New Perspectives

Annual Report 2006/07

www.voestalpine.com

voestalpine
ONE STEP AHEAD.

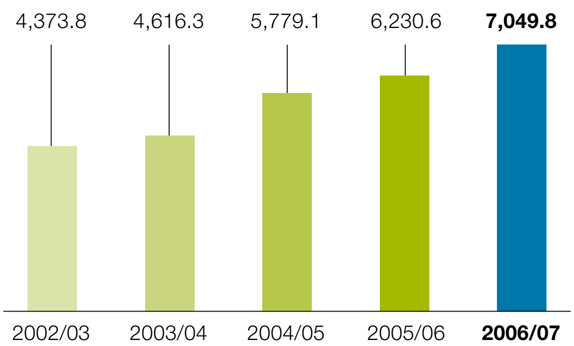
voestalpine Group Key Figures

In millions of euros	2002/03	2003/04	2004/05	2005/06[1]	**2006/07**
Revenue	4,373.8	4,616.3	5,779.1	6,230.6	**7,049.8**
Profit from operations before depreciaton (EBITDA)	516.5	557.9	887.7	1,079.0	**1,365.0**
EBITDA margin	11.8%	12.1%	15.4%	17.3%	**19.4%**
Profit from operations (EBIT)	210.2	243.7	552.5	724.1	**1,012.7**
EBIT margin	4.8%	5.3%	9.6%	11.6%	**14.4%**
Profit before tax (EBT)	109.3	201.9	497.5	674.3	**977.2**
Profit for the period from continuing operations	72.3	141.2	373.5	519.7	**755.7**
Profit for the period	70.4	130.5	323.5	525.9	**764.9**
EPS – Earnings/share (euros)	0.46	0.86	2.36	3.25	**4.77**
Balance sheet total	4,516.7	4,659.9	5,369.2	6,158.6	**6,824.8**
Cash flow from operating activities	267.2	576.5	550.6	860.1	**970.2**
Investments in tangible and intangible assets and interests	622.8	436.1	564.9	566.3	**906.1**
Depreciation	306.3	314.2	335.2	354.9	**352.3**
Equity	1,785.9	1,853.2	2,124.7	2,547.3	**2,926.3**
Net financial debt	830.6	635.1	683.5	376.9	**526.2**
Net financial debt (in % of equity)	46.5%	34.3%	32.2%	14.8%	**18.0%**
Return on Capital employed (ROCE)	7.1%	7.8%	15.0%	21.5%	**25.9%**
Market capitalization period end	904.8	1,458.9	2,355.1	4,565.4	**8,366.2**
Number of outstanding shares as of March 31[2]	157,361,212	157,717,304	158,167,880	158,164,504	**154,073,274**
End of period share prize (euros)[2]	5.75	9.25	14.89	28.87	**54.30**
Dividend/share (euros)[2]	0.30	0.40	0.53	0.78	**1.45[3]**
Employees excl. apprentices (period end)	22,226	22,755	22,955	22,918	**25,326**

[1] Business year 2005/06 adjusted by retrospective application of IFRS 5.
[2] Prior periods are adjusted retrospectively due to share split 1:4 in August 2006.
[3] As proposed to the Annual General Shareholders' Meeting.

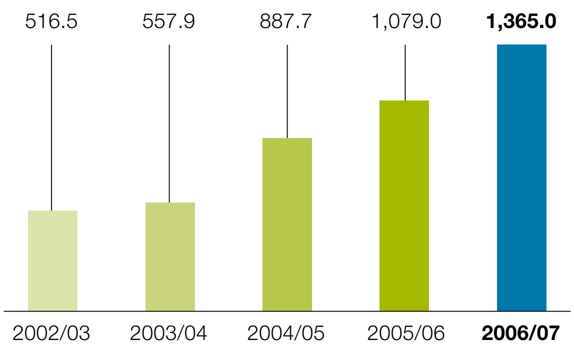
Revenue

In millions of euros



EBITDA Earnings before interest, taxes, depreciation and amortization

In millions of euros



Overview of voestalpine Group

In millions of euros

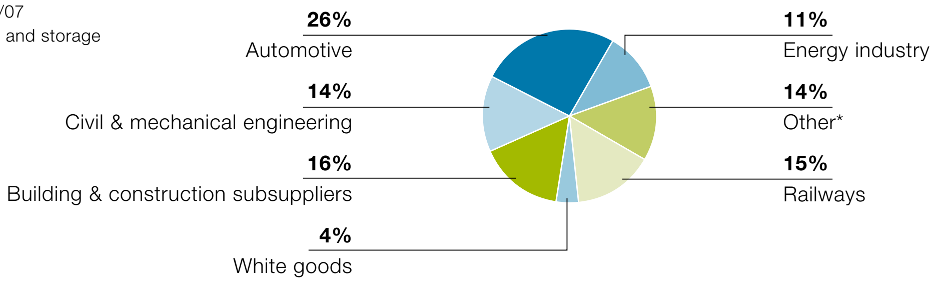
voestalpine Group

Revenue	7,049.8
EBIT	1,012.7
EBIT margin	14.4%
Employees	25,326

Divisions:	Steel	Railway Systems	Profilform	Automotive
Revenue	3,680.1	2,056.3	969.5	820.4
EBIT	544.1	337.5	145.6	42.5
EBIT margin	14.8%	16.4%	15.0%	5.2%
Employees	9,592	7,523	3,314	4,500

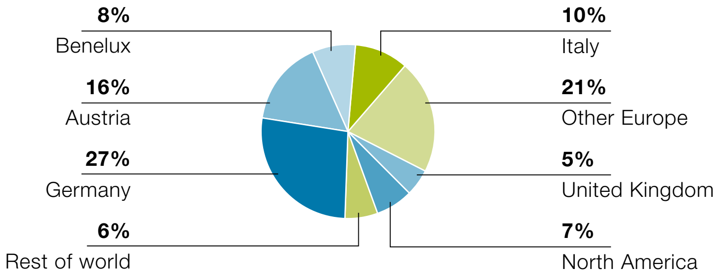
Revenue by Industries

In % of total revenue
Business year 2006/07
* Incl. transportation and storage



Revenue by Regions

In % of total revenue
Business year 2006/07



New Perspectives

When a company reaches new dimensions, its perspectives also change. Our success gives us the ability to think outside the box and to look beyond the horizon. This means facing new challenges, recognizing new opportunities and thereby creating new perspectives for our customers, shareholders and employees – so that we will continue to be a decisive step ahead in the future.

Our Values

Professionalism, partnership and responsibility to ourselves and our partners are not just buzzwords. They are the company values that form the basis of our orientation and that link us globally as a company. With these values, to which we are fully committed, we also create values for our customers, shareholders and employees.

Partnership

We believe in partnership and respect in our dealings with others. We place great importance on considerate cooperation without reservations across all national and cultural borders.

Responsibility for the Future

We recognize the requirements of the future now and are making sustainable investments in our products, services and employees, as well as in the environment. In our eyes accepting responsibility for the future means striking a balance between short-term needs and long-term concerns.

Professionalism

We view changes as opportunities for new developments and seek to achieve our goal of being one step ahead through outstanding performance. Our own willingness to work hard and comparisons with others spur us on to set out in new directions and in so doing to open up new opportunities for our partners.

Responsibility to Ourselves

We assume responsibility to ourselves, our actions and our company. Active cooperation within the company, sharing of know-how and learning from each other are key components of our corporate culture and the basis for mutual trust.

For other people this is
the horizon. For us a
challenge to look beyond it.

Contents

Group structure

voestalpine Group is a leading European processing Group with its own steel base and headquarter in Austria. Its four divisions – Steel, Railway Systems, Profilform and Automotive – are globally active with production and sales companies in 40 countries.

voestalpine AG

voestalpine Stahl GmbH
- voestalpine Grobblech GmbH
- voestalpine Giesserei Linz GmbH
- voestalpine Anarbeitung GmbH
- voestalpine Rohstoffbeschaffung GmbH*
- voestalpine Stahl Service Center GmbH
- voestalpine Eurostahl GmbH
- Logistik Service GmbH
- vatron gmbh (66.5%)*

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

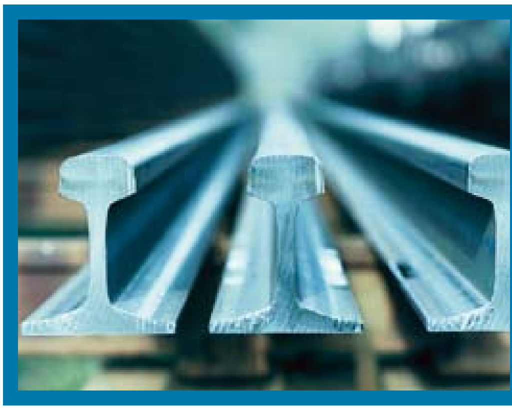
voestalpine Automotive GmbH
- voestalpine Polynorm N.V.
- voestalpine Europlatinen GmbH
- voestalpine Rotec GmbH
- voestalpine Vollmer GmbH & Co KG
- Gutbrod Stanz- und Umformtechnik GmbH
- Hügel GmbH & Co KG
- Amstutz Levin & Cie
- Dancke Stanztechnik GmbH & Co KG (70%)

* Including minority interests in other Group companies.

The companies shown in this organizational chart are major equity holdings of the voestalpine Group; groups of companies are represented by their respective main divisional company. For details, see the Appendix (schedule of equity investments) to this Annual Report.

Steel Division

The Steel Division is the European technology and quality leader in the production and processing of flat steel products for the automotive, household appliance and construction industries.

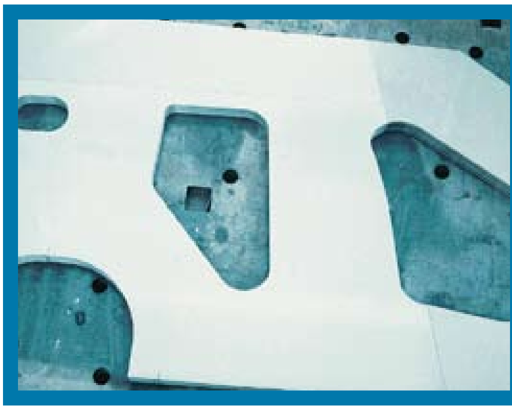


Railway Systems Division

The Railway Systems Division is the world's largest producer of turnout systems and the European market and quality leader for special tracks as well as one of the leading international suppliers of top-quality wire rod products and seamless tubes.

Profilform Division

The Profilform Division is the European market leader in the production of tailored tubes and sections as well as sophisticated storage technology products and logistics solutions.

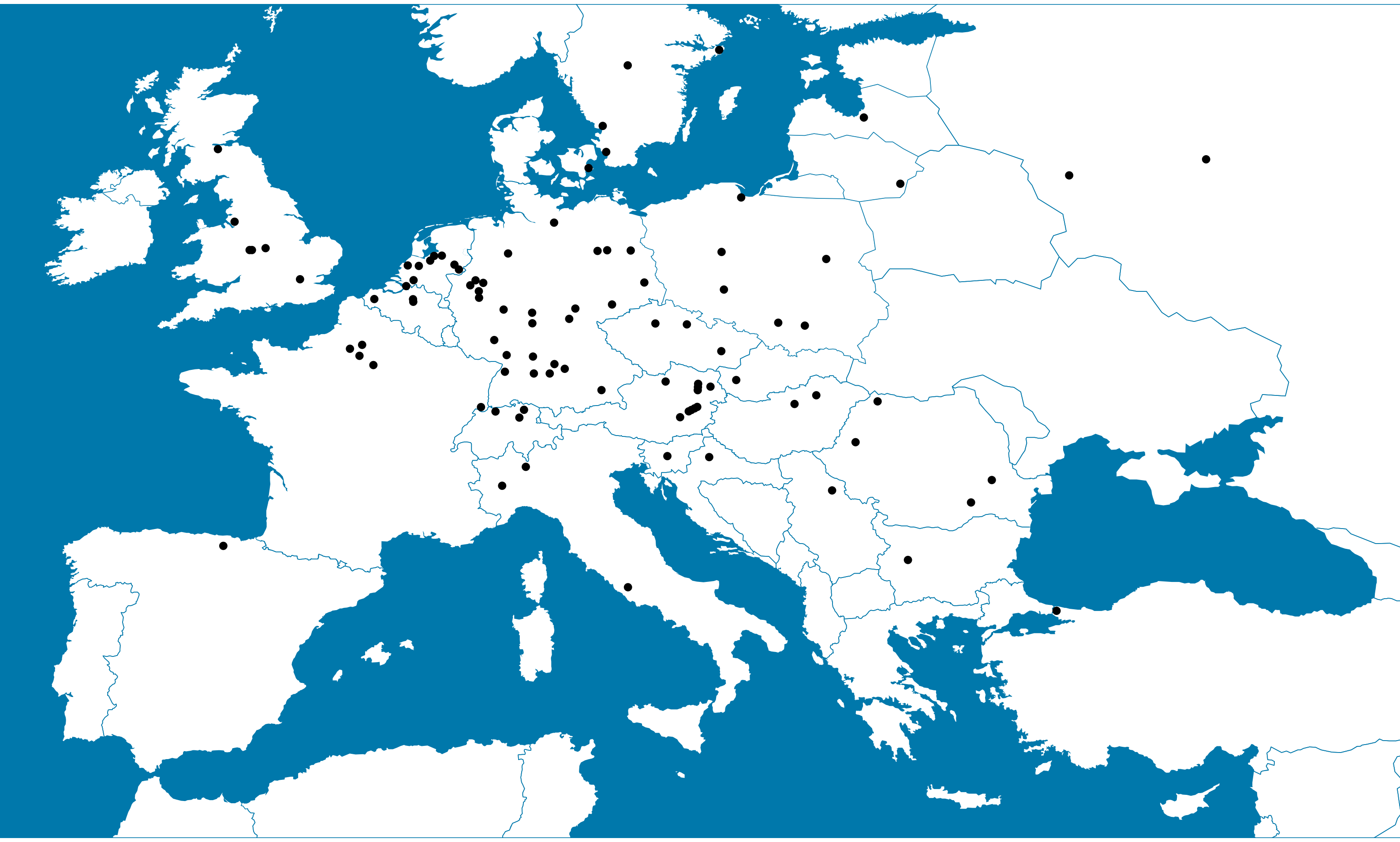


Automotive Division

The Automotive Division specializes in processing steel as well as combining steel with other materials to form parts and components for automotive bodies and safety technology.

At home in Europe

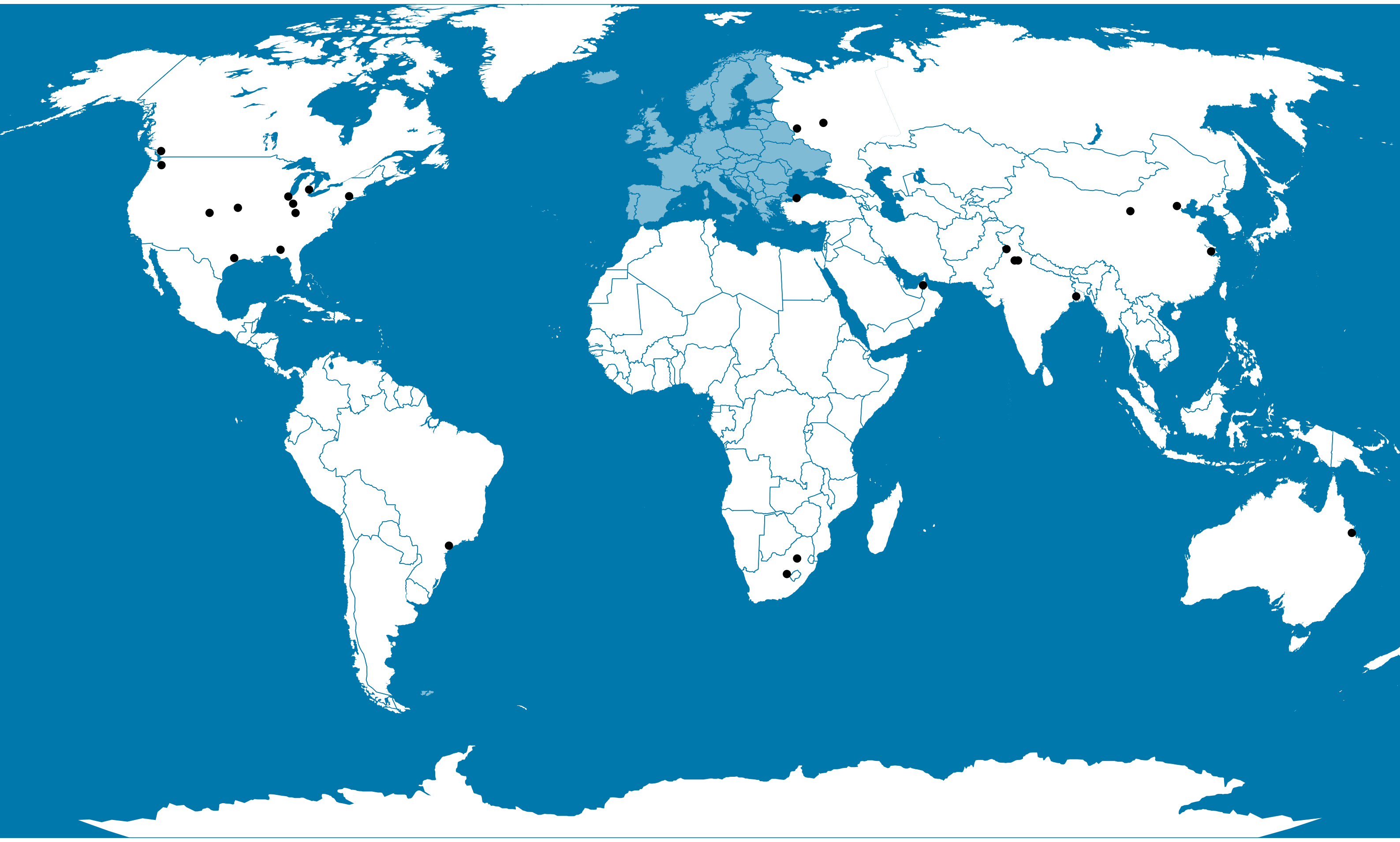
Europe is the voestalpine Group's most important export market by far. Headquartered in Linz, the Group has access to a dense production and distribution network. The European companies are strategically located in relation to traffic routes and the future growth markets of the newly enlarged Europe.



All cities can be found in our list of addresses from page 154 onwards.

Successful all over the world

With its highly specialized production sites in close proximity to our customers, the voestalpine Group is active in approximately 40 countries worldwide. voestalpine is a market and technology leader in many of these international markets, particularly in the sectors Railway Systems (switch technology) and Profilform (Custom Roll Forming).



All cities can be found in our list of addresses from page 154 onwards.

The Supervisory Board of voestalpine AG

Univ.-Prof. Dr. Rudolf Strasser
Honorary President of the Supervisory Board

Dr. Joachim Lemppenau[1, 2]
Chairman of the Supervisory Board
Initial appointment: July 7, 1999
Former Chairman of the Management Board of
Volksfürsorge Versicherungsgruppe, Hamburg

Mag. Dr. Ludwig Scharinger[1, 2]
First Deputy Chairman of the Supervisory Board
Initial appointment: January 20, 1994
Managing Director of Raiffeisenlandesbank Oberösterreich, Linz

Dr. Franz Gasselsberger, MBA[2]
Member of the Supervisory Board
Initial appointment: July 1, 2004
Managing Director of Oberbank AG, Linz

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

Dr. Josef Krenner[2]
Member of the Supervisory Board
Initial appointment: July 1, 2004
Head of the Finance Department of the Federal State of Upper Austria, Linz

Dr. Michael Kutschera MCJ (NYU)
Member of the Supervisory Board
Initial appointment: July 1, 2004
Partner at BINDER GRÖSSWANG Rechtsanwälte OEG, Vienna

Dr. Franz Lauer
Member of the Supervisory Board
Initial appointment: July 1, 2004
Former Managing Director of Wiener Städtische
Allgemeine Versicherung AG, Vienna

Univ.-Prof. Dr. Ewald Nowotny
Member of the Supervisory Board
Initial appointment: July 5, 2006
Managing Director of BAWAG P.S.K. Bank für Arbeit und Wirtschaft
und Österreichische Postsparkasse Aktiengesellschaft, Vienna

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

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

Dipl.-Ing. Rainer Wieltsch
Member of the Supervisory Board until July 5, 2006
Member of the Management Board of Österreichische Industrieholding AG, Vienna

Delegated 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, Leoben-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[1, 2]
Member of the Supervisory Board
Initially delegated: June 10, 2000
Chairman of the Corporate Works Council of voestalpine Group, Linz

Hans-Karl Schaller
Member of the Supervisory Board
Initially delegated: September 1, 2005
Chairman of the Works Council for Wage Earners of voestalpine Stahl GmbH, Linz

Ing. Fritz Sulzbacher[2]
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

[1] Member of the Presidential Committee (both Nomination and Compensation Committee as defined by the Corporate Governance Code) of the Supervisory Board of voestalpine AG
[2] Member of the Audit Committee of the Supervisory Board of voestalpine AG

From left to right: Robert Ottel, Franz Hirschmanner, Wolfgang Eder, Josef Mülner, Wolfgang Spreitzer

The Management Board of voestalpine AG

Dr. Wolfgang Eder

(Born 1952, joined the company in 1978,
member of the Management Board since 1995)
Chairman of the Management Board (since 2004)

Head of the Steel Division

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

Dipl.-Ing. Franz Hirschmanner

(Born 1953, joined the company in 1978)
Member of the Management Board (since 2003)

Head of the Automotive Division

Assigned area of responsibility: R&D and innovation strategy

Dipl.-Ing. Josef Mülner

(Born 1947, joined the company in 1974)
Member of the Management Board (since 2003)

Head of the Railway Systems Division

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

Mag. Dipl.-Ing. Robert Ottel, MBA

(Born 1967, joined the company in 1997)
Member of the Management Board (since 2004)

CFO

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

Mag. Wolfgang Spreitzer

(Born 1951, joined the company in 1971)
Member of the Management Board (since 2001)

Head of the Profilform Division

Assigned area of responsibility: Information technology

Ladies and Gentlemen:

In every respect, the 2006/07 business year was the most successful year in the history of the voestalpine Group. With revenue reaching more than EUR 7 billion for the first time and the operating result exceeding EUR 1 billion, the Group soared to new heights. Moreover, each of the four divisions managed to set a new individual record for revenue and operating result. During the same period, the share price and market capitalization attained new record highs. Never before had the privatized voestalpine Group employed so many people. Extensive investments and a series of international acquisitions further expanded voestalpine's quality and technology leadership in the Group's highly-specialized product segments.

It presents quite a challenge to add the 2006/07 chapter to our Group's favorable development story, which has now been ongoing for several years, without resorting to the term "historic" yet again. Despite all the joy this success brings, a success for which we have to thank our employees' commitment and the trust of our customers and shareholders, we are well aware of the danger of underestimating the risks of the future while bathing in the exuberance of the present. Therefore, on the occasion of presenting the previous half-yearly report, we already drew your attention to the fact that success should go hand in hand with a certain degree of reflection rather than with boundless optimism, and that success should not be measured in terms of financial data alone. Instead, the criteria for evaluating sustained success, which we also need to gauge ourselves by, should extend far beyond the glory of the moment.

In the interest of securing the future, the voestalpine Group invested a record amount in research and development in the past business year, making the Group one of the most research-intensive companies in Austria. These investments are not meant to secure short-term benefits, but rather form the basis for long-term innovation and thus for the further expansion of our technology leadership in terms of worldwide competition.

Never before in the history of the voestalpine Group have investments of that scale been made as in the past business year. Our investment drive which, during the last couple of years, has not only been pushed at our Austrian sites, creates thousands of jobs and hundreds of apprenticeships for young people and lays the foundations for the further long-term expansion of the Group's successful global presence in conjunction with the Group's extensive international acquisition drive. In this manner, particularly in times of new record results, the prerequisites for a sustainable successful development are created, i.e. also for times in which the economic environment is less favorable.

