Annual Report 2008/09	June 4, 2009
Annual General Meeting	July 1, 2009
Ex dividend date	July 6, 2009
Dividend payment date	July 13, 2009

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

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

voestalpine AG

Financial data 09/30/2008

According to International Financial Reporting Standards (IFRS)

Consolidated balance sheet

Assets

	03/31/2008	09/30/2008
A. Non-current assets		
Property, plant and equipment	4,001.7	4,154.2
Goodwill	1,403.4	1,405.9
Other intangible assets	768.4	675.2
Investments in associates	108.0	112.3
Other financial assets	103.7	150.5
Deferred tax assets	393.2	393.4
	6,778.4	**6,891.5**
B. Current assets		
Inventories	3,011.1	3,487.0
Trade and other receivables	2,232.8	2,407.1
Other financial assets	247.6	235.0
Cash and cash equivalents	331.9	659.3
	5,823.4	**6,788.4**
Total assets	**12,601.8**	**13,679.9**

In millions of euros

Equity and liabilities

	03/31/2008	09/30/2008
A. Equity		
Share capital	298.8	298.8
Capital reserves	470.6	369.2
Hybrid capital	992.1	992.8
Retained earnings and other reserves	2,273.9	2,478.4
Equity attributable to equity holders of the parent	**4,035.4**	**4,139.2**
Minority interest	253.9	72.4
	4,289.3	**4,211.6**
B. Non-current liabilities		
Pensions and other employee obligations	839.3	848.8
Provisions	69.0	68.8
Deferred tax liabilities	361.1	320.6
Financial liabilities	1,262.9	2,884.1
	2,532.3	**4,122.3**
C. Current liabilities		
Provisions	403.1	444.9
Tax liabilities	198.6	202.9
Financial liabilities	3,031.7	2,012.3
Trade and other payables	2,146.8	2,685.9
	5,780.2	**5,346.0**
Total equity and liabilities	**12,601.8**	**13,679.9**

In millions of euros

Consolidated income statement

	04/01–09/30/2007*	04/01–09/30/2008	07/01–09/30/2007*	07/01–09/30/2008
Revenue	4,694.9	6,486.2	2,763.2	3,231.2
Cost of sales	–3,520.5	–4,857.5	–2,104.6	–2,381.5
Gross profit	**1,174.4**	**1,628.7**	**658.6**	**849.7**
Other operating income	119.9	175.0	73.0	96.1
Distribution costs	–362.1	–524.3	–237.7	–258.7
Administrative expenses	–197.7	–289.7	–119.5	–146.7
Other operating expenses	–118.0	–204.1	–72.2	–112.6
Profit from operations (EBIT)	**616.5**	**785.6**	**302.2**	**427.8**
Share of profit of associates	11.1	19.9	5.8	13.3
Finance income	31.7	37.8	18.3	18.3
Finance costs	–98.8	–184.4	–68.8	–103.3
Profit before tax (EBT)	**560.5**	**658.9**	**257.5**	**356.1**
Income tax expense	–123.5	–136.8	–63.4	–75.2
Profit for the period from continuing operations	**437.0**	**522.1**	**194.1**	**280.9**
Discontinued operations	–2.7	–3.3	–1.9	–2.4
Profit for the period	**434.3**	**518.8**	**192.2**	**278.5**
Attributable to:				
Equity holders of the parent	431.2	475.1	191.5	257.6
Minority interest	3.1	8.1	0.7	3.1
Share planned for hybrid capital owners	0.0	35.6	0.0	17.8
Basic earnings per share (in euros)	**2.76**	**2.96**	**–**	**–**
Diluted earnings per share (in euros)	**2.65**	**2.94**	**–**	**–**

* Last year's figures were retrospectively adjusted.

In millions of euros

Consolidated cash flow statement

	04/01–09/30/2007	04/01–09/30/2008
Operating activities		
Profit for the period	434.3	518.8
Adjustments	289.9	310.1
Changes in working capital	–77.0	–338.4
Cash flows from operating activities	**647.2**	**490.5**
Cash flows from investing activities	**–3,185.2**	**–460.0**
Cash flows from financing activities	**2,417.3**	**318.8**
Net decrease/increase in cash and cash equivalents	**–120.7**	**349.3**
Cash and cash equivalents, beginning of period	356.1	331.9
Net exchange differences	3.1	–21.9
Cash and cash equivalents, end of period	**238.5**	**659.3**

In millions of euros

Changes in equity

	04/01–09/30/2007*	04/01–09/30/2008
Equity at April 1st	**2,882.3**	**4,289.3**
Profit for the period	434.3	518.8
Dividends to shareholders	–234.8	–341.5
Capital increase	102.8	0.0
Own share acquired/disposed	–93.0	85.3
Purchase of Minority interest	–21.8	–335.6
Dividends to hybrid capital owners	0.0	–65.2
Increase of Minority interest Special Steel Division	410.9	0.0
Currency translation	–3.8	18.1
Hedge accounting	–6.9	38.7
Stock Options	6.0	3.0
Other changes	–10.5	0.7
Equity at September 30th	**3,465.5**	**4,211.6**

* Last year's figures were retrospectively adjusted.