Our responsibilities to society and our employees as well as those to our customers and shareholders require us to expand our production and processing capacities in such a way that their impact on the environment can be consistently minimized and their energy efficiency continuously optimized. This was reflected in the 2006/07 business year by the investments in the environment, which were once again at a very high level, and by current operating expenses for environment-related equipment which reached new record levels. Incidentally, this development already started off in the voestalpine Group in the mid-1980s.

While it is true that the consistent path to growth embarked upon by our company since its initial public offering in 1995 went hand in hand with intensive capital investment, to an even greater extent, it involved the commitment, expertise and willingness to take risks from the side of our employees, customers and investors. In public presentations, this side of the story does not often get the full coverage it deserves, since these publications mainly focus on profit expectations, price targets or environmental data. Sustained shareholder commitment requires a political and legal framework which is reliable in the long term and secures equal opportunities in global competition at the same time.
In recent months, against the background of an increasingly emotional and not always objective discussion on climate change in Europe, voestalpine has emphatically pointed out this interdependence. In the interest of the Group and its employees and in the interest of our customers and shareholders, we are obliged to demand the planning security which is required for long-term corporate decisions in terms of a fair and reliable regulatory framework.

At its largest site in Linz, the voestalpine Group is faced with fundamental investment decisions, the effects of which will extend at least until the middle of this century. In the interests of Austria and Europe, predictability and calculability are required in order to reach these decisions. In essence, it has everything to do with securing Europe's global competitiveness in the long run and nothing with challenging this competitiveness due to a misguided understanding of our pioneering role in the field of climate protection.

Never has the voestalpine Group considered companies, which use short-term profit maximization as the only benchmark for their actions, as a role model. We do not intend to change that in the future. We have always complied with the rules governing the capital market, assuming a sustained responsibility for the environment and our employees at the same time. Meanwhile, the voestalpine Group has become the benchmark in these sectors – from energy efficiency and CO_2 balance up to and including the employee shareholding scheme and the Group-wide "LIFE" employee program.

At the same time, our company is competing against others to which these standards do not apply or at least not in an unrestricted manner, since their national regulations do not require them to meet these standards. It is obvious that this kind of differential treatment on a global scale and even within Europe will distort competition in a manner that will have economic repercussions in the long term. Therefore, our pioneering role in environmental protection allows us to point out this differential treatment – especially the long-term effects thereof – and also gives us the right to remind the political establishment of their share of responsibilities in this matter.

The voestalpine Group is a true advocate of environmental protection and energy efficiency, not just on the national or European level, but in terms of a comprehensive global approach by way of a worldwide industry-specific benchmark system. This would allow the top of the class, i.e. those companies that have done or are doing their homework more rapidly and thoroughly, to be rewarded. Conversely, the companies for which the environment is a lesser concern could be disciplined accordingly – by the ton produced.
This policy would be more fair and, with regard to the effects on the environment, much more efficient than the current regulations which are based on different national standards and do not even apply to certain significant economic regions. Such a policy would quickly lead to real improvements worldwide, with every company being constantly required to make progress in order to avoid the threat of fines. Time will tell whether Europe is brave enough to blaze new trails. If Europe lacks the requisite courage, it will soon be leaving a large share of its industry to others.

As illustrated in this Annual Report, the solution lies in developing new perspectives, daring to accomplish the unusual, changing one's point of view and rising to new challenges.

Linz, June 2007

The Management Board

Wolfgang Eder

Franz Hirschmanner

Josef Mülner

Robert Ottel

Wolfgang Spreitzer

Chronicle of the 2006/07 business year

04/2006

Expansion of profile activities in Russia

The voestalpine Group expands its profile activities by acquiring a majority interest in ZAO voestalpine Arkada Profil. The company is specialized in manufacturing and distributing light steel sections, particularly for the construction industry and for infrastructure uses.

06/2006

Profilform acquisition in France

The Profilform Division continues its expansion and intensifies its business activities in Western Europe by the acquisition of two profile manufacturers in France: Société Profilafroid and Société Automatique de Profilage (SAP), with total revenues of approx. EUR 54 million.

Railway Systems Division starts up operation of the most modern rail rolling mill in the world

The new rail rolling mill in Leoben/Donawitz, which is the most modern in the world, is officially opened. The rail rolling mill represents the current culmination of voestalpine Schienen GmbH's large-scale investment program; over the past 15 years, more than EUR 200 million have been invested in expanding and modernizing rail production in Austria.

Final closure of the forge

After 64 years of operation, the Steel Division shuts down its forge in Linz. The employees are transferred to other Group companies.

07/2006

Record dividend for voestalpine shareholders

The Annual General Shareholders' Meeting of voestalpine AG resolves to issue a record dividend of EUR 3.10 per share (including bonus, prior to share split 1:4); this corresponds to dividend earnings of 4.3%.

Acquisition of wire manufacturer

voestalpine Austria Draht GmbH, a company of the Railway Systems Division, acquires Drahtwerk und Stahlhandel Finsterwalde GmbH. This company is one of the quality leaders in the field of cold extrusion wire.

08/2006

Share split

Pursuant to a resolution of the Annual General Shareholders' Meeting on July 5, 2006, the share split in a ratio of 1:4 will take effect on August 1. The number of voestalpine shares is thus increased from 39,600,000 to 158,400,000 no-par-value shares.

voestalpine starts off year with a record quarter

In the first three months of the 2006/07 business year, both the revenue and the operating result were further increased. The first quarter of 2006/07 is the best to date in the history of the Group.

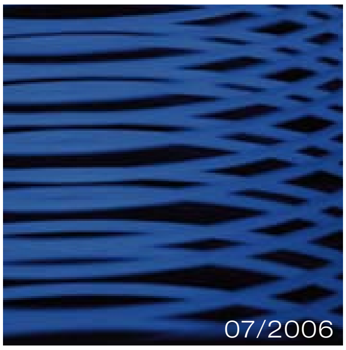
10/2006

EMAS Award 2006

VAE Eisenbahnsysteme GmbH, a company of the Railway Systems Division, receives the Austrian EMAS Award 2006 in the category of large organizations and is thus nominated for the European EMAS Award.


06/2006


06/2006


07/2006

08/2006

11/2006


12/2006


12/2006


02/2007


03/2007


03/2007

11/2006

Group's own scrap metal trading company incorporated into joint venture
By incorporating voestalpine Rohstoffhandel GmbH, a company active in the fields of scrap metal recycling and trading, into a newly established joint venture with the German family-owned company Scholz, the voestalpine Group continues to pursue its focus on strategic core business areas and also secured its long-term supply of scrap metal, an important raw material for steel production at the Linz and Donawitz sites.

Best six-months period in Group history
For the fifth time in a row, the voestalpine Group reports improved six-months results. With significant increases in revenues and all result figures relative to the last year, the first six months of the 2006/07 business year represent the best in Group history to date.

12/2006

Automotive activities expanded through large-scale acquisition
The Automotive Division acquires a majority interest in the suppliers Gutbrod Stanz- und Umformtechnik GmbH, Hügel GmbH & Co. KG (both in Germany) and Amstutz Levin & Cie (France). These companies specialize in forming and assembling structural components for automotive bodies.

Sale of steel trading group
The Steel Division sells 74.9% of voestalpine Stahlhandel GmbH to the Polish company Zlomrex S.A., thus completing its measures to streamline and optimize the portfolio.

02/2007

Nine-months results break records, too
Following the first quarter and the first six-month period of the 2006/07 business year—both representing record periods in the development of voestalpine—the Group is proud to present both its best quarterly report to date and a new record in terms of nine-month results.

Turnout technology: Entering the Chinese market
The Railway Systems Division forms a joint venture in China in order to handle the largest project in the Group's history. Together with a Chinese partner, the VAE Group, the leading global supplier of switches and turnout systems, successively sets up a local production site for high-speed turnouts based on the high-speed turnout technology of its German subsidiary BWG to complete a large-scale order of several Chinese railway companies.

03/2007

Acquisition of another automotive supplier in Germany
The Automotive Division is expanding its commitment in Europe with the acquisition of Dancke Stanztechnik GmbH & Co. KG and Dancke Werkzeugbau GmbH & Co KG in Baden-Württemberg.

"Linz 2010" nearing completion
With the commissioning of the walking beam furnace, the cold-rolling mill 3 and the hot-dip galvanizing plant 4, the EUR 2 billion investment program "Linz 2010" of the Steel Division that was launched in 2002 moves into its final phase.

voestalpine AG makes a public tender offer for the shares of BÖHLER-UDDEHOLM AG.

For other people
these are employees.

Many different occupational profiles,
a worldwide presence and diverse specialist qualifications.
Despite all these differences, the employees
of the voestalpine Group are united beyond borders by
a common goal: the need to succeed.
Integration is not an issue; instead, it represents
a challenge to all those involved. As such, integration
forms the basis for successful cooperation
within the Group and with our customers.

For us the
basis of our success.

Investor relations

Price performance of the voestalpine share

The upwards trend of the voestalpine share price which had started with the final decision to privatize in September 2003 continued without interruption during the 2006/07 business year. On March 30, 2007, the voestalpine share closed at a new high of EUR 54.30 corresponding to an increase of 85.8% compared to the beginning of the business year (EUR 29.23). It was thus not only able to significantly outperform Austria's leading share index ATX as well as the international benchmark indices Stoxx (Europe) and Dow Jones Industrial (USA), but also achieved an increase in value of nearly 90% for the second business year in a row (2005/06: 88.4%).

The favorable share price development is due to the Group's good fundamental data with profit expectations and upside targets accordingly increased over the course of the year, on the one hand, and the generally favorable stock market situation resulting from a sound international economic climate, on the other hand. However, the share price development was also influenced by an increasing volatility of the international stock markets which was reflected in the price performance of the voestalpine share, as well.

Thus, the increases during the first two months of the business year were followed by a marked decline in prices, which was, however, made up for by autumn 2006 and was followed by a strong upwards trend that lasted into the first few weeks of 2007. At the end of February, however, the world stock markets (beginning in Asia) came under pressure. Also The Vienna Stock Exchange was also affected by this development. The price fluctuations, which did not stabilize until the end of March and were not based on any change in the company-specific valuation, reached 15% within a few days.

On March 30, 2007, one day after the announcement of the public tender offer for BÖHLER-UDDEHOLM AG, the voestalpine share reached its all-time high to date; following a phase of stable development around the EUR 50 mark at the beginning of the 2007/08 business year, the share price increased sharply at the end of May 2007 and reached a new provisional peak at more than EUR 56 at the beginning of the 2nd quarter 2007/08.

Share split

The Annual General Shareholders' Meeting of voestalpine AG approved a share split in the ratio of 1:4 on July 5, 2006. As a result of this measure which took effect on August 1, 2006, the number of voestalpine bearer shares increased from 39.6 million to 158.4 million.

Inclusion in new indices

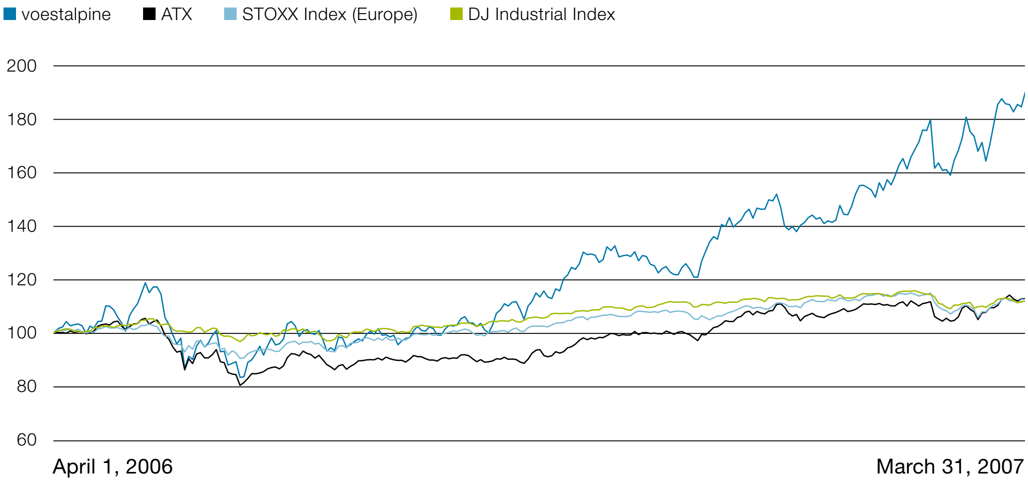
The voestalpine share, which is already represented in a number of international sustainability and ethical indices, was also included in the ECPI Ethical Index of the Italian financial advisor E. Capital Partners in January 2007.

Ownership structure

Compared to the previous year, the share of Austrian investors decreased by approx. 3 percentage points and the level of employee shareholding remained unchanged with just over 10%. The most significant change in the ownership structure is due to the strong increase of investors from Great Britain, which already represents the third largest geographic group of investors of voestalpine AG after North America (reduction from 24% to 18%).

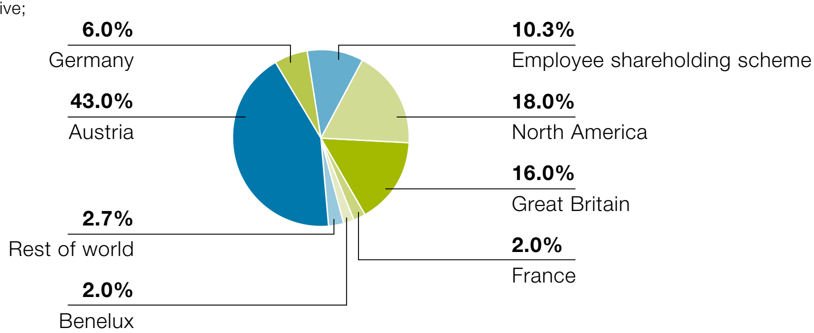
voestalpine share vs. international indices

Business year 2006/07, Changes as compared to March 2006 in %



Ownership structure

The shareholder structure of voestalpine AG is currently as follows (all data indicative; as of May 2007):



Major individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	> 15%
Employee shareholding scheme	10.3%
Oberbank AG	> 5%
AXA Group	> 5%

Share information

Share capital	EUR 287,784,423.30 divided into 158,400,000 no-par-value shares
	Shares in proprietary possession as of March 31, 2007: 4,326,726 shares
Class of shares	Ordinary bearer shares
Stock identification no.	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Share price high April 2006 to March 2007	EUR 54.30
Share price low April 2006 to March 2007	EUR 24.035
Share price as of March 30, 2007	EUR 54.30
Market capitalization as of March 30, 2007[1]	EUR 8,366,178,778

Earnings per share (BY 2006/07)	EUR 4.77
Dividend per share (BY 2006/07)[2]	EUR 1.45
Book value per share (March 30, 2007)	EUR 18.65

[1] Basis: total number of shares minus repurchased shares. [2] Subject to the approval by the Annual General Shareholders' Meeting

voestalpine AG is currently being analyzed by the following institutions:

■ BHF-BANK, Frankfurt ■ CA IB, Vienna ■ Cantor Fitzgerald, London ■ Credit Suisse, London ■ Deutsche Bank, Vienna/Frankfurt ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ JP Morgan, London ■ Morgan Stanley, London ■ Nord LB, Frankfurt ■ Raiffeisen Centrobank, Vienna ■ Steubing AG, Frankfurt

Projected schedule for 2007

Annual General Shareholders' Meeting	July 4, 2007
Ex-dividend date	July 9, 2007
Dividend payment date	July 16, 2007
Letter to shareholders on 1st quarter results 2007/08	August 8, 2007
Letter to shareholders on 1st six-months results 2007/08	November 13, 2007
Letter to shareholders on 3rd quarter results 2007/08	February 12, 2008
Annual Report 2007/08	June 5, 2008
Annual General Shareholders' Meeting	July 2, 2008

Investor Relations

Peter Fleischer, T. +43/50304/15-9949, F. +43/50304/55-5581
InvestorRelations@voestalpine.com, www.voestalpine.com

Corporate Governance

With the Austrian Corporate Governance Code, which became effective in October 2002, Austrian corporations were given a framework for managing and supervising their enterprises.

The goal of the Code is to create responsible management and control of companies and groups, with an orientation toward sustained and long-term value creation and a high degree of transparency for all stakeholders of an enterprise.

The Code is based on the provisions of Austrian stock corporation law, stock exchange law and capital market law, and its fundamental principles are based on the OECD guidelines for corporate governance. The Code was modified in February 2005 as a result of an amendment of the law, and comprehensively revised at the end of 2005/beginning of 2006.

The Code comes into effect through the voluntary commitment of companies. The Management Board and the Supervisory Board of voestalpine AG resolved already in 2003 to recognize the Corporate Governance Code and have already implemented the regulations amended so far. voestalpine AG has thus committed itself to comply with the 2006 version of the Austrian Corporate Governance Code; references in this Annual Report apply to this version of the Code.

In addition to the mandatory "L Rules"*, also the "C Rules" of the Code are observed, with one single exception: Contrary to Rule 57, neither the Articles of Incorporation nor the bylaws stipulate an age limit for the nomination of Supervisory Board members of the company.

With regard to Rule 49 of the Code, the Supervisory Board approved the function of the law firm Binder Grösswang Rechtsanwälte, in which Dr. Michael Kutschera is a partner, as legal counsel of voestalpine AG on issues relating to company law and trademark rights, on issues relating to acquisition law, as well as for the tender offer for BÖHLER-UDDEHOLM AG and various individual issues. These services were billed at the normal hourly rates of the law firm Binder Grösswang Rechtsanwälte which amounted to between EUR 200 and EUR 420 per hour. The total of the fees paid to the law firm Binder Grösswang Rechtsanwälte during the 2006/07 business year amounted to EUR 109,531.71 net.

All of the members of the Supervisory Board who were elected by the Annual General Shareholders' Meeting have confirmed that they consider themselves to be independent based on the criteria set forth by the Supervisory Board (Rule 53). These criteria for independence can be viewed on the company website (www.voestalpine.com). Fur-

* The Corporate Governance Code contains the following rules: "L Rules" (= Legal) are measures prescribed by law; "C Rules" (= Comply or Explain) must be justified in the event of non-compliance; "R Rules" (= Recommendations) are recommendations only.

thermore, with the exception of Dr. Ludwig Scharinger, who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OEG, and Dr. Josef Peischer, who represents the voestalpine Employees' Foundation (employee shareholding scheme), no member elected to the Supervisory Board by the Annual General Shareholders' Meeting is a shareholder with an investment of more than 10% or represents the interests of such shareholders (Rule 54).

The Corporate Governance Code provides for a regular external evaluation of compliance with the Code. This evaluation was carried out by the Group's auditor during the audit of the 2006/07 financial statements. As a result of this evaluation, the auditor has determined that the declaration given by voestalpine AG with regard to compliance with the 2006 version of the Corporate Governance Code, taking into account the reservation contained in the declaration, conforms to the actual conditions and/or facts.

- *The detailed report on the external evaluation is available at www.voestalpine.com.*

For other people
these are youngsters.

We promote young people and provide them
with challenges. We work together with universities and
educational institutions all over the world.
As a result, our apprentice training is not considered
to be over once young professionals enter the work force.
Personal development, international career opportunities
and lifelong learning make voestalpine just
as appealing an employer as does the company's
orientation towards success.


For us an important part of our future.

Highlights

- For the first time in its history, the voestalpine Group achieves a revenue of over EUR 7 billion and an operating result of more than EUR 1 billion.
- The EBITDA and EBIT margins as well as the ROCE reach new record levels.
- New record highs in revenues, results and margins in all four divisions.
- Earnings per share increase from EUR 3.25 to EUR 4.77, dividend rises from EUR 0.78 to EUR 1.45 EUR per share (recommendation to the Annual General Shareholders' Meeting).
- Price of voestalpine share increases by 86% to a new all-time high.
- Investments and research expenditure reach new record values.
- Substantial acquisitions in the processing divisions.
- Further measures to focus on the core business in the Steel Division.
- At the end of the business year, announcement of a tender offer to the shareholders of BÖHLER-UDDEHOLM AG.

Report of the Management Board

Management Report 2006/07

This Management Report also constitutes the voestalpine AG 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 the two reports.

Economic environment

Sustained economic boom in Europe

The global economic trend had been very favorable troughout the entire 2006/07 business year. In addition to the sustained strong growth in Asia (particularly in China and India), also the European Union (EU) – the most important market of the voestalpine Group – experienced a stable economic boom, above all driven by an extremely dynamic investment demand. In the EU (25), the gross domestic product (GDP) grew by 2.8% in 2006, and, with 3.2%, the economic growth in Austria was not only above the EU average, but also exceeded the original expectations. Thus, Austria has overcome a period of very slow economic growth that had lasted since 2000, and this favorable trend continued in 2007. During the first quarter of the calendar year, the Austrian economy grew by approx. 0.8% relative to the preceding quarter, and by even 3.2% relative to the first three months of the previous year.

In Germany, which is the largest single export market of the voestalpine Group, the economy grew by 2.7% in 2006, thus corresponding approximately to the EU average, whereas Italy lagged significantly behind with only 1.9%. Growth in the United States, which is the most important overseas market of the Group, amounted to 3.3%.

Positive development in the most important customer industries

The development of the voestalpine Group's main customer industries basically followed the general economic trend and thus was very favorable in the 2006/07 business year. In the largest segment, i.e., *the automotive industry,* production could be increased significantly relative to the preceding year, both globally and in Europe; in addition to the continuing favorable development of Western European premium brand manufacturers, the continued high demand from the commercial vehicle industry and the bus and coach manufacturing sector deserve particular mention.

The *construction and construction supply industries* continued to develop very dynamically, both in Western and in Eastern Europe; performance of the *civil and mechanical engineering* sector, which is primarily export-driven, continued to develop very favorably, as well.

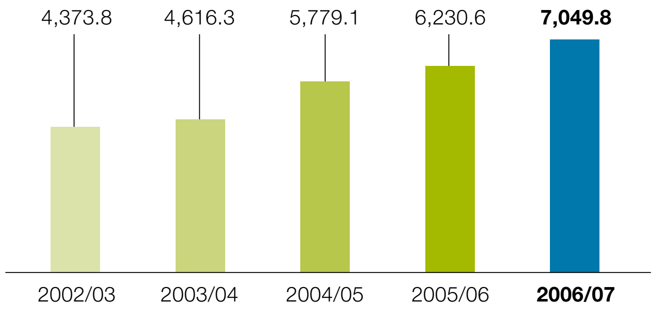
The *energy sector* was experiencing a continuous boom during the previous year as well, particularly in the area of oil and gas production.

The market environment for the *railway infrastructure sector* has become more noticeable in Europe. Both at the national level and in respect to trans-European rail links, investment in new construction and modernization projects was further intensified which will result in a general longer-term increase in the demand for tracks, switches and turnout systems as well as railway infrastructure products.

Also, in the railway markets outside Europe, the economic situation has developed as dynamically as before, with Asia, North America and South Africa leading the field.

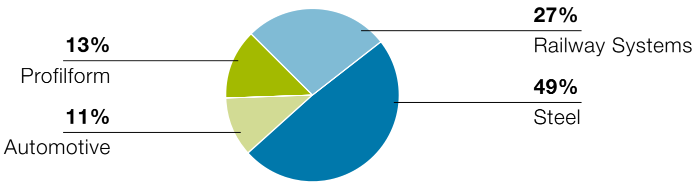
Revenue

In millions of euros



Revenue by Divisions

As percentage of Group revenue
Business year 2006/07



In the last business year, further production increases were also reported in the European *household appliance industry,* and also the high demand for products and services in the *transportation and storage technology* as well as the logistics sectors has remained stable.

(The market environment of the individual divisions is described in detail in the following segment reports.)

Business performance of the voestalpine Group*

The 2006/07 business year was by far the most successful for the voestalpine Group in its history to date. In addition to a renewed increase in revenue and in all other key figures, the operating result could be significantly improved for the fifth year in a row—thus achieving a new record result for the third consecutive time.
It should be emphasized that the last business year resulted in new historic highs in the revenue and the operating result—not only for the Group as a whole, but also for each of the four divisions.

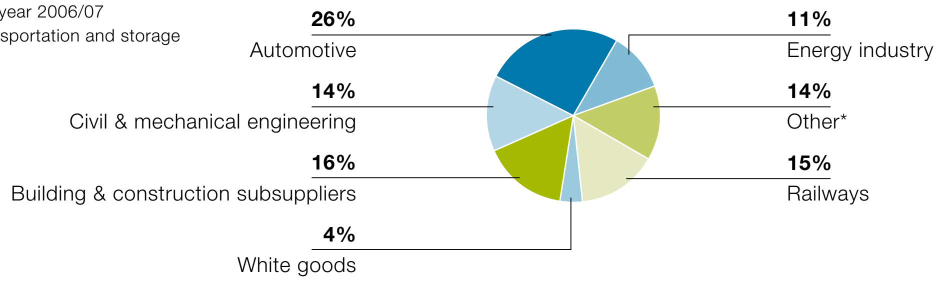
Increase in sales revenue by 13.1% to over EUR 7 billion for the first time

The *revenue* of the voestalpine Group increased by 13.1%, from EUR 6,230.6 million to EUR 7,049.8 million, thus passing the EUR 7 billion mark for the first time. The most noticeable rise was reported by the Profilform Division (+23.2%), and significant increases in the revenue were also achieved by the Railway Systems Division (+13.1%) and the Steel Division (+11%).

* Previous year's figures adjusted in accordance with IFRS 5 for voestalpine Stahlhandel Group and voestalpine Polynorm Inc.

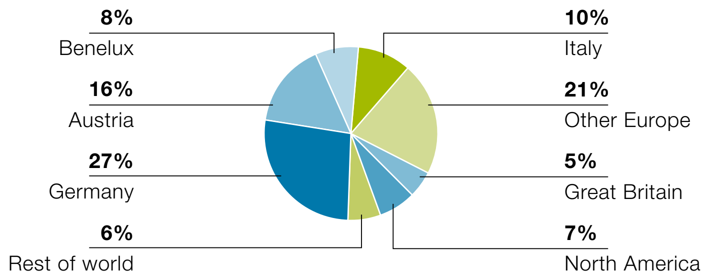
Revenue by Industries

As percentage of Group revenue
Business year 2006/07
* Incl. transportation and storage



Revenue by Regions

As percentage of Group revenue
Business year 2006/07



The growth in revenue of the Automotive Division came to 4%.

The Group revenue also reflects a total increase by EUR 200.2 million as a result of acquisitions resulting from the first-time consolidation of the companies acquired last year in the processing divisions Railway Systems, Profilform and Automotive.

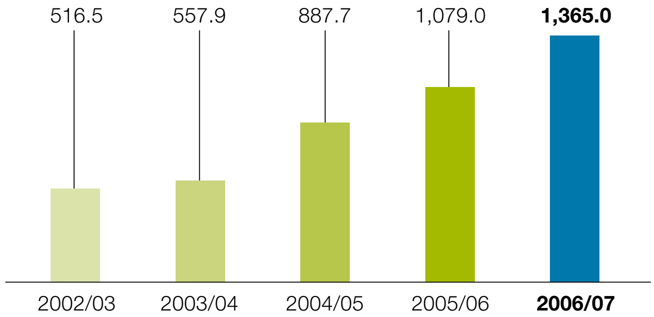
(For more detailed information on consolidation periods and revenue, see the following segment reports.)

The voestalpine Group's increase in revenue is also attributable to the generally excellent business development in the Steel, Railway Systems and Profilform divisions. Particularly noteworthy in this regard are the business areas flat steel and heavy plate (Steel Division), rails and turnout technology, quality wire and seamless tubes (Railway Systems Division), special sections and storage technology (Profilform Division) as well as laser-welded blanks and precision parts (Automotive Division). In these segments, above-average increases in sales revenue could be achieved as compared to the previous business year.

In the 2006/07 business year, the ratio between steel and processing activities was more or less balanced as it was already the case in the previous years.
In the past business year, the automotive and automotive supplier industries (26% of the Group revenue), the construction and construction supply industries (16%), the railway industry (15%), civil and mechanical engineering (14%) as well as the energy sector (11%) remained the *most important customer industries*.

EBITDA – Earnings before interest, taxes, depreciation and amortization

In millions of euros



Percentage of exports continues to grow

In the 2006/07 business year, the *percentage of exports* rose from 82% to 84%; the most important market by far was again Europe where a total of 86% of the Group sales revenue was achieved. Germany and Italy again represented the two largest single export markets.

The EBITDA improved by 26.5% to EUR 1,365 million

The development of the voestalpine Group's *operating result* is most gratifying. The *EBITDA* (earnings before interest, taxes, depreciation and amortization) rose by 26.5% from EUR 1,079.0 million to EUR 1,365.0 million. Particularly noteworthy in this regard are the increase in the Profilform Division by almost half (+46.5%) and the increases in the Railway Systems Division (+27.5%) and the Steel Division (+22.7%) which were within the range of the Group's average. With a 7.9% increase, the Automotive Division also reported a clear improvement as compared to the previous business year.

In the 2006/07 business year, the *EBITDA margin* of the Group increased from 17.3% to 19.4%.

Operating result rose by 39.9% to over EUR 1 billion

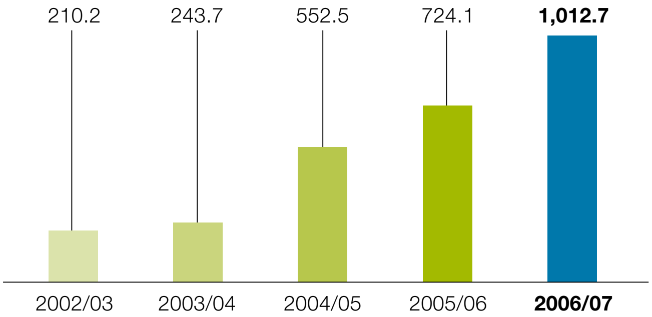
With EUR 1,012.7 million, the *EBIT* (profit from operations) exceeded the EBIT of the previous business year by 39.9% (2005/06: EUR 724.1 million). Thus, the EBIT not only passed the EUR 1 billion mark for the first time in the Group's history, but also almost doubled within the last two business years. This results in a significantly increased *EBIT margin* from 11.6% to 14.4% for the 2006/07 business year.

The extraordinary development of the Group's operating result is also reflected in the impressive increases to new record results reported by each division. In addition to the continued increase in the Steel Division, the positive developments of the processing divisions Railway Systems and Profilform, which were again above average, should be pointed out. With a further increase in its EBIT, the Automotive Division is also on the right track.

In line with the trend reported for the revenue and the EBITDA, the most significant EBIT increase was achieved in the Profilform Division, which increased its operating result by 64.9%, while the improvements in the Railway Systems Division (36.1%) and the Steel Division (34.8%) more or less corresponded to the Group average. The performance in the Automotive Division was also very favorable, with the EBIT rising by 10.1%, from EUR 38.6 million to EUR 42.5 million and thus reaching its highest level since the division was established in 2001. With 5.2%, its EBIT margin (as compared to 4.9% in the preceding year) exceeded the 5% mark for the first time, which puts it in the very top level, in terms of the operating

EBIT – Profit from operations

In millions of euros



result, compared to other companies in the automotive supplier industry.
The Railway Systems Division—which is now the most profitable division of the voestalpine Group—improved its EBIT margin from 13.6% to 16.4% and thus exceeded the Group's average of 14.4%—as did the Profilform Division with an increase from 11.2% to 15.0% and the Steel Division with an increase from 12.2% to 14.8%.

Further improvement in the operating result of the voestalpine Group resulted from the overall increase in sales volumes in the major sectors, a higher price level as compared to the previous business year and the measures taken to further increase cost-effectiveness and to optimize the product mix. In the processing divisions Railway Systems, Profilform and Automotive, the newly acquired companies also contributed positive operating results and thus played a decisive role in increasing the EBIT as compared to the previous business year.

In detail, the extremely favorable performance of the Steel Division is primarily attributable to record results of the flat steel and heavy plate segments. In the Railway Systems Division, the contributions of all business segments (rail technology, turnout technology, wire, seamless tubes and steel) to the operating result have increased – partly also to new record highs. The above-average operating result increase of the Profilform Division is particularly due to significant increases in earnings and sales volumes, whereas the EBIT increase in the Automotive Division is attributable to an excellent performance in the laser-welded blanks and precision parts segments.

In the 2006/07 business year, the revenue, the operating results and the employees of the following acquired companies were fully consolidated for the first time: voestalpine Draht Finsterwalde GmbH, Rail Center Duisburg GmbH, TENS Spolka z.o.o. and Açotrilho (Railway Systems Division), Société Profilafroid, Société Automatique de Profilage (SAP) and ZAO voestalpine Arkada Profil (Profilform Division) as well as Gutbrod Stanz- und Umformtechnik GmbH, Hügel GmbH & Co. KG and Amstutz Levin & Cie (Automotive Division).

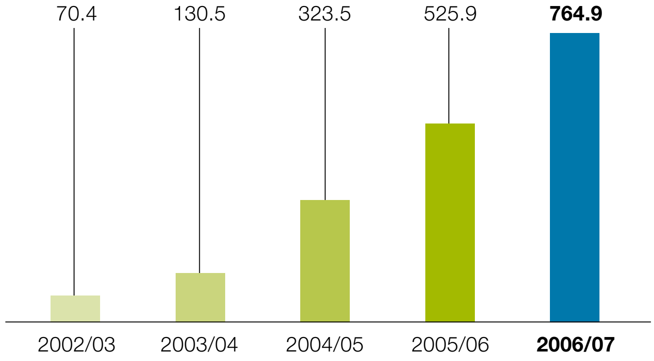
The following companies were fully consolidated for the last time: voestalpine Stahlhandel GmbH, Koellensperger Stahlhandel GmbH & Co KG, Neptun Stahlhandel GmbH, Veting voestalpine d.o.o., voestalpine Stahlhandel spol.s.r.o. as well as Rohstoffhandel GmbH, Schrott-Waltner GmbH and Eisenhandel Gebeshuber GmbH (all Steel Division).

Profit for the period increased by more than 45.4%

Due to the significantly improved operating result, both *profit before tax* with an increase by 44.9% from EUR 674.3 million to EUR 977.2 million and the *Profit for the period*

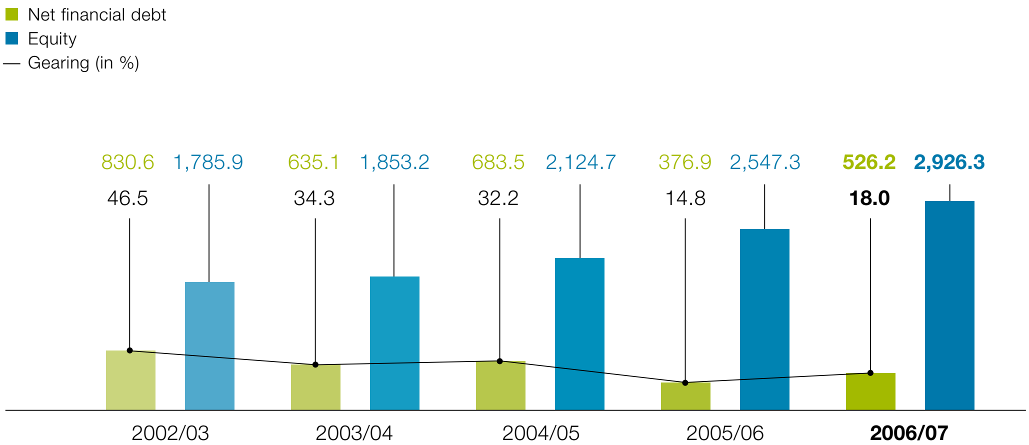
Profit for the period

In millions of euros



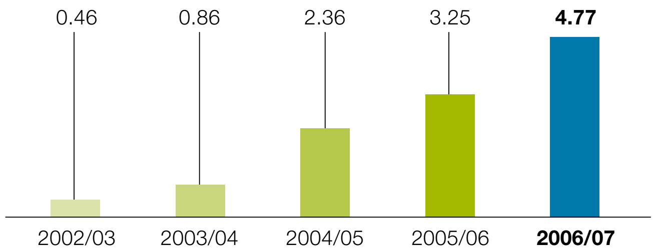
Net financial debt – Equity – Gearing ratio

In millions of euros



EPS – Earnings per share

In euros



(result after taxes), which increased by 45.4% from EUR 525.9 million to EUR 764.9 million as compared to the previous year, were significantly higher than last year.

In the 2006/07 business year, the *tax rate* was 22.7% as compared to 22.9% in the previous year.

Due to the brisk acquisition activities and the share repurchase program started in October 2006, the *net financial debt* increased by 39.6%, from EUR 376.9 million to EUR 526.2 million during the 2006/07 business year. At the same time, *equity* rose by 14.9% from EUR 2,547.3 million to EUR 2,926.3 million. This results in an increase of the *gearing ratio* (net financial debt as a percentage of equity) from 14.8% to 18% during the 2006/07 business year.

Earnings per share increased by 46.8%

The *earnings per share* for the 2006/07 business year amount to EUR 4.77. Compared to last year's figure of EUR 3.25, this corresponds to an increase by 46.8%.

Dividend of EUR 1.45 recommended

Subject to the consent of the Annual General Shareholders' Meeting of voestalpine AG which will take place on July 4, 2007, a *dividend* of EUR 1.45 per share will be distributed to the shareholders for the 2006/07 business year. This corresponds to a *dividend yield* of 4.1% (as measured by the average share price of EUR 35.41 during the 2006/07 business year).
The recommended dividend thus significantly exceeds the dividend of the previous business year, which—considering the share split having taken effect—amounted to EUR 0.78 per share corresponding to a dividend yield of 4.3%.
In addition to the dividend payments made during the 2006/07 business year, another approximately EUR 250 million flew back to the capital market as a result of the repurchase of the company's own shares and the convertible bond.

Quarter-to-quarter trend

	1st Quarter 2006/07	2nd Quarter 2006/07	3rd Quarter 2006/07	4th Quarter 2006/07	BY 2006/07
Revenue	1,708.3	1,659.7	1,746.6	1,935.2	7,049.8
EBITDA	296.4	321.0	346.0	401.7	1,365.0
EBITDA margin	17.4%	19.3%	19.8%	20.8%	19.4%
EBIT	214.6	232.0	260.8	305.4	1,012.7
EBIT margin	12.6%	14.0%	14.9%	15.8%	14.4%
Employees	23,298	23,374	23,907	25,326	25,326

In millions of euros

Acquisitions and divestments

In the 2006/07 business year, the voestalpine Group continued its strategy of increasing value through growth-oriented acquisitions, while at the same time intensifying its focus on core-business related areas. In addition to substantial acquisitions in the processing divisions Railway systems, Profilform and Automotive aimed at further expanding the Group's market position in specialized and technology-intensive product segments, the Group has promoted and basically completed the concentration on core business areas.

Acquisitions

At the beginning of the second quarter of the 2006/07 business year, the *Railway Systems Division* acquired the German company voestalpine Draht Finsterwalde GmbH. This wire processing company, which employs 155 persons, specializes in high-end product segments and thus represents an optimum addition to the existing portfolio in the wire segment.

In the third quarter of the business year, a majority of the shares of Stahlberg Roensch Duisburg GmbH, now trading under the name Rail Center Duisburg GmbH, were acquired. The product and service offering of this company, which employs just under 60 persons, comprises the storage of ultralong rails, the preparation and assembly of long rails as well as the reconditioning of used rails.

During the first six months of the 2006/07 business year, the Group acquired TENS Spolka z.o.o. (Poland, electronic system solutions for railways, 40 employees) and Açotrilho, (Brazil, turnout manufacturer, 80 employees) in the turnout technology segment. With these new additions to the existing product and service portfolio of the VAE Group, the Group's presence in strategically significant railway markets could be expanded.

The acquisition activities of the *Automotive Division* during the 2006/07 business year were quite brisk, as well. First, the companies Gutbrod Stanz- und Umformtechnik GmbH, Hügel GmbH & Co. KG (both Germany) and Amstutz Levin & Cie (France) were acquired in December 2006. These three companies own a total of six production sites, four of which in Germany and two in France, and employ approx. 1,100 persons. They specialize in forming and assembling structural parts for automotive bodies such as chassis rails and engine cradles, oil pans and body reinforcements; consequently, their main field of activity is series production. In terms of revenue, 80% are attributable to direct supplies to large Western European car manufacturers and 20% to Tier 1 companies (direct suppliers to automotive industry).
The Automotive Division is thus strengthening its activities in the body-in-white segment and in the area of safety-relevant parts. In addition, it is significantly expanding its series production expertise as well as its position as a direct supplier to the Western European automotive industry. Moreover, these acquisitions are a further important step towards achieving the strategic aim to establish the division as one of the European "top 3" suppliers in the body-in-white segment.

For the voestalpine Group as a whole, the acquisition of this group of companies means a further extension of the value-added chain. The Group is now able to offer its customers in the automotive industry cross-divisional solutions through a broad range of products and services, from material development and innovative processing know-how to the handling of series production projects, with laser-welded blanks, tube products, metal forming or pressed parts and plastic components as well as hybrid components.

In March 2007, a majority interest was acquired in the two German companies Dancke Stanztechnik GmbH & Co. KG and Dancke Werkzeugbau GmbH & Co. KG with a total of approx. 200 employees. These companies specialize in forming and molding technology in direct combination with their own in-house tool shop, and are active primarily in the series production of high-quality pressed parts, components and assemblies for automotive applications. These include, in particular, complex safety-relevant components such as crash boxes for passenger cars, passive safety elements (such as air bags and seat belts) as well as assembly components. The customers are all system suppliers, in particular renowned European Tier 1 automotive suppliers.

Through this acquisition, the voestalpine Group is expanding its series production expertise in safety technology as well as in complex pressed and precision parts. The new production site of Dancke in Romania, which is currently being constructed, represents a further expansion of activities in Eastern and Central Europe where the Automotive Division is already represented with production sites in Poland and Romania.

With three strategically important acquisitions, the *Profilform Division* could further strengthen its leading market position in special sections in Europe in the 2006/06 business year. In June 2006, the two French companies Société Profilafroid and Société Automatique de Profilage (SAP), with a total of over 200 employees, were acquired. These companies are the leading French suppliers of light steel sections, with the focus on the construction and automotive industries.
Already in May 2006, the division had acquired 80% of the Russian company ZAO Arkada Profil (now: ZAO voestalpine Arkada Profil) together with the option to purchase the remaining 20% within five years. The company, which specializes in customized light steel sections and is headquartered in Smolensk, operates a Russian-wide distribution network and employs slighlty more than 400 persons.

Divestments

In the second half of the business year, the Group's scrap metal trading organization voestalpine Rohstoffhandel GmbH was incorporated into a newly established joint venture with the German scrap metal trading group Scholz. The voestalpine Group still holds a strategic minority interest in the new joint venture Scholz Austria GmbH. The scrap metal activities of both companies in Austria, and to some extent also in the Czech Republic, have been combined, thus securing the basic supply of the steel production sites in Linz and Donawitz with high-quality scrap metal in the long term.

With a view to strategically optimizing its portfolio, the Steel Division also transferred 74.9% of its shares in voestalpine Stahlhandel GmbH to the Polish company Zlomrex S.A. during the 2006/07 business year. Due to the high degree of specialization, the division mainly maintains direct supply relationships with its customers so that the steel trading organization no longer played a significant distribution role.

In the Steel Division, the closure of the forge, which was initiated in the previous year, was completed by June 2006.

At the end of the third quarter of 2006/07, the Automotive Division decided to take a further step towards optimizing its portfolio through the divestment of the North American Polynorm Inc. site. In the past business year, this company reported a positive result with a sales revenue of approx. USD 62 million. The reason for the sale of this company, which was successfully restructured during the past two years, is the expectation that the market for American car manufacturers will remain under strong pressure also in the medium term so that it would not make sense to continue supply activities in the standard pressed part segment. The details of this divestment are currently the subject of ongoing negotiations.

After completion of the business year, the long-planned withdrawal of the Automotive Division as 33% shareholder of the Italian automotive supplier Turinauto SpA was effected at an extraordinary general shareholders' meeting of Turinauto SpA in Turin on May 9, 2007. As agreed in advance with the two other shareholders, voestalpine Automotive Holding GmbH as well as the second shareholder Stola SpA did not take part in the planned decapitalization. The sole owner of Turinauto SpA is now the Italian supplier company ITCA which previously held a one-third interest in Turinauto, as did the Automotive Division of the voestalpine Group and Stola.
The reasons for this decision are the site's continuing sluggish performance and its lack of perspective in the current configuration.

Tender offer for BÖHLER-UDDEHOLM AG

On March 29, 2007, voestalpine AG announced a voluntary public tender offer for all shares of BÖHLER-UDDEHOLM AG, a company listed on the Vienna Stock Exchange. The offer submitted on April 26 stated a purchase price of EUR 69 per share and was made on the conditions that voestalpine AG would acquire over 50% of the voting shares of BÖHLER-UDDEHOLM AG and obtain the required approvals under competition law.
On May 18, voestalpine AG increased its offer from EUR 69 to EUR 73 per share of BÖHLER-UDDEHOLM AG, at the same time extending the acceptance period until June 4, 2007.

Since the result of the tender offer could not yet be foreseen at the time this annual report went to press, *please consult the voestalpine AG website (www.voestalpine.com) for further developments. The latest information on this tender offer as well as legally relevant notices will be posted on this website.*

Investments

The investments of the *voestalpine Group* continued to increase significantly also in the 2006/07 business year, as well. With EUR 906.1 million, they exceeded the investments of the previous business year (EUR 566.3 million) by 60%. Of the total investments, EUR 748.6 million were attributable to tangible fixed assets, EUR 139.5 million to intangible assets and EUR 18.0 million to equity holdings.
It should be pointed out that all four divisions have reported considerably stronger investment activities than in the previous business year. In all divisions, investments in tangible fixed assets once more focused on the expansion of production capacities for technologically and procedurally advanced specialty products, at the same time taking into account a further improvement of environmental sustainability, energy efficiency and the respective site infrastructure.

The *Steel Division* increased its investments by 59.3% from EUR 294.6 million to EUR 469.4 million as compared to the previous year. The investments relate to the continued implementation of the "Linz 2010 – Phase Two" investment program which mainly comprises measures to expand production and engineering capacities in the rolling mills. As a prerequisite, the secondary metallurgy 3 plant in the steel mill went into full operation on January 1, 2007. The new walking beam furnace— which was installed to increase the capacity of the hot wide strip mill, whose capacity, in turn, will be increased to over 5 million tons by progressively replacing the stands until 2010—is running up as planned.
Due to a delay in deliveries, commissioning of the new push-pull pickling line will not take place until the second quarter of the 2007/08 business year.
The new cold-rolling mill 3, however, is largely completed and its commissioning is under way.
With regard to the processing plants, the new hot-dip galvanizing plant 4 is running up as planned. The ground-breaking ceremony for the hot-dip galvanizing plant 5 is scheduled for November 2007. This plant will be state-of-the-art in every respect and guarantee top qualities and best surfaces in terms of all foreseeable developments of sophisticated strip products.

The "L6" project is the sequel to "Linz 2010" and basically comprises investment measures to optimize capacities in the raw materials/blast furnaces, steel mill/hot rolling mill and technical services/energies segments.
In the 2007/08 business year, this project will be basically continued with engineering and first assembly activities. In order to continue this project, a positive result of the newly initiated environmental impact assessment, which should be completed in the first half of the 2007/08 business year, is required.

With an increase of 29% from EUR 133.7 million to EUR 172.5 million, the *Railway Systems Division* also significantly increased its investment activities as compared to the previous business year. The focus was on environmentally relevant projects as well as measures to further improve technology.