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of September 30, 2008 for the first half of the 2008/09 business year were prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the 2007/08 business year. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2008, on which these interim consolidated financial statements are based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). In the totaling of rounded amounts and percentages, calculation differences may occur through the use of automatic calculation programs. Unless otherwise stated, comparative information relates to the 1st half-year of the 2007/08 business year (balance sheet date: September 30, 2007).
The interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidation/ acquisitions

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

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

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2008	**322**	**3**	**14**
Change in consolidation method			
Acquisitions	2		
Disposals			
Reorganizations	–4		
Divested or disposals	–3	–1	
Acquisitions	4		1
As of September 30, 2008	**321**	**2**	**15**
Of which foreign companies	264		6

The Commercial Court of Vienna ruled that the resolution on shareholder exclusion under the Austrian Minority Shareholder Exclusion Act, adopted at the BÖHLER-UDDEHOLM AG Annual General Meeting of June 23, 2008, will be registered with the Companies Register at the Commercial Court of Vienna effective September 5, 2008.

As of the entry date of this court order in the Companies Register, any and all of the shares of BÖHLER-UDDEHOLM AG held by minority shareholders were transferred to voestalpine AG. As a result, the voestalpine AG has held 100% of BÖHLER-UDDEHOLM AG stock since September 5, 2008.

Notes on the balance sheet

The increase of non-current assets was caused by investments amounting to EUR 467.2 million which exceed the amount of depreciations during the reporting period. In line with the growing volume of business activities, the amounts of receivables and inventories have also been increased. The position of cash and cash equivalents also includes the cash settlement for minority shareholders of BÖHLER-UDDEHOLM which was deposited by voestalpine AG into a trust account (payment to be effected in November 2008).

With effect from September 30, 2008, voestalpine AG's share capital was EUR 298,756,264.42 (March 31, 2008: EUR 298,756,264.42) divided into 164,439,033 shares (March 31, 2008: 164,439,033 shares). During the reporting period, voestalpine settled obligations due to conversion of convertible bonds with a nominal value of EUR 47.0 million through the use of repurchased own shares. The company held 1,695,855 of its own shares on the effective date.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1,000,000,000. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are paid. The first call option is after seven years, at which time voestalpine AG (but not the bond holders) may either call the bond at par or extend it at a higher, but variable, coupon rate. This hybrid bond was recognized as a portion of equity under IAS 32.

Equity at the end of the reporting period amounts to EUR 4,211.6 million. In the current business year voestalpine AG distributed dividends to its shareholders (for the business year 2007/08) amounting to EUR 341.5 million. Additionally, EUR 65.2 million in interest for the hybrid capital was entered as dividend (payment to be effected on October 31, 2008).

The increase in non-current financial liabilities and decrease in current financial liabilities was the result of the bridge financing for the acquisition of BÖHLER-UDDEHOLM being refinanced on a long-term basis.

Trade payables have increased to EUR 1,359.1 million.

Notes on the income statement

The comparable figures from the preceding year include the Special Steel Division only from the time of its initial consolidation (July 1, 2007) onwards, i.e. only for one half of the comparable period.

The profit share of the Special Steel Division has been substantially affected by the adjustments to fair value which were made in line with the purchase price allocation.

Revenue for the first half-year from April to September 2008 totaled EUR 6,486.2 million and exceeded the comparable figure for the year preceding (EUR 4,694.9 million) by 38.2%. Earnings before interest and tax (EBIT) reached EUR 785.6 million for the first half-year, which represents an increase of 27.4% over the comparable period of 2007/08 (EUR 616.5 million). EBIT equaled EUR 427.8 million for the second quarter of 2008/09, or 41.6% more than in the second quarter of 2007/08 (EUR 302.2 million).

Notes on the cash flow statement

The strong results recorded for the first half-year led to a 14.5% increase in cash flow, before capital changes, from EUR 724.2 million to EUR 828.9 million. The significant sales-related growth in working capital, above all inventories and trade receivable, resulted in cash flows from operating activities of EUR 490.5 million; in comparison to the first half of the year preceding (EUR 647.2 million), this represents a decline of –24.2%. After the deduction of EUR 460.0 million in cash flows from investing activities, and taking into account the cash flows from financing activities amounting to EUR 318.8 million, the resulting change in cash and cash equivalents (before currency differentials) amounts to EUR 349.3 million.

Statement under section § 87 (1) of the Austrian Stock Exchange Act

The Management Board of voestalpine AG confirms to the best of its knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, as required by applicable accounting standards, and that the group management report for the first half of 2008/09 gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group in respect of important events that have occurred during the first six months of the business year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the business year and of the major related party transactions disclosed.

Linz, Austria, November 20, 2008

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