With an investment of over EUR 9 million, new casting bay dedusting systems were installed for both blast furnaces of voestalpine Stahl Donawitz GmbH and commis-

sioned in October 2006. Dust exposure during pig-iron production is thus significantly reduced.
Also in the area of the two blast furnaces, a new coal injection system was commissioned in March 2007. The purpose of this system, which was erected with an investment of more than EUR 27 million, is to save on coke and decrease related emissions by increasing efficiency and utilizing alternative raw materials.
The two major projects "Reorganization of Energy Supply" and "Reorganization of Water Supply" at the Donawitz site are well advanced. It is planned to further expand the self-supply with energy by utilizing gases generated in the production process, with total investments for a new power plant unit projected at around EUR 75 million. In addition, it is intended to, once and for all, resolve the questions of water supply and sewage disposal at the Donawitz site through a new concept which is being discussed at the moment with the local population and the water authorities. The investment volume for this project amounts to roughly EUR 45 million.

The investments of the *Profilform Division* have also significantly increased during the 2006/07 business year. With EUR 40.9 million, they exceeded investments in the previous year (EUR 26.1 million) by 57%. Besides the acquisitions mentioned in the previous chapter, this was mainly attributable to the expansion of capacity for special sections at various European sites. In the medium term, apart from the upgrading of production plants for the special segment of the commercial vehicle industry in Belgium and the expansion of capacity for structural sections in Great Britain, the comprehensive investment program in Austria is a main focus.

The investment program at the Krems site is scheduled for a period of 5 years, commencing in the 2006/07, and provides for increasing tailored tubes and special section production with a total amount of around EUR 70 million – split up into yearly investments of around EUR 10 million and a special program in the total amount of EUR 20 million.
The first major project in this context was the construction of a new production facility which will be commissioned during the first quarter of 2007/08.
The investments at the Krems site mainly go into the expansion of the production program, further increases in value added and the improvement of plant logistics. The main objective is to guarantee timely deliveries to customers on the basis of the continued positive order situation in the specialty products segment.

The *Automotive Division* reported by far the largest increase in investment activity during the 2006/07 business year. Investments were increased by 88.1% from EUR 114.7 million to EUR 215.8 million. This increase is mainly due to last year's acquisitions; in addition, a number of expansion and modernization investments were made at various sites.

Employees

Once again, significant increase in the number of employees*

By the end of the 2006/07 business year, the voestalpine Group had 25,326 *employees* worldwide (excluding apprentices). As compared to the previous year (22,918 employees), this corresponds to an increase of 2,408 employees or 10.5%. Just under 2,100 of these employees work in the newly acquired companies.

Due to acquisitions, the percentage of employees working outside Austria once again increased during the 2006/07 business year—from 37% or 8,411 employees in the previous business year to 42% or 10,553 employees, while the percentage of employees in Austria accordingly decreased from 63% to 58% (however, expressed in absolute figures, there was an increase from 14,507 to 14,773 employees due to investments).

In three out of four divisions, there are already significantly more employees working outside Austria. With 89%, the Automotive Division has the highest percentage of international employees, followed by the Profilform Division with 74% and the Railway Systems Division with 54%. Only in the Steel Division, employees work almost exclusively at Austrian sites.

Although, when the Group is viewed as a whole, the total increase in employment for the 2006/07 business year is predominantly attributable to acquisitions in the three processing divisions Railway Systems, Profilform and Automotive, a large number of new jobs were created through new hires due to the expansion of production in the existing Group companies. For example, the 2.2% (204 persons) increase in the number of employees in the *Steel Division* from 9,388 to 9,592—in spite of divestments of the steel trading activities—is primarily attributable to new hires in the context of the "Linz 2010 – Phase Two" investment program. In the *Railway Systems Division,* the number of employees increased by 8.1% (or 564 persons) from 6,959 to 7,523 employees. This increase is more or less equally attributable to new hires within the Austrian companies and to international acquisitions.
The *Automotive Division* reported the most significant increase in the number of employees. Compared to the previous business year, the number of employees increased by 26.6% (or 945 persons) from 3,555 to 4,500; this increase is mainly attributable to acquisitions outside Austria.
Employment increases in the *Profilform Division* are also within this percentage range. By the end of the 2006/07 business year, it had a total of 3,314 employees representing an increase by 25.1% or 664 employees as compared to the previous business year (2,650 employees). This increase is almost exclusively attributable to companies acquired in France and Russia.

Further expansion of vocational training

There has been a further increase in the number of apprentices in the past business year. As of March 31, 2007, there were 885

* Previous year's figures adjusted for voestalpine Stahlhandel Group and voestalpine Polynorm Inc.

young people in vocational training across the entire Group representing an increase by 13.8% as compared to the end of the previous business year (778). Of those, 640 apprentices are working at Austrian sites (mostly at the largest and most modern Austrian center for vocational training in Linz, with the remainder in Donawitz and Krems) and 245 in international Group companies, predominantly in Germany (130), the Netherlands (30) and Great Britain (26).
As compared to the previous year, the number of apprentices has increased not only in Austria (by 2.9%), but to a significant degree also at sites outside Austria (+57.1%).
Due to the lack of qualified young skilled workers that is now becoming apparent, the voestalpine Group has further intensified its activities in the areas of personnel marketing as well as vocational training and advanced training. On the one hand, this means improving external recruiting and, on the other hand, providing the best possible qualifications for the employees who are already in training or employment within the Group. In addition to a number of national and international cooperation projects with universities, technical colleges and similar institutions, individual advanced training and development is systematically encouraged.

Focus of HR activities

Further internationalization of the voestalpine Group and demographic challenges naturally determine the Group's scope of activities in the area of human resources. The main focus thus remains on the Groupwide *"LIFE"* program, which in the last business year dealt with integration of employees, in particular, as well as with demographic trends and the resulting measures related to vocational training and advanced training, and the transfer of know-how between younger and older employees on an international level.
In the fall of 2006, the "LIFE" program, which had already won a number of awards for its comprehensive and exemplary initiatives, was awarded the MINERVA award of the EU-funded WAGE project in Upper Austria.
In the 2006/07 business year, priority was given to the implementation of the LIFE program in the international companies of the voestalpine Group; during the current year, the focus will be on the target group "45+" and thus on the generation which will remain in employment for longer in the future and whose expectations from their working environment will have to be taken into account to a greater extent.

Evaluation of new working time models

In the interests of improving compatibility of work and family life and taking age-specific needs into account, new working time models are being tested within the framework of the "LIFE" program. In the 2006/07 business year, the pilot project of an innovative shift work model was evaluated at the Linz site. On the basis of a working time reduction by more than 10% and corresponding wage concessions, this new model provides for a shift sequence which is significantly less strenuous than with traditional shift work models. The new working time model, which was accepted overwhelmingly and on a voluntary basis in the coking and pickling plants, was evaluated extremely positively by the employees both in its entirety and in terms of individual job satisfaction, motivation and attractiveness of the workplace. In general, shift work is being perceived as significantly less strenuous than during the last survey in the year 2003, while at the same time the employees' subjective perception of their health has also significantly increased just as has their feeling of commitment to the company. Better compatibility of work and family was cited by the majority as the main reason for the adoption of the new model. All in all, the interviewed employees are in favor of keeping the shift work model which was successfully tested in the pilot project. The findings of the evaluation now form the basis for further steps determined together with the Works Council, such as the expansion of the model to other operations.

In the 2006/07 business year, the *Management Development System (MDS)* of the voestalpine Group, which is the most important instrument for training young executives, graduated 134 participants of the Potential Development Program, the Junior Management Development Program and the Advanced Management Development Program. The MDS is operated in close cooperation with national and international universities and educational institutions.

In the area of *organizational and personnel development,* the main Group-wide focus was on increasing mobility and developing management guidelines in conjunction with the Global Employment Strategy, which is directed to the globally expanding Group.
In the 2006/07 business year, voestalpine Europlatinen GmbH, a company of the Automotive Division, received a mention for its certification according to the "Investors in People" (IIP) standard, which is an international quality standard for all activities related to human resources development.

Status of the employee shareholding scheme

As of March 31, 2007, roughly 16.4 million shares were held by employees of the voestalpine Group by way of the voestalpine Employees' Foundation and the stock option program. This corresponds to 10.3% of all voestalpine AG shares. In addition, another 390,000 private shares are held by employees or former employees for whom the foundation exercises the voting rights, as well.
Furthermore, approx. 200 employees of the Dutch companies of the Polynorm Group participate in the employee shareholding scheme by way of their own foundation. It is planned to incorporate further international Group companies into the employee shareholding scheme.
By resolution of the Supervisory Board and the Annual General Shareholders' Meeting of voestalpine AG dated July 5, 2006, the 2006 stock option program was approved. This program was specifically developed for the Group's executive staff and thus complements the employee shareholding scheme. Upon expiration of a vesting period, the stock options can be exercised as of July 1, 2008, if certain share price-related exercise hurdles are exceeded. The 2006 stock option program will be in effect until July 2011.

Uniform pay system in Austria

A uniform pay system *(Einheitliches Entgeltsystem – EES)* for workers and salaried employees in the Austrian Group companies was implemented in the 2006/07 business year. The starting point for this program was an agreement of the social partners as stipulated by the collective agreement of November 1, 2005.
The EES provides for a standardized payment system for workers and salaried employees for the first time in Austria. The work performed by the employee, his or her personal job commitment and experience are now taken into account to a higher degree.

Environment

Significant increase in current environmental expenditures

The expenditures of the voestalpine Group on environmental measures remained on a high level during the 2006/07 business year. With EUR 47 million*, they were just below the all-time high of the past year (EUR 50 million), while the current expenses for the operation and maintenance of existing environmental systems increased by almost 12% from EUR 169 million to EUR 189 million.
In the 2006/07 business year, the focus of environmental activities was on the Steel Division and the Railway Systems Division, the two largest sites of the Group.

Environmental investments of the *Steel Division* at the Linz site amounted to EUR 35 million. The decrease as compared to the pervious business year (EUR 47 million), as well as the significant increase in the operating expense from EUR 143 million to EUR 157 million, are due to the fact that the key environmental measures were already completed and/or accounted for within the scope of the "Linz 2010 – Phase Two" investment program in the 2005/06 business year.

As in previous years, the focus of the environmental measures taken in the 2006/07 business year was again on the further reduction of dust and heavy metal emissions as well as on the decrease of NO_x emissions.

Recent measurement data from the dedusting systems newly commissioned in the course of the implementation of the "Linz 2010" investment project show that the high standards imposed by the environmental impact assessment notice of the year 2004 can be met on all accounts. Apart from the reduction of dust emissions, heavy metal emissions can be reduced accordingly.

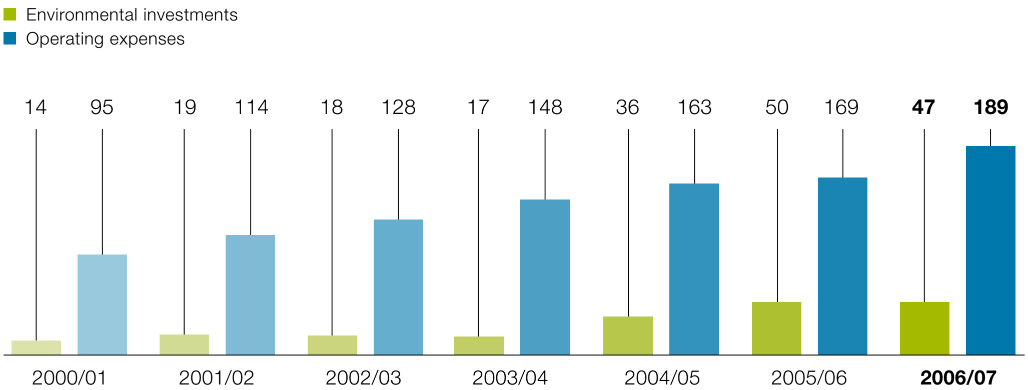
In the past two years, separation systems for the reduction of nitrogen oxide compounds were installed in the power plant units 04 and 05 at the Linz site. Available measurement data show that the values regarding separation efficiency specified in the course of the environmental impact assessment can be met. Furthermore, since the types of burners chosen in consultation with the relevant authorities for the new walking beam furnace upstream of the wide strip mill can be expected to produce comparably low nitrogen oxide emissions, the emission situation with regard to this particular pollutant will significantly improve.
Environmental measures also are an integral part of further expansion plans of the Steel Division within the scope of the "L6" project. It is planned to make use of the best technology available in accordance with the standard established in the state-of-the-art documents of the European Commission which apply throughout Europe.

In the 2006/07 business year, the environmental investments of the *Railway Systems Division* increased from EUR 2 million to EUR 9 million. Current operating expenses increased from EUR 20 million to EUR 29 million.
The significant increase as compared to the previous year is attributable to a number of major projects within the scope of the current investment programs at the Donawitz site. The majority of the investments went into the new casting bay dedusting systems at the two blast furnaces. The new coal injection system will enable further optimiza-

* Based on Austrian locations of the voestalpine Group

Environmental expenditures

In millions of euros
Based on Austrian locations



tion of the blast furnace operation with correspondingly positive emission effects.

Environmental guidelines of the voestalpine Group

The continuing improvement of the environmental compatibility of production plants and the optimization of energy and raw material use result from consistent environmental management based on strategic guidelines which form the basis of a sustainable environmental policy throughout the entire Group. This also indicates that voestalpine follows the environmental guidelines of the International Iron and Steel Institute (IISI).

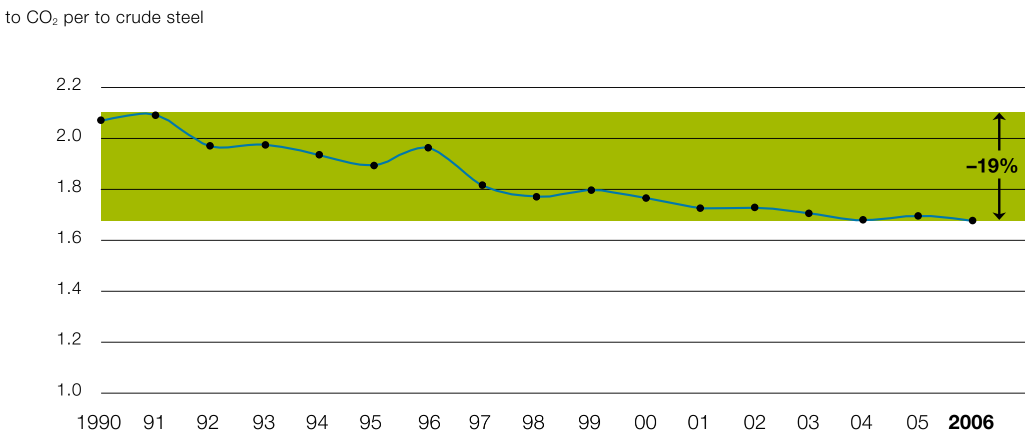
On the basis of these guidelines, specific targets and corresponding measures to achieve these targets at each site are defined in the individual Group companies. The *environmental guidelines* of the voestalpine Group comprise a holistic approach to product responsibility (development and production not only at the highest technological level, but also taking into account environmental challenges), the optimization of production processes (with the goal of the most efficient use of raw materials and energy), the establishment and continuous improvement of environmental management systems, the integration of employees into environmental protection measures as well as an open and objective dialog with external and internal interest groups.

Recognition of environmental management systems

All of the environmentally sensitive sites of the voestalpine Group have established environmental management systems in accordance with ISO 14001 or EMAS (Environmental Management and Audit Scheme) and have been certified and validated accordingly. This requires continuous cost- and technology-intensive measures at a high level and maximum transparency vis-à-vis both governmental authorities and the public.

For this effort, a number of companies of the voestalpine Group have already received multiple national and international awards. In the 2006/07 business year, VAE Eisenbahnsysteme GmbH (Zeltweg, Styria) received the Austrian EMAS Award 2006 in the category of large organizations and was also nominated for the European EMAS

Development of specific CO_2 emissions



Award. Since 1997, this is the twelfth award the company has received for its achievements in the areas of the environment, safety and health at regional, national and European level.

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. Also, voestalpine Stahl GmbH, Linz, has already received an EMAS Award. voestalpine Stahl GmbH, Linz, and voestalpine Stahl Donawitz GmbH play a leading role in the European steel industry in terms of EMAS validation and environmental standards.

Moreover, VAE Eisenbahnsysteme GmbH was the first industrial enterprise from Styria to join the "Climate Alliance" in 2001, which provides a forum in which experts and participating operations throughout Austria discuss and evaluate options for further improvements in the use of energy and the reduction of emissions.

International engagement in the environmental sector

The international network, in which the voestalpine Group develops targets and specific measures in the environmental sector in cooperation with other companies, includes, among others, the relevant work groups of the international steel association IISI, the European industry association Eurofer and the German steel institute VDEh as well as the Austrian Society for Metallurgy and Materials (ASMET).

The voestalpine Group as an industry benchmark

As a result of these comprehensive efforts in the environmental sector, the voestalpine Group plays a leading role within the steel industry with regard to a large number of environmental benchmarks. Thus, the Group serves as a benchmark in Europe for the specific use of energy, including all production steps up to the hot wide strip rolling process.

Moreover, the blast furnace A, which was installed at the Linz site in the fall of 2004, is currently the most environmentally friendly furnace of this type for the production of pig iron; it has the lowest specific energy consumption rate and the lowest rate of use of reducing agents (coke, coal, heavy fuel oil, etc.) and thus generates the lowest CO_2 emissions in comparison with all other European blast furnaces.

Also, the Donawitz site of the voestalpine Group is among the industry leaders in terms of lowest specific CO_2 emissions (measured per ton of pig iron).

Research and development

Further increase in R&D expenses

In the 2006/07 business year, the research and development expenses of the voestalpine Group amounted to EUR 66 million, representing an increase of 7.3% as compared to the previous year (EUR 61.5 million) and corresponding to a research rate (relative to Group revenue) of almost 1%. As measured by the value added, R&D expenses currently amount to 2.18%, which means that they have exceeded 2% in every single year since 2000/01.
The number of employees in R&D has also increased steadily during this period, specifically from 140 to almost 300.

With these results, the voestalpine Group plays a leading role among Austrian industrial enterprises in terms of R&D expenses. In this context, it should be pointed out that the expenses for innovations have continuously increased and more than doubled since the 2000/01 business year.

In the 2006/07 business year, roughly half of the R&D expenses were attributable to the Steel Division and the other half to the three processing divisions railway systems, profilform and automotive.

In the 2006/07 business year, again great importance was attached to *Group-wide R&D projects,* for which minimum project amounts and specific economic criteria haven been established which are carried out jointly by at least two divisions. These projects focus on further improving production processes and processing techniques as well as developing new products, materials and environmental innovations.

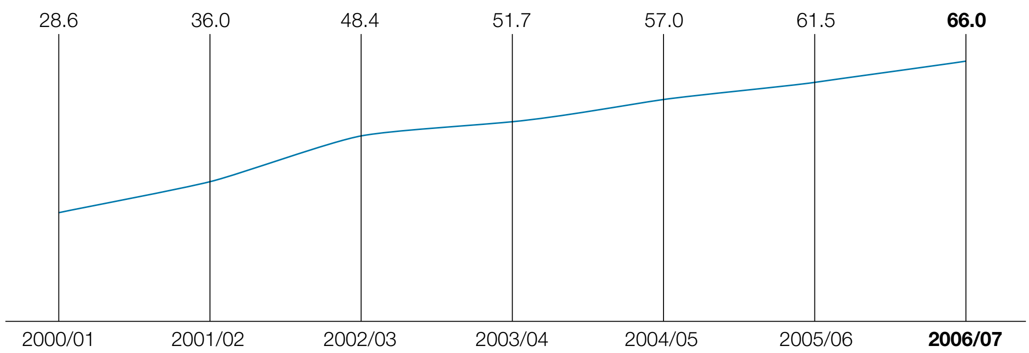
The Steel Division and the Railway Systems Division of the voestalpine Group participate in the European "ULCOS" (ultra-low CO_2 steelmaking) project. Given that the steel industry managed to reduce the CO_2 emissions by half for each ton of pig iron over the last 30 years, additional reductions are precluded by the limits of conventional technologies. More than 40 partners are involved in ULCOS to develop new solutions, such as the use of CO_2-neutral biomass in blast furnaces. The target of this long-term project is a further reduction of CO_2 emissions by one-half over the next three decades.

In addition, the Steel Division and the Railway Systems Division are cooperating with external industry partners and universities in the "KnetMET" competence center for the development of metallurgical and environmental processes. For example, this center is currently testing alternative reducing agents to coal and coke.

In material development, press-hardening steels are developed and tested within the

R&D Expenditures

In millions of euros



scope of the "phs-ultraform" R&D project which is one of the most important projects in this segment. Five companies from the divisions Steel, Automotive and Profilform have developed a steel grade of extremely high strength, fitting accuracy and corrosion-resistance for crash-relevant automotive components. This innovative material already obtained the approval of two automotive customers in the 2006/07 business year.

A joint R&D project of the Railway Systems and Automotive divisions, which focuses on the production of seamless tubes for air bag components by means of a completely new metallurgical process, is also aimed at the automotive industry. The project, which had been started in the 2005/06 business year, is very close to landing the first serial-production order.

Highlights from the divisions

The international leadership of the *Steel Division* in product and process optimization is further advanced by R&D concentration on cost minimization and quality improvement. voestalpine Stahl GmbH successfully completed a project for computer-assisted quality assurance for smelting metallurgy. This is the first process of its kind in the world to automate the crucible process. The ease-to-maintain model environment enables innovation at a significantly faster speed.

Easily formable, so-called TRIP steels, are already widely used in the automotive industry. In order to better fulfill the customers' requirements regarding joints under crash loads, these steels needed further development, while avoiding significant degradation of the excellent forming characteristics. voestalpine Stahl GmbH was the first producer to develop this material (TRIP steel with reduced carbon content) with the improved characteristics required by the customers. First production deliveries are now starting.

In the previous year, voestalpine Stahl GmbH had been the first European bulk supplier of hot-dip galvanized plates passivated without treatment by a chromium compound. In the 2006/07 business year, all hot-dip galvanizing plants have been modified to use this environmentally sound process.

In the 2006/07 business year, the R&D activities of the *Railway Systems Division* focused on the further development of high-speed tracks and turnout systems, improved product characteristics of high-quality wire and seamless tubes, as well as on the improvement of the extrusion billets to produce such products.

In addition to supporting the commissioning of the new rail rolling mill, the investigations of a new method for the high-efficiency heat treatment of rails and the development of capabilities for a comprehensive mobile rail measurement technology for a higher quality of customer service were continued.

In the turnout segment, the R&D activities focused on the further development of life-cycle-cost-oriented solutions for turnout systems including the associated switching and monitoring systems. The work concentrated on combining specific solutions and know-how of the newly acquired companies with the existing Hytronics technology, on the one hand, and further improving the ready-to-install turnout, on the other hand. Added emphasis was also given to the development of the ready-to-install grooved rail turnout with precast concrete parts.

The production of high-value components for automotive applications, both in the areas of special wire qualities and of sophisticated seamless tubes for axles and air bag components, is gaining in importance and thus represents a significant portion of the R&D activities in these areas.

In addition to the above-mentioned cross-divisional projects, the *Profilform Division* focuses on R&D projects carried out in close cooperation with customers from the automotive industry and the cab construction sector. The development of lighter sections with improved dimensional stability is a matter of particular concern. Furthermore, the development of new and significantly improved restraining systems for trucks on bridges was completed successfully by obtaining the required approval, representing the completion of the comprehensive guard-rail program of the division.

Within the scope of the above-mentioned "phs-ultraform" project, the *Automotive Division* successfully started up the pilot line for the production of components under close-to-production conditions and subsequently signed a cooperation agreement for technology transfer and continued joint development with an automotive customer.

The excellent development results in the processing of high-strength tubes including the plant technology for the production of rotationally formed components for air bags led to new orders. Plans call for a subsequent worldwide rollout of this forward-looking technology.

The widespread intradivisional cooperation among plastic- and steel-processing companies as well as the cross-divisional cooperation with the Profilform Division led to a first break-through of the hybrid technology for commercial vehicles.

In the 2006/07 business year, the Automotive Division received the "SAE/ISE Sydney H. Melbourne Award for Excellence in the Advancement of Automotive Sheet Steel" on the occasion of the SAE World Conference 2007 for these research results.

In conclusion, it should be pointed out that the voestalpine Group currently cooperates with 32 universities and technical colleges, and has partnerships with 35 research institutes and engineering offices.

Risk management

Deliberately addressing operative and strategic risks as well as related opportunities does not only secure the Group's corporate existence in the long term, but also sustainably increases value added. Risk management is therefore one of the main success factors of the Group.

Based on the "Strategic Guidelines" of voestalpine AG, political risk guidelines have been developed and the risk management system has been implemented by way of a general Group-wide policy. Systematic risk management which the voestalpine Group has been practicing since the 2000/01 business year, forms an integral part of the business processes of the Group. It enables early identification of risks, their evaluation, the introduction of adequate precautionary measures to eliminate dangers and to recognize opportunities.

The following precautionary measures have been put in place within the voestalpine Group for the main risk areas:

• **Availability of raw materials:** The long-term assurance of raw materials and energy supply – in the required quantities and qualities – presents a special challenge to the Group. For this reason, the Group has been implementing a procurement strategy appropriate to the increased risks for some years now. Its core elements are the greatest possible number of long-term supply contracts, close customer/supplier relationships, the expansion of the supplier portfolio and the expansion of autonomy in terms of procurement both of the most important raw materials and of energy and logistics services.

• **Failure of IT systems:** At the majority of the Group's sites, the business and production processes that are mainly based on complex information technologies are serviced by a separate subsidiary that specializes in IT and is wholly owned by voestalpine AG.

In order to further minimize possible IT security risks, in the past security-related minimum standards for electronic data processing were developed, and compliance with these standards is verified each year by way of a self-audit. To reduce failure risks and IT security risks, comprehensive measures have been taken both internally and for external business partners (such as adequate maintenance and warranty agreements).

• **Production facilities:** To minimize the failure risk of critical production facilities, specific and significant investments are being made on an ongoing basis to technically optimize sensitive units, improve preventive maintenance and train employees.

• **Employees:** The primary risks in this sector are the changes in the age structure as a result of general demographic developments and the associated risk of losing know-how. Changing social values will bring about long-term changes to the working world and therefore changed demands on employees and the company. Changes in areas such as health consciousness, corporate and leadership culture, job content, personal flexibility, compatibility of family and work as well as life-long learning and development require changes in the attitude of both sides. Against this background, the voestalpine Group has already initiated special projects some time ago. The Group-wide "LIFE" program provides for the necessary prerequisites to prepare employees and executives to face the challenges and to better position the voestalpine Group as an attractive employer.

• **Financial risks:** Liquidity, credit and currency risks are counteracted by means of various instruments such as precise financial planning, strict accounts receivable management, credit insurance policies and derivative instruments.

Furthermore, the following Group-wide risk management projects were implemented in the 2006/07 business year:

• **Pandemic guideline:** The World Health Organization (WHO) has repeatedly and insistently warned of the possibility of an influenza pandemic as a result of the "bird flu". Most member countries of the WHO have already developed national pandemic emergency plans. As an outbreak of an influenza pandemic could lead to a national and international emergency situation which would affect all segments of society, also the voestalpine Group had to take corresponding preparatory measures. Apart from a series of preventive measures, different scenarios were developed and various arrangements were made for the event of a pandemic, including a possible temporary shutdown of operations. Teams have been appointed to manage activities in an emergency situation. The emergency plans will be evaluated on an annual basis.

• **Guideline regarding raw materials price hedging:** In order to evaluate risks arising out of fluctuations in the price of raw materials, a new risk management tool has been implemented by means of which a "Cash Flow at Risk" will be determined. Taking into account the possibility of passing on fluctuations in prices, the amount of the calculated risk and the individual characteristics of each raw material, hedging will be performed by way of delivery contracts with fixed price agreements or by way of derivative contracts. An internal Group guideline regulates the relevant course of action.

In conclusion, it should be noted that the risks in the voestalpine Group are limited and manageable and do not endanger the continuity of the Group. The entire risk management system is audited every year to verify its efficiency.

Legal information

The share capital of voestalpine AG amounts to EUR 287,784,423.33 and is divided into 158,400,000 no-par-value bearer shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements of its shareholders that restrict voting rights or the transferability of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, as well as the voestalpine Employees' Foundation, Linz, each hold more than 10%. Oberbank AG, Linz, and the AXA Group each hold more than 5% of the company's share capital. The voting rights of the shares held in trust by the voestalpine Employees' Foundation (employee shareholding scheme) for the employees of voestalpine AG are exercised by the Management Board of the voestalpine Employees' Foundation. The manner of exercising the voting rights is, however, subject to the consent of the Advisory Board of the voestalpine Employees' Foundation requiring a simple-majority resolution. The Advisory Board is of 6 members representing employees and 6 members representing the employer. The Chairman of the Advisory Board who must be appointed by the employee representatives has the casting vote.
Pursuant to section 4, subsections 2 and 3, of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the company's share capital by up to 10% in order to issue shares to employees, executives and members of the Management Board as well as by up to 20% for other purposes until June 30, 2007 (approved capital). To the extent the creditors of the convertible bond issued by the company in July 2005 make use of their conversion right, the Management Board is further authorized pursuant to section 4, subsection 6, of the Articles of Incorporation to increase the share capital by up to 10%.

Pursuant to a resolution of the Annual General Shareholders' Meeting dated July 5, 2006, the Management Board of voestalpine AG is authorized to repurchase a total of 10% of the company's shares until December 31, 2007. The Management Board of voestalpine AG exercised this right on October 10, 2006. At the end of the 2006/07 business year, the number of repurchased shares amounted to 4,326,726 shares (2.7% of the company's share capital).

With the exception of the terms of the convertible bond issued in July 2005, voestalpine AG has not concluded any significant agreements that would take effect, change or terminate upon a change of control over the company following a tender offer. There are no agreements on compensation between the company and the members of its Management and Supervisory Boards or employees in the event of a public tender offer.

Outlook

The first quarter of the 2007/08 business year of the *voestalpine Group* is marked by consistently high demand. Whereas in the past two years, growth in Europe was fuelled by the continuous rise in exports, more recently, this favorable trend is increasingly supported by dynamic domestic demand. With the exception of the slightly less favorable economic situation in North America, the business climate in the other major economic regions of the world appears to remain stable at a high level, making a negative trend reversal throughout the further course of 2007 unlikely.

In this economic setting, the attractive market environment of the past few months, enjoyed by the *Steel Division,* seems to be protected, at least until the fall of 2007. For the most part, price increases for raw materials witnessed at the beginning of the year could be largely absorbed by corresponding price adjustments for finished products. With demand from all significant customer sectors being consistently strong and neither the inventory situation nor import developments signaling any critical tendencies, the Division Steel anticipates to repeat the positive performance of the past business year in the 2007/08 business year.

At the beginning of the 2007/08 business year, the *Railway Systems Division* started out in much the same way as it had in the previous year. Its core business, rails/turnout systems, is supported by a consistently positive business climate in Europe and a consistently high demand in the overseas markets. Since it began focusing on the most qualitatively demanding market segments, the niche sector of wires has been achieving stable high margins, which are likely to remain constant due to the sustained demand from all over Europe. The development for the next twelve months in the second niche sector, the seamless tubes segment, is the most difficult to forecast. Following a more than three-year rise in the market, the demand for oil-field tubes in specific regions appears to be constant; however, the recently added capacities are having a price-dampening effect. Among other things, on the basis of this information, we are consistently trying to secure attractive margins for the long term in this sector by adding new customer segments for seamless tubes (e.g., in the automotive industry). Overall, it appears that the Division Railway Systems will be able to obtain the same results in 2007/08 as in the previous year.

As far as the primary markets of the *Profilform Division* are concerned, the generally positive economic climate in the European Union and in Eastern Europe is expected to remain unchanged and the slightly weakened, but mainly stable business situation in the US is likely to continue. Sector-wise, the dynamics in the Russian construction industry will remain unchanged, and Western Europe, including Great Britain, is expected to continue on its path of positive growth. An equally stable situation is found in the transportation and storage sector, and even in the automotive industry (especially for commercial vehicle and bus construction) strong demand is likely to continue. In this stable environment, changes to the positive market situation in the tailored sections segment (custom roll forming) appear unlikely. The operating result of the Division Profilform should once again reach the previous year's level, unless the business environment significantly deteriorates in the course of the current business year.

In the *Automotive Division,* the upwards trend witnessed in the past years will continue unabated in the 2007/08 business year. The positive effects of the restructuring and portfolio adjustment measures of the past were already clearly visible in 2006/07. In conjunction with additional market environment improvements, primarily in Europe, and with the above-average operating results contributed by the recently acquired division companies, results for 2007/08 will be higher once again. This continuous upwards trend is supported by a solid development in the laser-welded blanks and structural parts and components segments, the targeted use of additional market potentials for precision and safety parts, and an intended reduction of volatility for large pressed parts. After the Division Automotive grew by thirty percent through acquisitions in the past six months alone, the 2007/08 business year will be mainly characterized by integration measures.

From the current perspective and against the background of consistently positive developments in all four divisions of *voestalpine AG* – excluding acquisitions – it appears likely that the 2007/08 business year will once again yield an operating result approximating EUR 1 billion.

For other people this
is a piece of steel.

As one of the most research-intensive companies, voestalpine has always stood for innovative materials and technologies, unique patents and novel ideas. By further developing the high-tech material steel into highly complex applications, we make the future “easier” and “safer”.


For us the next
worldwide patent.

Steel Division

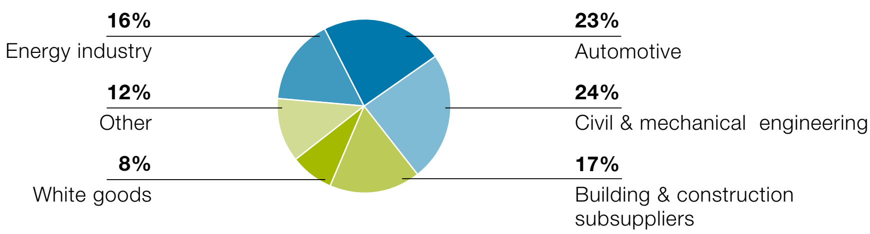
Key figures of Steel Division

In millions of euros
Business year 2006/07

	2005/06	2006/07
Revenue	3,315.4	3,680.1
EBITDA	593.6	728.4
EBITDA margin	17.9%	19.8%
EBIT	403.7	544.1
EBIT margin	12.2%	14.8%
Employees	9,388	9,592

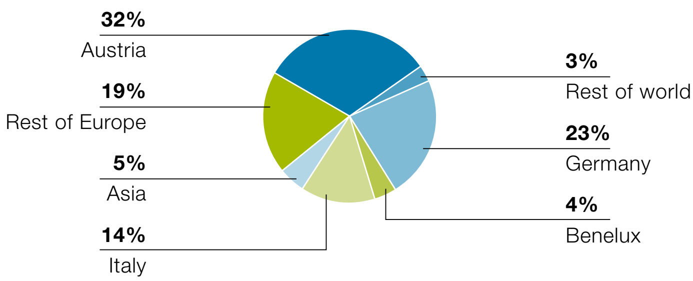
Customers of Steel Division

As percentage of divisional revenue
Business year 2006/07



Markets of Steel Division

As percentage of divisional revenue
Business year 2006/07



Highlights:

- Revenue rose by 11% from EUR 3,315 million to EUR 3,680 million – the operating result improved by 35% from EUR 404 million to EUR 544 million.
- Excellent performance in all product segments.
- Favorable economic trend counterbalances further increases in raw material and alloy prices.
- Steel production reaches record level.
- EUR 2 billion invesment program "Linz 2010" nears completion as scheduled.

Market environment

During the past business year, the competitive environment was characterized by the progressive consolidation of the steel industry. There is an uninterrupted worldwide progression towards fewer, but larger and predominantly volume-oriented suppliers; this consolidation process has reached its temporary peak in Europe where the largest steel producer by far in the world was formed in the past year.

In 2006, the world production of crude steel reached a new high with 1.24 billion metric tons, representing an increase of 100 million metric tons or 8.8% over the previous year. As in past years, this development was driven by demand in Asia, in particular China, which increased its production by 18.5% from 353 million to 418 million metric tons. This means that every third ton of steel is now produced in China.

However, also the European area could increase its steel production by roughly 6% from 187.3 million to 198.4 million metric tons during calendar year 2006, which is a remarkable increase for a highly industrialized region.

The continuation of these dynamic increases on the production side also led to further increases in the prices of raw materials during the past year. A slight decline in the price of coking coal contrasted with price increases for iron ore and coke. Scrap metal sold at high prices, continuing an upward trend. The price increases for metals were exorbitant, in particular for zinc, which has seen a temporary fourfold price increase during the last two years, as well as for some other important alloying additions, such as nickel and molybdenum. However, it was possible to fully pass on to the market the cost increases of raw materials.

Nevertheless, it is also true that the European-wide incremental increase in steel prices over the year made Europe increasingly more interesting as an import destination. Thus, there was a significant increase in imports starting in the second quarter of 2006, which led to a bifurcation of the market over the course of the year. Whereas prices – in particular for commodities – had dropped in Southern Europe by the end of 2006, the prices for the traditional customer segments of the Steel Division (in particular the automotive, household appliances and construction industries) in Northern and Central Europe could be maintained at their high levels. In the beginning of 2007, it was again possible to enforce price increases throughout Europe. This upward trend was supported by the general economic trend, which, over the course of the year, was significantly better than predicted.

Business performance

The continued strong demand in all market segments partially resulted in supply bottlenecks in the most important customer segments after they had expanded their own production capacities due to the favorable economic climate. For example, the automotive industry increased its production levels in Europe by 2.2% to 18.4 million units. While the development was essentially very positive within the Western European premium sector, which is an important sector for the voestalpine Group, there was also an increased demand from Eastern Europe due to the new production capacities created in this region.

After substantial increases in the previous business year, there was again a significant production growth in the household appliances industry. The large number of construction projects in Europe and the associated order situation will ensure that customers in this segment operate at full capacity well into 2007.

All in all, price increases could be achieved during the 2006/07 business year, both in short-term and in longer-term supply contracts (though at lower levels for the latter), which more than compensated for the price increases of raw materials. However, this was partly attributable to lagged effects from the past.

Development of the key figures*

In the 2006/07 business year, the Steel Division again achieved record numbers in terms of sales revenue and operating result. The *revenue* increased by 11% from EUR 3,315.4 million to EUR 3,680.1 million. This increase is primarily attributable to the very favorable development of the heavy plate segment and the division's own processing companies (Steel Service Center and hot strip processing), but also to the roughly 7% increase in revenue in the largest segment, the production and processing of flat steel products.

Given the positive price developments and the further optimization of the product mix,

* Previous year's figures adjusted in accordance with IFRS 5 to voestalpine Stahlhandel Group

the *EBIT* of the Steel Division increased from EUR 403.7 million to EUR 544.1 million, and thus exceeded the previous year's figure by 34.8%. The *EBIT margin* rose from 12.2% to 14.8%.

In the 2006/07 business year, the average level of earnings across all product groups of the division was roughly 6% above the previous year's figure; during the fourth quarter, the price increase as compared to the preceding quarter was about 4%.
While there were significant increases in all major divisional companies, some of which achieved new all-time highs, the record operating result of the heavy plate segment is particularly noteworthy; it benefited from the continuing boom in the energy and offshore sectors.
Crude steel production at the Linz site reached a new record level, when it exceeded 5 million metric tons for the first time; during the 2006/07 business year, it increased by 5.8% from 4.82 to 5.10 million metric tons. At the Donawitz site (Railway Systems Division), crude steel output increased by 11.3% from 1.41 million metric tons to 1.57 million metric tons, which meant that the voestalpine Group achieved a total increase by 7.1% to a new record level of crude steel production of 6.67 million metric tons (previous year: 6.23 million metric tons).

Quarterly development

	1st Quarter 2006/07	2nd Quarter 2006/07	3rd Quarter 2006/07	4th Quarter 2006/07	BY 2006/07
Revenue	899.6	874.9	887.7	1,017.9	3,680.1
EBITDA	154.7	180.7	178.9	214.1	728.4
EBITDA margin	17.2%	20.7%	20.2%	21.0%	19.8%
EBIT	112.4	131.7	134.9	165.0	544.1
EBIT margin	12.5%	15.1%	15.2%	16.2%	14.8%
Employees	9,430	9,466	9,559	9,592	9,592

In millions of euros

Railway Systems Division

Key figures of Railway Systems Division

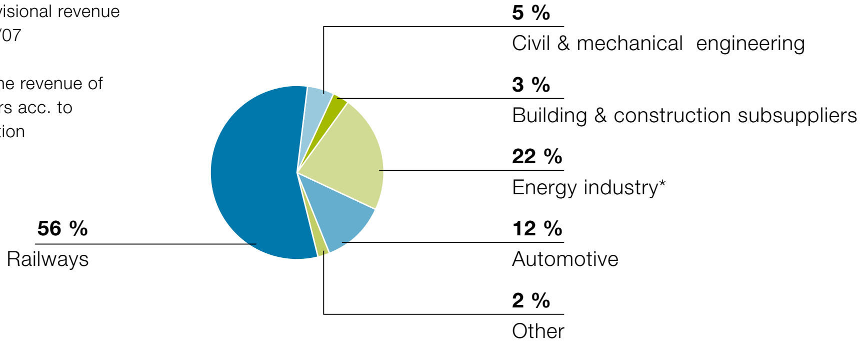
In millions of euros
Business year 2006/07

	2005/06	2006/07
Revenue	1,817.7	2,056.3
EBITDA	333.2	424.7
EBITDA margin	18.3%	20.7%
EBIT	247.9	337.5
EBIT margin	13.6%	16.4%
Employees	6,959	7,523

Customers of Railway Systems Division

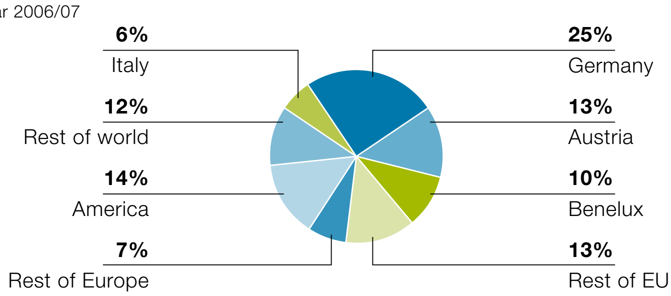
As percentage of divisional revenue
Business year 2006/07

* Including 50% of the revenue of voestalpine Tubulars acc. to pro-rata consolidation



Markets of Railway Systems Division

As percentage of divisional revenue
Business year 2006/07



Highlights:
- Revenue and operating result reached new record levels.
- Revenue increased by 13.1% from EUR 1,818 million to EUR 2,056 million – EBIT improved by 36.1% from EUR 247.9 million to EUR 337.5 million.
- Favorable development of sales and operating result in the railway and the wire and steel segments.
- Excellent operating result in the seamless tube segment.
- Significant acquisitions and investments strengthen market and technology leadership position.

Market environment

The 2006/07 business year was characterized by excellent economic trends in all major market and customer segments of the division.

In addition to the continued dynamic growth in the regions outside Europe, the positive development on the major European railway markets continued unabated. The declarations of intent of politicians to prioritize the railroad are now increasingly implemented in the form of major new construction and modernization projects, thus leading to corresponding increases in demand, especially in Germany. The same applies to the railway infrastructure in Central and Eastern Europe, in conjunction with increased investments in trans-European networks. At the same time, the dynamic growth continued unabated in Asia – among others, with regard to sophisticated high-speed projects – as well as all over the world in countries exporting raw materials with investments in heavy haul railways, as was the case for the generally positive trend in all other overseas markets.

The past business year was also very positive in the other major customer segments. This not only applies to the oil and gas industry, which continues to generate a brisk demand for high-quality seamless tubes due to the continued expansion of its worldwide production capacities, but also to the construction industry, which grew even more dynamically in the course of the past year, as well as to the civil and mechanical engineering sector. The positive growth rates for key customers in the automotive industry (mainly producers of premium brands and their suppliers) led to an increase in the demand for high-quality wire products, even though also this product segment was not exempt from the general price pressure on suppliers.

Business performance

This generally favorable market environment resulted in a very good performance in the railway sector as well as the wire and steel segments and an extremely favorable performance in the seamless tube segment, with a sales volume that was generally higher than in the previous year and with higher earnings. At the same time, the product mix and the cost structure could be further optimized, which generated new record levels with regard to the revenue and operating result of the Railway Systems Division during the 2006/07 business year, supported by the contributions of newly acquired companies and cost reductions from continued improvement programs of all divisional companies.

In the 2006/07 business year, the *rail technology* business segment benefited from an excellent growth in demand both throughout Europe and in the overseas railway markets. The capacity increase at the new rail rolling mill in Donawitz and further increases in productivity in the TSTG rail rolling mill in Duisburg, coupled with the associated strengthening of the market and technology leadership role, enabled the voestalpine Group to fully meet the increased demand for special tracks and to again significantly improve its performance compared to the previous year with increased supply quantities and higher prices.

In the 2006/07 business year, the voestalpine Group could further strengthen its worldwide leadership position in the *turnout technology* business segment. Specialization on superior turnout technology, used specifically for sophisticated railway projects, such as high-speed and heavy-duty tracks, and the international presence with production sites in the most important and most dynamic railway markets of the world have also led to a significant increase in revenue and operating result over the previous year. In this regard, the positive market development in Western Europe (particularly in Germany, Austria, Switzerland and the Netherlands), in Eastern Europe and in South Africa should be pointed out.

However, the *rail construction logistics and services* business segment is an exception to the above-average trend during the past business year, because a number of delayed projects (above all, in the Netherlands) caused significant revenue and operating result decreases.
By contrast, the *seamless tube* business segment also achieved a new record result in the 2006/07 business year. Based on the high demand in all product categories – both for quality tubes as well as for custom oil-field tubes (OCTG) – production runs of four shifts achieved the maximum output possible; at the same time, the level of earnings once again increased over the previous year.

The 2006/07 business year was also very favorable for the *steel* segment; both the demand for billets for the downstream processing companies of the division and the demand for semi-finished products for external customers exceeded production capacity – despite operating at full capacity – so that billets even had to be purchased externally. The increased supply quantities and a higher price level enabled this segment to increase both its revenue and its operating result significantly over the previous year.

The development in the *wire* segment was very successful, as well. Based on the generally higher price pressure in the automotive supplier industry, the higher sales volume in this product segment were accompanied by slightly lower earnings, whereas the operating result for the 2006/07 business year was still very favorable due to the strength of the other segments.

Development of the key figures

Compared to the record values of the previous year, the Railway Systems Division significantly improved both its revenue and its operating result in the 2006/07 business year. The *sales revenue* increased by 13.1% from EUR 1,817.7 million to EUR 2,056.3 million, and the operating result *(EBIT)* improved by 36.1% from EUR 247.9 million to EUR 337.5 million. The *EBIT margin* of 16.4% (previous year: 13.6%) made the Railway Systems Division the most profitable division of the voestalpine Group for the second consecutive year.
This positive development is basically due to significantly higher sales and supply quantities and the higher level of earnings as compared to the previous year. In addition, the first-time consolidation of the companies acquired during the 2006/2007 business year contributed to the revenue and operating result increase over the previous year: The German companies voestalpine Draht Finsterwalde GmbH (revenue and operating result of 6 months consolidated) and Rail Center Duisburg GmbH (3 months) as well as TENS Spolka z.o.o., Poland (9 months), and Açotrilho, Brazil (12 months), increased the division's revenue by a total of EUR 47.2 million and significantly improved the operating result.

The 2006/07 business year was not only characterized by an excellent economic climate, but also by significant increases in investments with the focus on environmental and technological measures, above all, at the Donawitz site (casting bay dedusting systems for both blast furnaces, expansion of the desulfurization capacity, coal injection unit, start of investments in additional power plant unit and new water supply plan).

Quarterly development

	1st Quarter 2006/07	2nd Quarter 2006/07	3rd Quarter 2006/07	4th Quarter 2006/07	BY 2006/07
Revenue	521.9	493.5	523.5	517.4	2,056.3
EBITDA	98.4	95.7	111.4	119.2	424.7
EBITDA margin	18.8%	19.4%	21.3%	23.0%	20.7%
EBIT	77.5	74.4	88.8	96.7	337.5
EBIT margin	14.9%	15.1%	17.0%	18.7%	16.4%
Employees	6,990	7,046	7,332	7,523	7,523

In millions of euros

Profilform Division

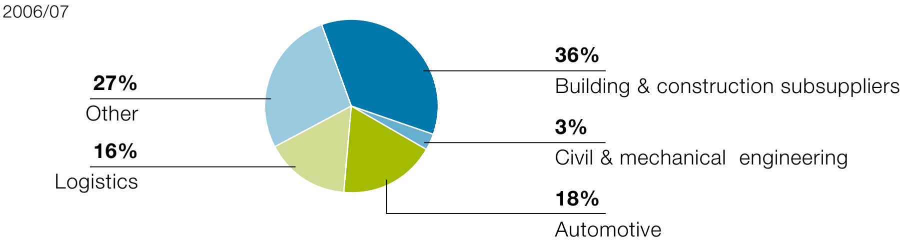
Key figures of Profilform Division

In millions of euros
Business year 2006/07

	2005/06	2006/07
Revenue	787.1	969.5
EBITDA	118.3	173.3
EBITDA margin	15.0%	17.9%
EBIT	88.3	145.6
EBIT margin	11.2%	15.0%
Employees	2,650	3,314

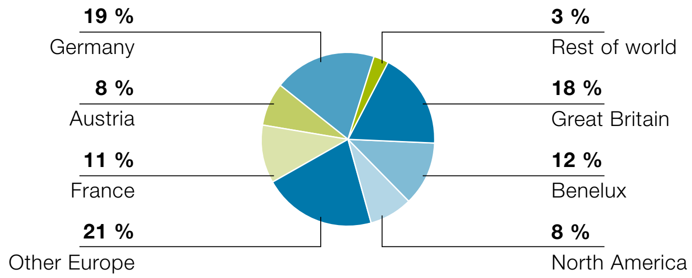
Customers of Profilform Division

As percentage of divisional revenue
Business year 2006/07



Markets of Profilform Division

As percentage of divisional revenue
Business year 2006/07



Highlights:

- Revenue increase by 23.2% from EUR 787 million to EUR 970 million and operating result improvement by almost two thirds from EUR 88 million to EUR 146 million represent new all-time highs.
- Brisk demand in the most important customer segments.
- Excellent performance in both business segments (tubes/sections and storage technology).
- Leading market position in Europe strengthened through acquisitions in Russia and France.

Market environment

The main customer segments of the Profilform Division exhibited a sustained positive development during the 2006/07 business year. The continuing economic boom generated a very favorable order situation in the construction and construction supply industry, where not only the Western European markets—led by Germany, France and Great Britain—but also Eastern Europe and Russia stand out. Demand remained at a high level also in the automotive industry, in particular in the commercial vehicles and bus construction segments which are very important for the division.

In 2006/07, the market for storage technology and logistics solutions was again attractive due to the sustained brisk demand and order situation.

Business performance

Based on the favorable economic trend, the 2006/07 business year was very successful for the Profilform Division. With its 14 production plants in the European Union, Eastern Europe, Russia and the USA, the division is close to its customers and could thus directly benefit from the positive market development.

Both business segments of the division – tubes/sections and storage technology – were even able to increase their supply quantities over the previous year's record volumes due to the high level of demand in all major markets.
In addition to integrating the companies acquired in France and Russia, activities during the 2006/07 business year focused on the expansion of the existing production

sites in Europe and on storage technology projects in Europe and the USA. This combination of organic growth and growth through acquisitions enabled the Profilform Division to continue to strengthen its position as market and technology leader for tailored sections and advanced storage technology.

Development of the key figures

Higher sales volumes based on the economy-driven high levels of demand as well as increases in the level of earnings due to higher billet prices resulted in a significant revenue increase. At the same time, profitability was enhanced by improvements in operating efficiency and an expansion of the product portfolio towards high-quality specialty products with correspondingly favorable margins.

The *revenue* increased from EUR 787.1 million to EUR 969.5 million, representing an increase by 23.2% over the previous year. The operating result *(EBIT)* improved by nearly two thirds, and with EUR 145.6 million, it exceeded the previous year's operating result of EUR 88.3 million by 64.9%. This increased the *EBIT margin* for the 2006/07 business year from 11.2% to 15.0%.

A significant portion of the revenue and operating result increase was due to the first-time consolidation of the companies acquired during the 2006/07 business year, namely ZAO voestalpine Arkada Profil (Russia, as of May 2006) as well as Société Profilafroid and Société Automatique de Profilage (both France, as of October 2006). These companies had significantly positive results and contributed a total of EUR 86.2 million to the sales revenue of the Profilform Division in the 2006/07 business year.

Quarterly development

	1st Quarter 2006/07	2nd Quarter 2006/07	3rd Quarter 2006/07	4th Quarter 2006/07	BY 2006/07
Revenue	210.6	219.3	255.2	284.4	969.5
EBITDA	34.5	39.4	45.8	53.7	173.3
EBITDA margin	16.4%	18.0%	17.9%	18.9%	17.9%
EBIT	27.9	32.6	39.3	45.8	145.6
EBIT margin	13.2%	14.9%	15.4%	16.1%	15.0%
Employees	3,004	3,054	3,255	3,314	3,314

In millions of euros

Automotive Division

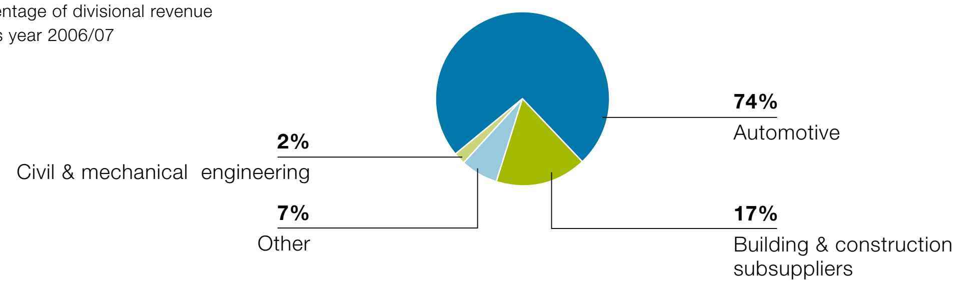
Key figures of Automotive Division

In millions of euros
Business year 2006/07

	2005/06	2006/07
Revenue	789.2	820.4
EBITDA	83.8	90.5
EBITDA margin	10.6%	11.0%
EBIT	38.6	42.5
EBIT margin	4.9%	5.2%
Employees	3,555	4,500

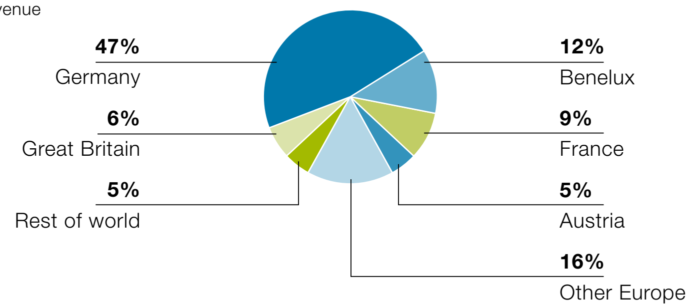
Customers of Automotive Division

As percentage of divisional revenue
Business year 2006/07



Markets of Automotive Division

As percentage of divisional revenue
Business year 2006/07



Highlights:

- EBIT margin for the first time over 5% since the division was established.
- Revenue increased by 4% from EUR 789 million to EUR 820 million – EBIT improved by 10.1%, from EUR 38.6 million to EUR 42.5 million.
- Several acquisitions in the area of series production of structural parts and safety components strengthen market position in Western Europe.
- Continued positive development for laser-welded blanks and precision parts.

Market environment

In 2006, the development of the automotive market reflected the development of the global economy. Both automobile production and sales, the two most important indicators for changes in the sector, achieved new record levels in the previous year. Global production increased by almost 4%, automobile sales by roughly 3.5%.

This growth is primarily due to trends in the Far East, while, with just over 2%, the production increase in Europe, which is the most important market for the division, was again below the worldwide average. As in the past years, the European automotive market developed differently, with automobile production in Central and Eastern Europe increasing by more than 18%, while production decreased in Western Europe – even if that decrease was relatively minor with just over 1%.
The dynamic growth, in particular in the Czech Republic and in Slovakia, resulted primarily from the further expansion of capacities of Asian manufacturers, while in Western Europe further restructuring steps were taken to reduce capacities which are still excessive.
All in all, 2006 was a positive year for the Western European premium manufacturers, particularly in Germany. This segment has always been the main customer group of the voestalpine Group in the automotive industry. While some French manufacturers suffered significant reductions, the last year's development was again in Italy following a longer restructuring phase.
Given this inconsistent market environment, direct suppliers of OEMs (Original Equipment Manufacturers) faced particular difficulties in 2006. In addition, there were further price increases for billets and an increased cost pressure from OEMs on suppliers.
As a consequence, the consolidation in the western automotive supplier industry continued unabated during the past year. The developments in North America were even more pronounced than in Western Europe, given the fact that the massive restructuring measures of the three largest automobile manufacturers also led to significant reductions in production levels, closures of plants and increasing concentration in the supplier industry.

Business performance

The business performance of the division reflects the general situation in the industry. There were very positive developments during 2006/07, particularly in those areas that benefited from the continued high demand from premium customers for high-quality products (specifically laser-welded blanks for car bodies) as well as in the precision parts and safety technology segments. These products are not developed and produced in direct competition with OEMs, but primarily with other automotive suppliers. This positive development is the result of the redirection of the division, started some time ago, with the aim to concentrate on those areas that do not involve direct competition with automobile manufacturers and are thus less affected by insourcing, and to expand activities in areas in which the voestalpine Group has recognized and specific material and technology knowledge as well as competency in series production and thus unique advantages over competitors. These activities were expanded by several acquisitions (which are described in detail in the respective section of the Management Report) during the 2006/07 business year.

The past business year proved more difficult in the area of pressing activities (particularly for large pressed parts, which OEMs are now increasingly manufacturing themselves again in order to better fill the available capacities). The North American subsidiary of the Polynorm Group was under particular pressure. As already stated in the Letter to the Shareholders for the first three quarters, it was resolved to divest this site; the respective sales process is scheduled to be completed by the fall of 2007.

Development of the key figures*

The Automotive Division managed to increase its sales revenue as well as its operating result during the 2006/07 business year. The *revenue* increased by 4% from EUR 789.2 million to EUR 820.4 million, with the newly acquired companies Gutbrod Stanz- und Umformtechnik GmbH, Hügel GmbH & Co. KG and Amstutz Levin & Cie each contributing a three-months revenue (and thus in total – given significantly positive operating results – an additional revenue of EUR 51.3 million).

The division improved its *operating result (EBIT)* by 10.1% from EUR 38.6 million to EUR 42.5 million, its highest value to-date. The *EBIT margin* rose from 4.9% to 5.2%, exceeding the 5% mark for the first time since the establishment of the division in 2001. This level of profitability places it in the top ranks of European automotive suppliers.

The positive development in revenue and operating result is not only attributable to the first-time consolidation of the abovementioned companies during the fourth quarter of 2006/07, but also to the good business performance in the laser-welded blanks, precision parts and safety technology segments.

Quarterly development

	1st Quarter 2006/07	2nd Quarter 2006/07	3rd Quarter 2006/07	4th Quarter 2006/07	BY 2006/07
Revenue	193.6	183.8	190.0	253.0	820.4
EBITDA	21.4	18.1	21.0	29.9	90.5
EBITDA margin	11.1%	9.9%	11.1%	11.8%	11.0%
EBIT	10.5	7.4	10.0	14.5	42.5
EBIT margin	5.4%	4.1%	5.2%	5.7%	5.2%
Employees	3,501	3,428	3,383	4,500	4,500

In millions of euros

* Previous year's figures adjusted in accordance with IFRS 5 by voestalpine Polynorm Inc.

For other people
this is a tree.

We set the standards which others use for guidance. Not just for products alone. In the field of environmental protection, voestalpine is the international benchmark. We consider growth and ecological responsibility as complementary parts of the same entity, always combining investments in new products and technologies with improved environmental protection measures.

For us the result of our engagement in environmental protection.

voestalpine AG

Consolidated Financial Statements 2006/07

Consolidated Financial Statements

Service

Report of the Supervisory Board on the 2006/07 business year

In the 2006/07 business year, the Supervisory Board has fulfilled its responsibilities according to the provisions of law and the Articles of Incorporation within the framework of six meetings. On these occasions, the Management Board furnished extensive written and oral disclosure as to the business development and the position of the company.

The annual financial statements and the consolidated financial statements of March 31, 2007, were audited by the annual accounts auditors Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH (Auditing and Tax Consulting Ltd.), Vienna, who were elected according to the provisions of section 270 UGB (Austrian Companies Code).

Based on the results of the audit, the accounting, the financial statements and the consolidated financial statements conform to the provisions of law and adhere to the stipulations of the Articles of Incorporation. The audit further demonstrated compliance to the fullest extent with the provisions of section 269 UGB (Austrian Companies Code) and as a result the auditors issued an unqualified certification. There were no grounds for objection. The year-end closing was discussed by the audit committee of the Supervisory Board in the board meeting held on June 5, 2007, and was recommended to the Supervisory Board for approval. The Supervisory Board has examined and approved the financial statements and the consolidated financial statements as well as the status report and the proposal for profit distribution. The financial statements are thus established pursuant to section 125 Companies Act (Aktiengesetz).

The consolidated financial statements were compiled according to the International Financial Reporting Standards (IFRS). These financial statements were also audited by Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH (Auditing and Tax Consulting Ltd.), Vienna, and accorded an unqualified certification. The Supervisory Board acknowledged and approved the consolidated financial statements and status report.

It is stated that the 2006/07 business year closed with a balance sheet profit of EUR 247,000,000.00. It is proposed to distribute a dividend of EUR 1.45 per share with dividend rights – and to carry the remainder forward to the new account.

The Supervisory Board

Dr. Joachim Lemppenau
(Chairman)

Linz, June 5, 2007

voestalpine AG

Consolidated income statement 2006/07

	Notes	2005/06	2006/07
Revenue	1	**6,230,603**	**7,049,817**
Cost of sales		–4,780,448	–5,243,084
Gross profit		**1,450,155**	**1,806,733**
Other operating income	2	163,192	190,198
Distribution costs		–414,071	–467,637
Administrative expenses		–297,557	–353,872
Other operating expenses	3	–177,645	–162,737
Profit from operations (EBIT)		**724,074**	**1,012,685**
Share of profit of associates	4	13,865	16,461
Finance income	5	48,060	65,262
Finance costs	6	–111,749	–117,198
Profit before tax (EBT)		**674,250**	**977,210**
Income tax expense	7	–154,520	–221,526
Profit for the period from continuing operations		**519,730**	**755,684**
Discontinued operations	8	6,183	9,212
Profit for the period		**525,913**	**764,896**
Attributable to:			
Equity holders of the parent		519,461	757,403
Minority interest		6,452	7,493
Basic earnings per share from continuing operations (euros)	28	**3.25**	**4.77**
Diluted earnings per share from continuing operations (euros)		**3.10**	**4.42**

In thousands of euros

voestalpine AG

Consolidated cash flow statement 2006/07

	Notes	2005/06	2006/07
Operating activities			
Profit for the period		525,913	764,896
Adjustments	24	319,971	354,472
Changes in working capital		14,205	–149,196
Cash flows from operating activities		**860,089**	**970,172**
Investing activities			
Additions of other intangible assets, property, plant and equipment		–485,497	–583,418
Income from disposals of assets		24,240	24,047
Cash flows from changes in the consolidation range and acquisitions of minority interest		–37,037	–47,272
Additions of other financial assets		–134,986	12,172
Cash flows from investing activities		**–633,280**	**–594,471**
Financing activities			
Dividends paid		–83,006	–122,743
Dividends paid to minority interest/other changes in equity		–3,628	–4,363
Acquisitions/disposals of own shares, convertible bond		–258	–225,675
Borrowing/repayment of financial liabilities		200,424	–183,695
Cash flows from financing activities		**113,532**	**–536,476**
Net decrease/increase in cash and cash equivalents		**340,341**	**–160,775**
Cash and cash equivalents, beginning of year		177,489	513,228
Net exchange differences		–4,602	3,682
Cash and cash equivalents, end of year	16	**513,228**	**356,135**

In thousands of euros

voestalpine AG

Consolidated balance sheet for the year ended March 31, 2007

Assets

	Notes	03/31/2006*	03/31/2007
A. Non-current assets			
Property, plant and equipment	9	2,318,991	2,660,781
Goodwill	10	247,214	312,829
Other intangible assets	11	58,066	105,526
Investments in associates	12	63,820	85,967
Other financial assets	12	100,381	81,250
Deferred tax assets	13	104,348	116,060
		2,892,820	**3,362,413**
B. Current assets			
Inventories	14	1,275,671	1,422,647
Trade and other receivables	15	1,143,719	1,293,773
Other financial assets	12	333,201	389,871
Cash and cash equivalents	16	513,228	356,135
		3,265,819	**3,462,426**
Total assets		**6,158,639**	**6,824,839**

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

In thousands of euros

Equity and liabilities

	Notes	03/31/2006*	03/31/2007
A. Equity			
Share capital		287,784	287,784
Capital reserves		470,843	442,939
Other reserves		8,606	–179,702
Retained earnings		1,718,918	2,321,931
Equity attributable to equity holders of the parent		2,486,151	2,872,952
Minority interest		61,138	53,348
	17	**2,547,289**	**2,926,300**
B. Non-current liabilities			
Pensions and other employee benefits	18	551,581	566,093
Provisions	19	24,693	20,989
Deferred tax liabilities	13	67,191	85,273
Financial liabilities	20	832,332	739,583
		1,475,797	**1,411,938**
C. Current liabilities			
Provisions	19	428,192	409,546
Financial liabilities	20	512,891	629,564
Trade and other payables	21	1,194,470	1,447,491
		2,135,553	**2,486,601**
Total equity and liabilities		**6,158,639**	**6,824,839**

In thousands of euros

voestalpine AG

Statement of changes in equity 2006/07

			Other reserves		
	Share capital	**Capital reserves**	**Translation reserve**	**Hedging reserve**	**Reserve for own shares**
Balance as of April 1, 2005	**287,784**	**451,756**	**–1,239**	**–5,231**	**–573**
Hedge accounting	0	0	0	10,315	0
Currency translation	0	0	5,592	0	0
Actuarial gains/losses (including deferred tax)	0	0	0	0	0
Total income and expense for the year recognized directly in equity	**0**	**0**	**5,592**	**10,315**	**0**
Profit for the period	0	0	0	0	0
Total income and expense for the year	**0**	**0**	**5,592**	**10,315**	**0**
Own shares acquired/disposed	0	0	0	0	–258
Dividends	0	0	0	0	0
Convertible bond	0	19,087	0	0	0
Share-based payment	0	0	0	0	0
Other changes	0	0	0	0	0
Balance as of March 31, 2006 = Balance as of April 1, 2006	**287,784**	**470,843**	**4,353**	**5,084**	**–831**
Hedge accounting	0	0	0	–1,428	0
Currency translation	0	0	–6,048	0	0
Actuarial gains/losses (including deferred tax)	0	0	0	0	0
Total income and expense for the year recognized directly in equity	**0**	**0**	**–6,048**	**–1,428**	**0**
Profit for the period	0	0	0	0	0
Total income and expense for the year	**0**	**0**	**–6,048**	**–1,428**	**0**
Own shares acquired/disposed	0	4,215	0	0	–180,979
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	64	147	0	0
Balance as of March 31, 2007	**287,784**	**442,939**	**–1,548**	**3,656**	**–181,810**

Actuarial gains/losses	Retained earnings	Total attributable to equity holders of the parent	Minority interest	Total equity
–41,609	**1,386,020**	**2,076,908**	**47,777**	**2,124,685**
0	0	10,315	53	10,368
0	0	5,592	247	5,839
–56,723	0	–56,723	–212	–56,935
–56,723	**0**	**–40,816**	**88**	**–40,728**
0	519,461	519,461	6,452	525,913
–56,723	**519,461**	**478,645**	**6,540**	**485,185**
0	0	–258	0	–258
0	–83,006	–83,006	–3,628	–86,634
0	0	19,087	0	19,087
0	5,545	5,545	0	5,545
0	–10,770	–10,770	10,449	–321
–98,332	**1,817,250**	**2,486,151**	**61,138**	**2,547,289**
0	0	–1,428	107	–1,321
0	0	–6,048	–774	–6,822
–9,217	0	–9,217	–28	–9,245
–9,217	**0**	**–16,693**	**–695**	**–17,388**
0	757,403	757,403	7,493	764,896
–9,217	**757,403**	**740,710**	**6,798**	**747,508**
0	0	–176,764	0	–176,764
0	–122,743	–122,743	–4,363	–127,106
0	0	–48,910	0	–48,910
0	–5,545	11,182	60	11,242
–8	–16,877	–16,674	–10,285	–26,959
–107,557	**2,429,488**	**2,872,952**	**53,348**	**2,926,300**

In thousands of euros

voestalpine AG

Notes to the consolidated financial statements 2006/07

A. General information and nature of operations

The principal activities of voestalpine AG and its subsidiaries (hereinafter referred to as the "Group") include the manufacture, processing and sale of materials made from steel, research and development in the area of metallurgy, advanced metal processing and materials technology.

voestalpine AG is the Group's ultimate parent company which prepares consolidated financial statements. It is incorporated and domiciled in Linz, Austria. The address of voestalpine AG's registered office 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, 2007 (including the comparatives for the year ended March 31, 2006) 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 is prepared based on the cost-of-sales procedure.

The consolidated financial statements were approved by the Management Board of voestalpine AG on May 22, 2007.

B. Summary of accounting policies

Consolidation methods

The financial statements of all subsidiaries or proportionately consolidated entities are prepared in accordance with standard accounting practices and valuation methods. For entities consolidated using the equity method, local reporting and valuation methods are maintained if the relevant amounts are immaterial.

Where subsidiaries are consolidated for the first time, the assets and liabilities and contingent liabilities are assessed at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition. Hidden reserves or charges attributable to minority shareholders are also disclosed. The fair values of the put options of the minority shareholders are recorded as contingent liabilities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency translation

In accordance with IAS 21, the annual financial statements of foreign companies 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 into euros at the closing rate at the balance sheet date. Income and expenses have been converted into euros at the average rates over the reporting period.

Equity items are valued at historical exchange rates. Goodwill from acquisitions of foreign entities has been calculated in euros following initial consolidation.

Any currency translation differences have been directly charged or credited to the currency translation reserve in equity.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the consolidated income statement.

Currency exchange rates of key currencies have shown the following trends:

Closing rate	03/31/2006	03/31/2007
USD	1.2104	1.3318
GBP	0.6964	0.6798
Annual average rate	**2005/06**	**2006/07**
USD	1.2174	1.2828
GBP	0.6821	0.6779

Estimates

The preparation of consolidated financial statements in conformity with IFRS requires estimates and assumptions that affect the reported amounts of assets and liabilities and/or income and expenses. Actual results 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 accounting 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 major risks and opportunities arising from the delivered object have been transferred to the buyer. Operating expenses are recognized when a service is rendered or a delivery is received, or at the time such liability is incurred.

Grants for investments in property, plant and equipment are recognized as liabilities and depreciated over the useful life of the non-current asset. Cost subsidies are recognized in the period in which the associated expenses are recognized. Government grants of EUR 22.7 million (2005/06: EUR 18.7 million) for investments, research and development as well as promotion of job opportunities were recognized in the consolidated income statement. In the 2006/07 business year, the expenses for research and development amounted to EUR 66.0 million (2005/06: EUR 61.5 million).

Borrowing costs

All borrowing costs are expensed as incurred.

Property, plant and equipment

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

The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads. Costs of borrowing are recognized in the consolidated income statement in the period in which they are incurred.

Depreciation is charged on a straight-line basis over the estimated useful lives. Land is not depreciated. The estimated 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 recognized at amortized cost.

Leasing

Leases are classified as finance leases when these are viewed commercially as asset purchases with long-term finance. All other leases are classified as operating leases. Rentals payable under operating leases are recognized as expenses in the consolidated income statement.

Assets held under finance leases are initially recognized as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

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 method. Goodwill represents amounts arising on acquisition of subsidiaries and associates.

Goodwill is allocated to cash-generating units and, in accordance with IFRS 3, it is not depreciated according to schedule, but tested at least annually for impairment. With respect to associated companies, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognized directly in profit or loss.

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 met. 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 scheduled and unscheduled amortization. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives (three to twelve years).

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

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually. All other individual 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). In particular, 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 controls the related 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 higher of net selling price and value in use. Impairment losses recognized in respect of cash-generating units, to which goodwill has been allocated, reduce the carrying amount of goodwill initially. Any remaining impairment loss reduces pro rata the carrying amounts of the assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

Investments in associates

The results and assets and liabilities of associates, which are not of minor importance, are incorporated in the consolidated financial statements using the equity method.

Other financial assets

Investments in subsidiaries and associates, which are not incorporated in these consolidated financial statements using the full, proportionate or equity consolidation method, are reported under "Other financial assets" at acquisition cost or their lower market value.

Securities are recognized at fair value, using the fair value option. Changes in fair value are recognized in the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit of the year and is calculated using tax rates that were valid at the balance sheet date.

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

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

Emission rights

After the withdrawal of IFRIC 3 "Emission Rights" by the IASB, emission rights are measured at cost amounting to zero as the rights have been allocated free of charge.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Where inventories are comparable, costs are determined by the weighted average method or similar methods. Costs include directly attributable expenses and all proportionate cost of materials and production overheads, based on normal capacity usage. Interest charges and selling and administrative expenses are not capitalized.

Trade and other receivables

Trade and other receivables are stated at nominal value. Individually identifiable risks are reflected in credit insurances. Non-interest or low-interest-bearing receivables with a remaining term in excess of one year are recorded at discounted present value.

Construction contracts are based on reliable measurement of the stage of completion, contract costs and contract revenue, which are recognized as revenue and expenses respectively of the contract activity (percentage of completion method).

Accruals are reported under other receivables and other liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand as well as checks and are recognized at fair value.

Pensions and other employee benefits

Employee benefits include provisions for severance payments, pensions and long-service bonuses and are recognized according to IAS 19 using the projected unit credit method.

Employees of Austrian group companies, who began their employment before January 1, 2003, receive a one-off severance payment if their employment is terminated by the employer or if they retire. The payment is dependent on the number of years of service and the relevant salary or wages at the time the employment ceases. For employments beginning after December 31, 2002, this obligation has been converted into a contribution-oriented system. These payments to external pension funds are recognized as expenses.

Within the Group (especially in Austria and the Netherlands) there are defined contribution and defined benefit pension plans. Defined contribution plans carry no future obligation after the payment of premiums. Defined benefit plans guarantee the employee a specific retirement benefit, 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 plans are stated in the financial statements of the respective entities until the contractual date when the pensions become irrevocable. After that date the pensions are covered by the pension fund.

In accordance with IAS 19.93A, actuarial gains and losses affecting provisions for severance payments and pensions are recognized in the year, in which they occur, without affecting net income. Actuarial gains and losses affecting long-service bonuses are recognized in the consolidated income statement as incurred.

The valuation of employee benefits is based on the following parameters:

	2005/06	2006/07
Interest rate (%)	4.50	4.75
Salary/wage increases (%)	3.00	3.50
Pension increases (%)	2.50	2.50
Retirement age men/women (years)	max. 65/60	max. 65/60
Life expectancy tables	Heubeck 1998	Heubeck 1998

Interest expenses related to employee benefits are included in the "finance costs" in the consolidated income statement.

Other provisions

Other provisions are stated at the amount which reflects the most probable value based on a reliable estimate, when the Group has a present obligation as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting.

Liabilities

Liabilities are stated at amortized cost.

Financial instruments

Liquidity risk – Financing

The liquidity risk indicates the ability to raise funds at any time to clear liabilities.

The essential instrument for controlling the liquidity risk is a precise financial plan, which, ensuing from the operative companies, is submitted quarterly directly to the Group treasury of voestalpine AG. A tool developed by the Group for long-term financial planning locates any financing gaps. The funding requirements and bank credit lines are determined from the consolidated results.

Financing of operating funds is carried out by the Group treasury. A central clearing system implements a daily intra-group financial equalization adjustment. Companies with liquidity surpluses put the funds indirectly at the disposal of companies with liquidity requirements. The excess is placed with the principal banks by the Group treasury. In this way, a decrease in the volume of borrowings and an optimization of the net interest income are achieved.

The sources of financing are selected on the basis of the principle of bank independence. Financial relationships currently exist with about 25 different domestic and foreign banks.

Credit risk

Credit risk describes losses which can occur through non-fulfillment of contractual obligations by individual business partners.

The credit risk of the underlying transactions is kept low by precise management of receivables. A high percentage of the underlying transactions are hedged through credit insurance. In addition, there are security deposits through banks, such as guarantees and letters of credit.

Internal guidelines regulate the credit risk management of financial transactions. The minimum rating for investments in securities, for example, is "AA-" according to Standard & Poor's. Furthermore, all investments and derivatives transactions are limited for each contracting party, meaning that the amount of the limit depends on the rating and the amount of equity of the bank.

The credit risk for derivative financial instruments is limited to transactions with a positive market value and, of these, to replacement costs. Therefore, derivatives transactions are only valued at 20% of the limit (30% in the case of cross-currency swaps). Derivatives transactions are almost exclusively based on standardized master agreements.

Price risk

Determination of price risk: To quantify interest and currency risk, voestalpine AG utilizes the value-at-risk concept. The maximum loss potential within the next business day and within one year is determined with 95% certainty. For managing interest, the present-value-basis-point concept is additionally used. To evaluate the risk from price changes for raw materials, the cash-flow-at-risk concept is applied. The risk horizon for raw materials is one to three years.

Currency risk

The biggest currency item of the Group arises from raw material acquisitions in USD and to a lesser degree from exports to the non-EUR area.

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

Interest rate risk

voestalpine AG differentiates between cash flow risk (the risk that interest expenses or interest income change for the worse) for variable-interest financial instruments and present value risk for fixed-interest financial instruments. The Group strategy aims at reducing the impact volatility of interest rate fluctuations by using the portfolio effect. As to interest rate commitments, the strategy is directed at achieving approximate equilibrium between fixed and variable rates; in periods of lower interest rates, an extension of interest rate commitments is aimed for.

Financial risk management – Corporate finance organization

Financial risk management was extended by the addition of the commodity risk management sector. Financial risk management is centrally organized regarding guideline responsibility, strategy determination and goal definition. The existing rules cover targets, principles, duties and responsibilities both for the Group treasury and for the individual Group companies. In addition, they cover the topics of pooling, money market, credit and securities management and the foreign currency, interest and liquidity risk, as well as reporting. The Group treasury, acting as a service center, is responsible for implementation. Three different departments are responsible for the conclusion of contracts, the processing of transactions and the recording of entries, which guarantees a six-eyes principle. The guidelines and compliance with them as well as all business processes are audited annually by an additional external auditor.

The fixed assets are financed completely by shareholder equity. The equity ratio has been stable at approx. 40% for a number of years.

It is part of our corporate policy to keep a constant watch on financial risks, to quantify them and to hedge against them, where it is wise to do so. Our willingness to accept risk tends to be low. Risks posing a threat to the continued existence of the companies have to be hedged; in other respects the strategy aims at reducing volatility in cash flow and income. Hedging of market risks is done to a large extent by means of derivative financial instruments.

Derivative financial instruments

Derivative financial instruments are used exclusively for hedging and include interest rate and currency swaps, cross-currency swaps, forward foreign exchange transactions, interest rate and currency options as well as commodity derivatives. They are stated at fair value. Hedge accounting is applied to the majority of derivative financial instruments. Any resultant gains or losses are recognized directly in equity. When the underlying transaction is recognized, the cumulative gain or loss previously recognized directly in equity is recognized as income.

Fair value

Derivative currency transactions are valued daily according to the mark-to-market method. This evaluation determines the value that would be realized if the hedging operation was closed (liquidation method).

Stock option program

In the 2001/02 business year, voestalpine AG started a stock option program for the first time. This program was discontinued as of July 31, 2006.

At the annual shareholder meeting on July 5, 2006, a new stock option program was resolved.
These new options can be exercised between July 1, 2008, and June 30, 2011, in compliance with the Issuer Compliance Directive. The options can be exercised as long as the holder of the option is a current employee or officer of voestalpine AG or of one of its subsidiaries.

If, at the exercise date, the share price is at least 15% above the exercise price, each stock option program participant is allowed to exercise 50% of his options. The exercise price amounts to EUR 29.78 and equals the average of daily closing prices from August 1, 2006, to September 30, 2006. The fair value of these options at the grant date was calculated by an independent auditor using the Monte Carlo simulation method.

If the closing share price at the exercise date is above the Dow Jones EUROSTOXX 600, 50% of the options may be exercised, with relative performance measured from July 1, 2006. The market value of the options is calculated by an independent auditor based on the binomial method.

Each option entitles the participant to subscribe to one voestalpine AG share. voestalpine AG intends to fulfill this obligation with shares. The holder of the option has no voting rights. According to IFRS 2, the transfer must be seen as a share-based payment transaction. Options are valued at their fair value at the grant date (personnel expenses). The offsetting entry is reported directly in equity.

Employee stock participation program

The employee stock participation program is based on collective bargaining agreements over several business years. In 2001/02, employees received shares of voestalpine AG in return for wage and salary concessions of 1% (see Notes to the Consolidated Financial Statements for 2001/02).

In 2002/03, 2003/04 and 2005/06 respectively, 0.5% of the total amount of the wages and salaries necessary for the increase were used for the participation of employees in voestalpine AG. The actual amount is calculated from the amount of the wage and salary concessions determined monthly on the basis of November 1, 2002, 2003 and 2005, applying an annual increase of 3.5%.

Agreements between the employees' council and the company were concluded in order to implement the employee stock participation program. The shares were acquired by the voestalpine employees' private foundation and will be transferred to the employees according to their respective wage and salary concessions. The value of the consideration is not dependent on price fluctuations. Therefore, IFRS 2 is not applied for the allocation of stocks because of lower collective bargaining agreements.

Moreover, premiums for employees are rewarded in shares. According to IFRS 2, in cases of share-based payment with equity-settled plans the fair value is recognized as personnel expenses, with the offsetting entry reported directly in equity.

On March 31, 2007, the voestalpine employees' private foundation held approximately 10.3% of the voestalpine AG shares in trust for the employees.

C. Companies included in the consolidation

The scope of consolidation (see appendix to the Notes "Group companies") is established in accordance with IFRS. In addition to the financial statements of voestalpine AG, the consolidated financial statements also incorporate 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 govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates are those entities over which the Group has significant influence without having control over the financial and operating policies. The consolidated financial statements include these entities using proportionate consolidation or the equity method of consolidation, from the date on which significant influence commences until the date on which significant influence ceases. The Group's investments in associates are reported in the appendix to the Notes "Group companies".

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

	03/31/2006	03/31/2007
Non-current assets	21.1	22.0
Current assets	117.9	155.2
	139.0	**177.2**
Equity	78.7	29.5
Non-current liabilities	10.1	11.0
Current liabilities	50.2	136.7
	139.0	**177.2**

	2005/06	2006/07
Revenue	251.6	304.5
Profit for the period	72.6	82.4

In millions of euros

The following table shows the values (100%) for associates consolidated in the financial statements by the equity method of consolidation:

	03/31/2006	03/31/2007
Non-current assets	133.5	159.6
Current assets	431.3	469.1
	564.8	**628.7**
Equity	180.3	189.1
Non-current liabilities	17.5	28.2
Current liabilities	367.0	411.4
	564.8	**628.7**
	2005/06	**2006/07**
Revenue	1,790.6	1,778.2
Profit for the period	59.1	64.1

In millions of euros

Changes to the companies included in the consolidation were as follows during the reporting year:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2006	**150**	**3**	**12**
Change in consolidation method			
Acquisitions	2		1
Disposals			
Reorganizations	–2		
Divested or disposals	–11		–3
Acquisitions	17		2
As of March 31, 2007	**156**	**3**	**12**
Of which foreign companies	116	1	5

The following companies were deconsolidated during the 2006/07 business year:

Name of entity	Date of deconsolidation
Full consolidation in 2005/06:	
Eisenhandel Gebeshuber GmbH	March 31, 2007
Köllensperger Stahlhandel GmbH & Co KG	Jan. 1, 2007
Nedconsult B.V.	May 18, 2006
NEPTUN STAHLHANDEL GmbH	Jan. 1, 2007
SCHROTT-WALTNER Eisen, Metalle, Maschinen Gesellschaft mit beschränkter Haftung	March 31, 2007
SK Nedcon s.r.o.	Jan. 31, 2007
VAE Brasil Produtos Ferroviarios Ltda.	March 1, 2007
Veting voestalpine d.o.o.	Jan. 1, 2007
voestalpine Rohstoffhandel GmbH	March 31, 2007
voestalpine Stahlhandel GmbH	Jan. 1, 2007
voestalpine Stahlhandel spol.s.r.o.	Jan. 1, 2007

D. Acquisitions of subsidiaries

The following entities are included in the consolidated financial statements for the first time in the 2006/07 business year:

Name of entity	% of shares	Date of initial consolidation
Full consolidation:		
Advanced Railway Systems GmbH	100.000	Nov. 29, 2006
Amstutz Levin & Cie, SA	99.999	Jan. 1, 2007
Coriolis, SA	99.999	Jan. 1, 2007
voestalpine Draht Finsterwalde GmbH	100.000	Oct. 1, 2006
Gutbrod Schmölln GmbH	100.000	Jan. 1, 2007
Gutbrod Stanz- und Umformtechnik GmbH	100.000	Jan. 1, 2007
Hügel GmbH & Co KG	100.000	Jan. 1, 2007
Hügel Holding GmbH	100.000	Jan. 1, 2007
Kadow und Riese Laser- und Umformtechnik GmbH	100.000	Jan. 1, 2007
voestalpine Railcenter Duisburg GmbH	75.171	Jan. 1, 2007
Société Automatique de Profilage, SAS	100.000	Oct. 1, 2006
Société Profilafroid, SA	100.000	Oct. 1, 2006
Stamptec France SAS	100.000	Jan. 1, 2007
Stamptec Holding GmbH	51.000	Jan. 1, 2007
TENS Spolka z.o.o.	80.000	July 1, 2006
Verwaltungsgesellschaft Hügel mbH	100.000	Jan. 1, 2007
ZAO voestalpine Arkada Profil	80.000	May 1, 2006
VAE Brasil Produtos Ferroviarios Ltda (formerly Acotrilho Industria)	59.000	April 1, 2006
voestalpine Steel Service Center Polska Sp. z o.o.	100.000	April 1, 2006

The acquisitions have contributed a net profit of EUR 10.4 million to the profit for the period since their initial consolidation during the business year.

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

	Recognized values	Fair value adjustments	Carrying amounts
Non-current assets	195.9	54.9	141.0
Current assets	201.9	0.0	201.9
Non-current liabilities	–229.3	–20.2	–209.1
Current liabilities	–153.7	0.0	–153.7
Net identifiable assets and liabilities	**14.8**	**34.7**	**–19.9**
Equity settlement/negative minority interest	12.2		
Goodwill/badwill on acquisition	61.9		
Costs of acquisition	**88.9**		
Cash and cash equivalents acquired	–14.1		
Net cash outflow	**74.8**		

In millions of euros

The increase in majority interest 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 interest is reported directly in equity. In this reporting period, EUR 2.8 million were reported directly in equity. The exercise of put options after the date of balance will have a negative influence on equity in the next reporting period with an amount of around EUR 40 million.

E. Notes and other remarks

1. Segment reporting

Segment information is presented in respect of the Group's business segments and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Intersegment pricing is determined on an arm's length basis. The previous year's values from the Steel and Automotive Divisions were adjusted retrospectively.

Geographical segments

The secondary format, geographical segments, is presented according to IAS 14.69.

External revenue
Segment assets
Investments

Business segments

	Steel Division		Railway Systems Division	
	2005/06	2006/07	2005/06	2006/07
Revenue (total)	4,639.2	5,302.0	2,462.9	2,779.2
Of which intersegment revenue	1,323.8	1,621.9	645.3	722.9
Segment revenue	3,315.4	3,680.1	1,817.6	2,056.3
Profit from operations	403.7	544.1	247.9	337.5
Share of profit of associates	12.2	12.4	0.0	0.0
EBITDA	593.6	728.4	333.2	424.7
Segment assets	3,065.1	3,403.6	1,614.8	1,806.5
Of which investments in associates	48.6	67.7	0.0	0.0
Segment liabilities	1,792.9	1,814.0	926.9	1,320.4
Investments	288.4	456.7	131.5	168.5
Depreciation and amortization	189.9	184.3	85.3	87.2
Employees (without apprentices)	9,388	9,592	6,959	7,523

	Austria		European Union		Other countries		Total Group	
	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07
	1,056.4	1,146.8	4,018.9	4,626.7	1,155.3	1,276.3	6,230.6	7,049.8
	5,319.8	5,725.0	676.6	940.5	162.2	159.3	6,158.6	6,824.8
	451.6	613.4	90.7	257.1	17.6	17.6	559.9	888.1

In millions of euros

	Profilform Division		Automotive Division		Other/consolidation		Total Group	
	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07
	881.5	1,090.9	934.9	968.4	51.3	77.6	8,969.8	10,218.1
	94.4	121.4	145.7	148.0	530.0	554.1	2,739.2	3,168.3
	787.1	969.5	789.2	820.4	–478.7	–476.5	6,230.6	7,049.8
	88.3	145.6	38.6	42.5	–54.4	–57.0	724.1	1,012.7
	0.2	0.4	0.0	0.0	1.5	3.7	13.9	16.5
	118.3	173.3	83.8	90.5	–49.9	–51.9	1,079.0	1,365.0
	568.4	710.6	908.9	1,151.2	1.4	–247.1	6,158.6	6,824.8
	0.0	0.4	0.0	0.0	15.2	17.9	63.8	86.0
	300.1	359.1	578.2	824.6	13.2	–419.6	3,611.3	3,898.5
	25.7	40.9	114.6	215.7	–0.3	6.3	559.9	888.1
	30.0	27.7	45.2	48.0	4.5	5.1	354.9	352.3
	2,650	3,314	3,555	4,500	366	397	22,918	25,326

In millions of euros

2. Other operating income

	2005/06	2006/07
Net gain on disposal of property, plant and equipment	11.1	6.8
Release of unused provisions	18.0	39.6
Other operating income	134.1	143.8
	163.2	**190.2**

In millions of euros

3. Other operating expenses

	2005/06	2006/07
Taxes other than income taxes	13.4	9.1
Impairment losses on goodwill	0.0	0.0
Losses on disposal of property, plant and equipment	2.3	0.7
Other operating expenses	161.9	152.9
	177.6	**162.7**

In millions of euros

4. Share of profit of associates

	2005/06	2006/07
Income from associates	14.1	18.1
Expenses from associates	–0.2	–1.6
	13.9	**16.5**

In millions of euros

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

5. Finance income

	2005/06	2006/07
Income from investments	1.5	5.2
Of which from affiliated companies	1.0	4.9
Income from other long-term securities and loans	6.7	6.9
Of which from affiliated companies	0.0	0.0
Other interest income	28.7	45.1
Of which from affiliated companies	0.2	1.1
Income from disposals and remeasurement of investments at fair value	11.2	8.1
	48.1	**65.3**

In millions of euros

6. Finance costs

	2005/06	2006/07
Expenses from investments		
Net loss on remeasurement of investments at fair value	1.0	1.7
Expenses from affiliated companies	0.0	0.1
Other expenses	0.0	0.0
	1.0	**1.8**
Other interest expenses	110.7	115.4
Of which from affiliated companies	0.2	3.1
	111.7	**117.2**

In millions of euros

7. Income taxes

Income taxes include income taxes paid and owed by Group companies as well as deferred taxes.

	2005/06	2006/07
Current tax expense	187.1	212.5
Deferred tax expense	–32.6	9.0
	154.5	**221.5**

In millions of euros

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

	2005/06		2006/07	
Profit before tax		**674.3**		**977.2**
Income tax using the Austrian corporate tax rate	25.0%	168.6	25.0%	244.3
Effect of changing Austrian corporate tax rate	0.5%	3.6	0.6%	5.9
Difference to foreign tax rates	–0.2%	–1.3	–0.2%	–1.7
Non-taxable income and expenses	–0.6%	–3.9	–1.0%	–10.1
Non-taxable income from participations	–1.8%	–11.9	–1.1%	–10.6
Previously unrecognized losses carried forward	0.0%	0.0	–0.5%	–5.1
Other permanent differences	–0.1%	–0.6	–0.1%	–1.2
Effective group tax rate (%)/income taxes	**22.9%**	**154.5**	**22.7%**	**221.5**

In millions of euros

8. Discontinued operations

In this reporting period, the majority of the steel trading group was sold. Due to the high degree of specialization, the voestalpine Group almost exclusively supplies its customers directly. Therefore, the steel trading organization has lost its significance as a marketing function.

Furthermore, the voestalpine Management Board has taken another step towards optimizing the portfolio by divesting voestalpine Polynorm Inc., USA. This company is a supplier of standard pressed parts to the North American automotive industry.

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

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

	2006/07
Non-current assets	11.1
Current assets	15.0
	26.1
Non-current liabilities	0.0
Current liabilities	27.5
	27.5

In millions of euros

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

	2005/06	2006/07
Cash flow from operating activities	46.2	9.8
Cash flow from investing acitivities	–0.3	–17.9
Cash flow from financing activities	–15.8	15.4

In millions of euros

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

	2005/06	2006/07
Revenue	282.3	241.1
Cost of sales	–254.9	–201.7
Gross profit	**27.4**	**39.4**
Profit from operations (EBIT)	9.3	13.4
Profit before tax (EBT)	7.5	12.1
Income tax expense	–1.3	–1.9
Shares of others in net profit	0.0	–1.0
Discontinued operations	**6.2**	**9.2**

In millions of euros

The profit for the period from discontinued operations in the amount of EUR 9.2 million (2005/06: EUR 6.2 million) is to be allocated as follows: EUR 24.1 million (2005/06: EUR 5.7 million) to the Steel Division and EUR –14.9 million (2005/06: EUR 0.5 million) to the Automotive Division.

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

	2005/06	2006/07
Operating activities	5.6	7.7
Valuation/disposal	0.6	1.5
Discontinued operations	**6.2**	**9.2**

In millions of euros

9. Property, plant and equipment

	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	1,289.7	4,509.7	474.2	108.5	6,382.1
Accumulated depreciation and impairment	–723.1	–3,132.2	–360.2	0.0	–4,215.5
Carrying amount as of April 1, 2005	**566.6**	**1,377.5**	**114.0**	**108.5**	**2,166.6**
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 March 31, 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**

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, 2007, are reconciled as follows:

	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2005	**566.6**	**1,377.5**	**114.0**	**108.5**	**2.166.6**
Changes through business combinations	3.0	4.7	1.0	1.4	10.1
Additions	52.4	171.2	44.1	215.6	483.3
Transfers	8.4	66.3	4.5	–79.8	–0.6
Disposals	–4.3	–6.6	–0.8	–1.4	–13.1
Depreciation	–38.8	–253.7	–40.6	0.0	–333.1
Net exchange differences	2.2	3.0	0.4	0.2	5.8
Carrying amount as of March 31, 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**

In millions of euros

As of March 31, 2007, restrictions on title to property, plant and equipment amounted to EUR 34.0 million (March 31, 2006: EUR 36.0 million).

The "Land and buildings" category includes real estate assets with a carrying amount of EUR 6.3 million (March 31, 2006: EUR 0.1 million) which are classified as investment property (IAS 40). These are stated at cost. The real estate assets owned during the previous year were reclassified as operationally necessary. The additions within the reporting period include consolidation scope additions in the amount of EUR 2.7 million and reclassifications in the amount of EUR 3.6 million. Based on comparable transactions, the fair value of these assets is estimated at EUR 13.3 million (March 31, 2006: EUR 14.2 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 stated as follows:

	2005/06	2006/07
Cost	81.7	109.7
Depreciation (accumulated)	–28.3	–39.6
Carrying amount	**53.4**	**70.1**

In millions of euros

Minimum finance lease payments are due as follows:

	2005/06	2006/07
Less than one year	6.5	9.9
Between one and five years	21.0	27.6
More than five years	33.6	34.8
	61.1	**72.3**

In millions of euros

Apart from finance lease agreements, there are obligations existing under operating lease agreements relating to property, plant and equipment not stated in the consolidated balance sheet. These obligations are payable as follows:

	2005/06	2006/07
Less than one year	21.1	20.2
Between one and five years	49.8	52.4
More than five years	29.9	28.8
	100.8	**101.4**

In millions of euros

Payments of EUR 25.3 million (2005/06: EUR 25.0 million) arising from operating leases have been recognized as an expense.

Impairment losses and subsequent reversal

In the 2006/07 business year, impairment losses of property, plant and equipment amounting to EUR 0.5 million (March 31, 2006: EUR 2.6 million) are recognized in the consolidated income statement in accordance with IAS 36.

10. Goodwill

	04/01/2005	03/31/2006	03/31/2007
Gross carrying amount	217.4	247.2	312.8
Accumulated depreciation and amortization	0.0	0.0	0.0
Carrying amount	**217.4**	**247.2**	**312.8**

In millions of euros

The carrying amounts of goodwill for the periods presented in the consolidated financial statements as of March 31, 2007, are reconciled as follows:

	Goodwill
Carrying amount as of April 1, 2005	**217.4**
Changes through business combinations	30.3
Disposals	–0.5
Carrying amount as of March 31, 2006	**247.2**
Changes through business combinations	69.0
Disposals	–3.4
Carrying amount as of March 31, 2007	**312.8**

In millions of euros

Impairment tests for cash-generating units containing goodwill
The following divisions have significant carrying amounts of goodwill:

	2005/06	2006/07
Steel Division	0.0	0.0
Railway Systems Division	132.6	142.6
Automotive Division	64.8	117.7
Profilform Division	49.8	52.5
	247.2	**312.8**

In millions of euros

The discounted-cash-flow method is used for the impairment tests of the goodwill. The calculation is based on planned cash flows using a discount rate (WACC) of 10% before taxes. There was no need for an impairment of the goodwill in the 2006/07 business year.

11. Other intangible assets

	Other intangible assets		
	Patents and trademarks	**Advance payments**	**Total**
Gross carrying amount	205.1	5.4	210.5
Accumulated depreciation and amortization	–161.6	0.0	–161.6
Carrying amount as of April 1, 2005	**43.5**	**5.4**	**48.9**
Gross carrying amount	240.1	2.9	243.0
Accumulated depreciation and amortization	–184.9	0.0	–184.9
Carrying amount as of March 31, 2006	**55.2**	**2.9**	**58.1**
Gross carrying amount	304.7	2.7	307.4
Accumulated depreciation and amortization	–201.9	0.0	–201.9
Carrying amount as of March 31, 2007	**102.8**	**2.7**	**105.5**

In millions of euros

The carrying amounts of other intangible assets for the periods presented in the consolidated financial statements as of March 31, 2007, are reconciled as follows:

	Other intangible assets		
	Patents and trademarks	Advance payments	Total
Carrying amount as of April 1, 2005	**43.5**	**5.4**	**48.9**
Changes through business combinations	27.5	0.0	27.5
Additions	5.9	3.0	8.9
Transfers	5.6	–5.4	0.2
Disposals	0.0	–0.1	–0.1
Amortization	–27.3	0.0	–27.3
Carrying amount as of March 31, 2006	**55.2**	**2.9**	**58.1**
Changes through business combinations	58.4	0.0	58.4
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	**102.8**	**2.7**	**105.5**

In millions of euros

12. Investments in associates and other financial assets

	Affiliated companies	Invest-ments in associates	Other invest-ments	Securities	Loans	Advance payments	Total
Gross carrying amount	9.3	60.3	25.1	76.2	15.1	14.1	200.1
Accumulated depreciation and impairment	–4.1	–2.5	–16.5	–4.3	–1.3	0.0	–28.7
Carrying amount as of April 1, 2005	**5.2**	**57.8**	**8.6**	**71.9**	**13.8**	**14.1**	**171.4**
Gross carrying amount	13.5	66.4	26.3	75.2	9.6	0.0	191.0
Accumulated depreciation and impairment	–4.1	–2.6	–16.3	–3.5	–0.3	0.0	–26.8
Carrying amount as of March 31, 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 and impairment	–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**

In millions of euros

	Affiliated companies	Investments in associates	Other investments	Securities	Loans	Advance payments	Total
Carrying amount as of April 1, 2005	**5.2**	**57.8**	**8.6**	**71.9**	**13.8**	**14.1**	**171.4**
Changes through business combinations	0.1	0.0	0.0	0.1	0.0	0.0	0.2
Additions	3.3	6.2	2.5	0.1	3.0	0.0	15.1
Transfers	0.9	8.7	–1.1	0.0	–5.0	–14.1	–10.6
Disposals	–0.1	–8.9	–0.2	–1.2	–3.6	0.0	–14.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Remeasurement at fair value	0.0	0.0	0.0	0.8	1.0	0.0	1.8
Net exchange differences	0.0	0.0	0.2	0.0	0.1	0.0	0.3
Carrying amount as of March 31, 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
Remeasurement at fair value	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**

In millions of euros

Loans

	04/01/2005	03/31/2006	03/31/2007
Loans to affiliated companies	1.3	1.2	0.2
Loans to associates	1.9	0.6	0.0
Loans to other investments	1.2	0.4	0.0
Other loans	9.4	7.1	7.5
	13.8	**9.3**	**7.7**

In millions of euros

Other current financial investments include shares in the V54 capital investment fund of EUR 364.9 million (March 31, 2006: EUR 316.1 million) and other securities of EUR 25.0 million (March 31, 2006: EUR 17.1 million).

Current and non-current securities of EUR 15.2 million (March 31, 2006: EUR 67.8 million) are pledged for investment loans granted by the European Investment Bank.

13. Deferred tax assets and liabilities

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

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

	Assets		Liabilities	
	03/31/2006	**03/31/2007**	**03/31/2006**	**03/31/2007**
Non-current assets	101.7	106.8	132.1	135.6
Current assets	19.5	47.6	71.9	84.4
Non-current liabilities	225.9	254.0	5.4	68.0
Current liabilities	37.1	43.2	21.6	17.6
	384.2	**451.6**	**231.0**	**305.6**
Consolidation				
Intercompany elimination	37.9	58.7	0.0	0.0
Revalued assets	0.0	0.0	32.0	77.2
Other	5.1	0.0	15.7	4.4
	427.2	**510.3**	**278.7**	**387.2**
Corporate tax rate	25.0%	25.0%	25.0%	25.0%
Deferred tax assets/liabilities	106.8	127.6	69.7	96.8
Netting out of deferred tax assets/ liabilities to the same tax authorities	–2.5	–11.5	–2.5	–11.5
Net deferred tax assets/liabilities	**104.3**	**116.1**	**67.2**	**85.3**

In millions of euros

In the reporting year, deferred tax assets and liabilities of EUR 4.3 million (March 31, 2006: EUR 34.1 million) for positions reported directly in equity were recognized outside profit or loss.

14. Inventories

	03/31/2006	03/31/2007
Raw materials and consumables	565.9	672.1
Work in progress	281.2	303.4
Finished goods	326.1	395.3
Merchandise	91.9	38.2
As yet unbillable services	7.6	9.3
Prepayments	3.0	4.3
	1,275.7	**1,422.6**

In millions of euros

Value adjustments to the lower net residual value amounting to EUR 16.8 million (March 31, 2006: EUR 5.8 million) are contained in the consolidated financial statements. Inventories of EUR 8.0 million (March 31, 2006: EUR 6.9 million) are pledged as security for liabilities. A total of EUR 3,738.1 million (March 31, 2006: EUR 3,255.8 million) has been recognized as cost of sales.

15. Trade and other receivables

	03/31/2006	Of which over one year	03/31/2007	Of which over one year
Trade receivables	841.1	0.2	973.4	0.4
Receivables from affiliated companies	23.1	0.0	12.2	0.0
Receivables from other investments	41.9	0.0	25.3	0.0
Other receivables and other assets	237.6	4.8	282.9	10.7
	1,143.7	**5.0**	**1,293.8**	**11.1**

In millions of euros

The trade receivables include the following receivables from construction contracts:

	03/31/2006	03/31/2007
Aggregate amount of costs incurred	87.9	102.4
Aggregate amount of recognized profits	16.6	38.0
Aggregate amount of recognized losses	–2.6	–1.2
Gross receivables from construction contracts	**101.9**	**139.2**
Amount of advances received	–74.9	–111.0
Receivables from construction contracts	**27.0**	**28.2**

In millions of euros

16. Cash and cash equivalents

	2005/06	2006/07
Cash on hand, cash at banks, checks	513.2	356.1

In millions of euros

17. Equity

Share capital

As of March 31, 2007, the authorized share capital comprised 158,400,000 ordinary shares (March 31, 2006: 158,400,000 after splitting of shares).

According to section 4, subsection 2, of the Articles of Incorporation, the Management Board has been authorized to increase the share capital up to EUR 57,556,884.66 by issuing up to 31,680,000 new shares until June 30, 2007.

The Management Board has also been authorized to increase the share capital up to EUR 28,778,442.33 by issuing up to 15,840,000 new shares to employees, executives and members of the Management Board within an employee stock participation program or stock option program excluding the subscription right of stockholders.

As far as the creditors of the convertible bond exercise their conversion right, the Management Board is authorized to increase the share capital up to EUR 28,778,442.33 by issuing up to 15,840,000 new shares.

The Management Board has also been authorized to buy back shares in the amount of up to 10% of the share capital. The repurchase price must not fall short of or exceed the average share price of the three previous market days by more than 20% and 10% respectively.

Capital reserves include the share premium and the equity component of the convertible bond as well as share-based payments.

Own shares

	Own shares thsd. pcs.	**Carrying amount** thsd. euros	**Share capital** %	**Share capital** thsd. euros
Balance as of April 1, 2006	**236**	**831**	**0.15**	**428**
Acquisitions	4,356	183,060	2.75	7,914
Disposals	–265	–2.081	–0.17	–481
Balance as of March 31, 2007	**4,327**	**181,810**	**2.73**	**7,861**

Minority interest

Minority interest as of March 31, 2007, results from minority shares in the equity of the VAE Group, Railpro B.V. and the Danube Equity Companies.

18. Pensions and other employee benefits

	2005/06	**2006/07**
Provisions for severance payments	337.6	359.8
Provisions for pensions	123.3	111.4
Provisions for long-service bonuses	90.7	94.9
	551.6	**566.1**

In millions of euros

Provisions for severance payments

	2005/06	2006/07
Present value of defined benefit obligation (DBO) as of April 1, 2006	**289.2**	**337.6**
Service costs	9.0	10.6
Interest costs	15.7	14.5
Changes through business combinations	0.0	–8.3
Severance payments	–18.5	–18.0
Actuarial gains/losses	42.2	23.4
Present value of defined benefit obligation (DBO) as of March 31, 2007	**337.6**	**359.8**

In millions of euros

	03/31/2003	03/31/2004	03/31/2005	03/31/2006	03/31/2007
Actuarial gains (+) and losses (–) due to parameter changes in %	0.0	6.6	–3.6	–11.1	–3.0

Provisions for pensions

	2005/06	2006/07
Present value of defined benefit obligation (DBO) as of April 1, 2006	**311.4**	**377.0**
Service costs	5.5	7.1
Interest costs	16.3	16.5
Changes through business combinations	0.0	–5.0
Pension payments	–7.3	–13.9
Actuarial gains/losses	51.1	–0.3
Present value of defined benefit obligation (DBO) as of March 31, 2007	**377.0**	**381.4**
Plan assets as of March 31, 2007	–253.7	–270.0
Provisions for pensions as of March 31, 2007	**123.3**	**111.4**

In millions of euros

	2005/06	2006/07
Plan assets as of April 1, 2006	**212.9**	**253.7**
Expected return	11.7	14.9
Actuarial gains/losses	16.0	5.7
Changes through business combinations	0.0	–6.0
Employer contribution	21.0	10.2
Pension payments	–7.9	–8.5
Plan assets as of March 31, 2007	**253.7**	**270.0**

In millions of euros

	03/31/2003	03/31/2004	03/31/2005	03/31/2006	03/31/2007
Present value of defined benefit obligation (DBO)	271.6	284.2	311.4	377.0	381.4
Plan assets	–167.5	–187.4	–212.9	–253.7	–270.0
	104.1	**96.8**	**98.5**	**123.3**	**111.4**
Actuarial gains (+) and losses (–) due to parameter changes in %	0.0	0.0	0.0	–12.4	1.1

In millions of euros

The calculation of the provisions for pensions was based on an expected interest rate of 6.0% applied to the plan assets. The actual interest rate was 8.1%.

Provisions for long-service bonuses

	2005/06	2006/07
Present value of defined benefit obligation (DBO) as of April 1, 2006	**79.1**	**90.7**
Service costs	4.5	5.2
Interest costs	4.2	3.9
Changes through business combinations	0.0	–0.2
Long-service bonuses payments	–6.5	–5.9
Actuarial gains/losses	9.4	1.2
Present value of defined benefit obligation (DBO) as of March 31, 2007	**90.7**	**94.9**

In millions of euros

19. Provisions

	Balance as of 04/01/2006	Changes through business combi-nations	Net exchange differences	Use	Reversal	Addition	Balance as of 03/31/2007
Non-current provisions							
Other personnel expenses	9.3	0.3	0.0	–2.7	–0.3	3.6	10.2
Warranties	5.0	0.0	0.0	–1.1	–1.7	0.8	3.0
Other non-current provisions	10.4	–2.2	0.0	–0.2	–1.2	1.0	7.8
	24.7	**–1.9**	**0.0**	**–4.0**	**–3.2**	**5.4**	**21.0**
Current provisions							
Taxes	205.2	–2.5	0.0	–181.0	–2.9	152.8	171.6
Vacations	71.9	–0.3	–0.1	–55.0	0.0	61.8	78.3
Other personnel expenses	45.0	–0.9	–0.2	–42.0	–3.3	42.8	41.4
Warranties	28.1	0.3	–0.1	–8.3	–7.1	13.5	26.4
Anticipated losses	8.2	0.0	–0.1	–4.6	0.0	10.4	13.9
Other current provisions	69.8	4.8	0.0	–34.2	–25.4	62.9	77.9
	428.2	**1.4**	**–0.5**	**–325.1**	**–38.7**	**344.2**	**409.5**
	452.9	**–0.5**	**–0.5**	**–329.1**	**–41.9**	**349.6**	**430.5**

In millions of euros

20. Financial liabilities

	Up to one year		Over one year	
	03/31/2006	**03/31/2007**	**03/31/2006**	**03/31/2007**
Bank loans	427.6	445.6	780.4	686.2
Liabilities from finance leases	4.2	6.2	51.6	53.1
Liabilities from affiliated companies	12.3	11.4	0.0	0.0
Liabilities from other investments	57.8	96.3	0.0	0.0
Other payables and other liabilities	11.0	70.1	0.3	0.3
	512.9	**629.6**	**832.3**	**739.6**

In millions of euros

On July 21, 2005, convertible bonds with a principal amount 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 had been split between a liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity.

The interest rate of the convertible bonds charged for the year is calculated by applying an effective interest rate of 4.0%. In the reporting period, convertible bonds with a nominal value of EUR 0.5 million have been converted. Redeemed convertible bonds amount to a nominal value of EUR 26.5 million. Thereby, the difference between carrying amount and the fair value of the liability element is recognized in profit and loss. The current value of the liability element to be attributed amounts to EUR 23.3 million. The fair value of the equity element to be attributed amounts to EUR 48.9 million and is directly recognized in equity.

The liability element as of March 31, 2007, is calculated as follows:

	03/31/2007
Nominal value	250.0
Equity component net	–19.1
Emission expense	–2.8
Deferred taxes	–6.4
Liability component at the date of issue	**221.7**
Interest accrued	3.6
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**

In millions of euros

21. Trade and other payables

	03/31/2006	03/31/2007
Prepayments received on orders	32.0	37.3
Trade payables	658.1	870.2
Liabilities from bills payable	188.6	224.4
Liabilities from affiliated companies	7.2	8.6
Liabilities from other investments	4.6	3.6
Other payables and other liabilities	304.0	303.4
	1,194.5	**1,447.5**

In millions of euros

22. Contingent liabilities

	03/31/2006	03/31/2007
Put options for minority interest	6.0	44.0
Obligations from bills payable	0.4	21.3
Guarantees	1.5	7.9
Other contingent liabilities	1.3	1.9
	9.2	**75.1**

In millions of euros

In individual cases, put options are granted to minority shareholders. The fair value of the put options is recognized as contingent liability.

23. Financial instruments

Financing

Financing is mostly carried out in the local currency of the respective borrower in order to avoid currency exchange risks or, as with the USD, currency-hedged through cross-currency swaps. On the balance sheet date, financing is reported in the following currencies:

	Loans	Money market	Total
AUD	0.0	3.7	3.7
CAD	0.0	8.5	8.5
CHF	0.0	3.0	3.0
CZK	0.0	89.9	89.9
GBP	2.9	1.7	4.6
INR	113.8	0.0	113.8
RON	0.0	6.6	6.6
RUB	0.0	443.0	443.0
PLN	0.0	0.0	0.0
SEK	0.0	0.0	0.0
USD	141.3	11.3	152.6

In millions of the respective currency

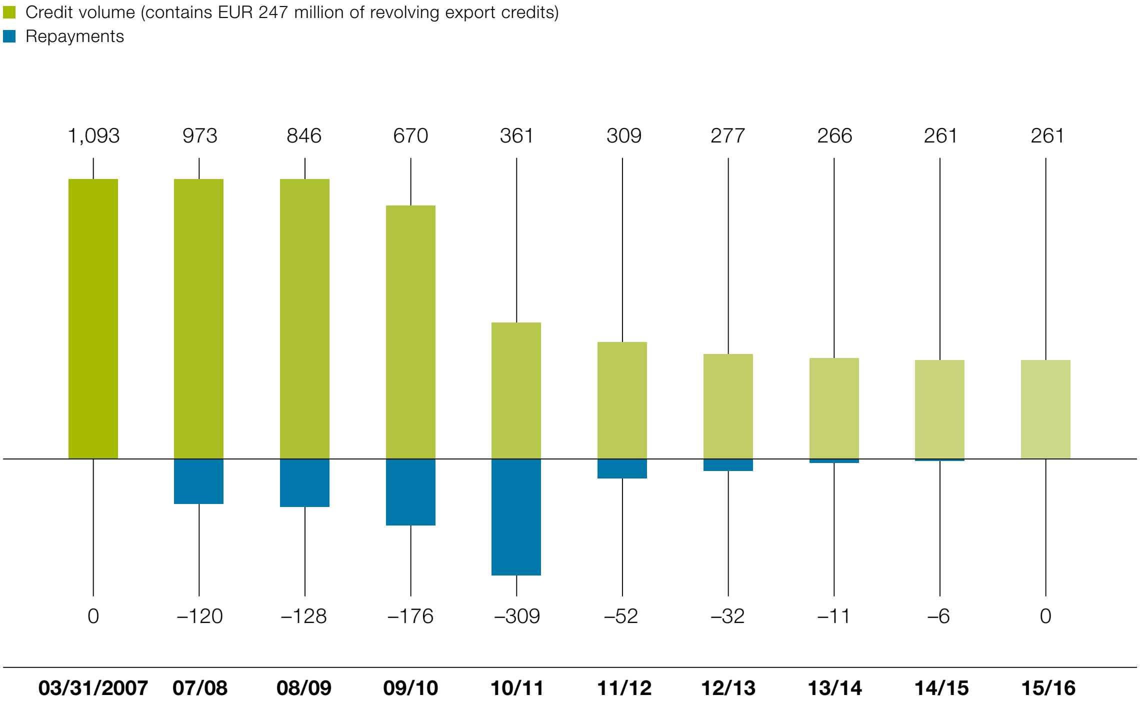
The proportion of financing in foreign currencies is approx. 12.1% of the total financing volume.

Currently, sufficient credit lines (terminable on demand) are available at domestic and foreign banks which are only very marginally used due to the excellent liquidity situation. Alongside the potential to exhaust these financing arrangements, a contractually agreed irredeemable liquidity reserve of EUR 100 million is available to bridge any downturns due to the economy.

The maturity structure of the credit portfolio has a balanced profile and uniform repayment requirements over the next several years.

Credit portfolio maturity structure

In millions of euros
Business year 2006/07



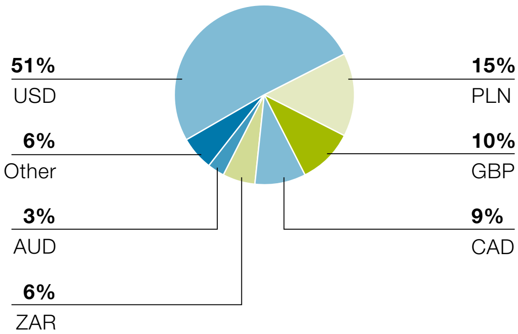
Currency risk

In 2006/07, the net requirements for USD of 263 million were somewhat lower than the demand of the prior year (USD 429 million), since the receipts in USD had markedly increased. However, for the coming business year we are once again expecting a rise in USD exposures back to the original level. The Polish Zloty is the second largest foreign currency item within the Group because some of the invoicing for raw materials acquisitions has been converted to PLN. The remaining foreign currency exposure, resulting particularly from exports to the non-euro area, is significantly lower than the USD risk.

Foreign currency portfolio 2006/07 (net)

Business year 2006/07

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



In the 2006/07 business year, hedge accounting according to IAS 39 was applied to foreign currency cash flow hedges, to interest-bearing receivables and liabilities hedges as well as to raw materials supply contract hedges. The interest and currency hedges represent cash flow hedges, whereas the raw material hedges are classified as fair value hedges. EUR 1.4 million were charged against equity due to changes in the fair values of the derivatives.

Interest rate risk

In the current business year, no further interest fixing in the form of derivatives was effected.

The portfolios on the liabilities side and the assets side that carry variable interest are equally high, and therefore a change in interest rates will have no effect on the interest income (last year: interest income increased by EUR 2.2 million, while the interest rate increased by 1%). The present value risk determined on the basis of the present-value-basis-point method as of March 31, 2007, on the assets side amounts to EUR 9.2 million (2005/06: EUR 10.0 million) with an interest rate decrease of 1%, and on the liabilities side

EUR 17.9 million (2005/06: EUR 24.8 million). In case of a drop in interest rates of 1%, voestalpine AG would have a net present value loss of EUR 8.7 million (2005/06: EUR 14.8 million).

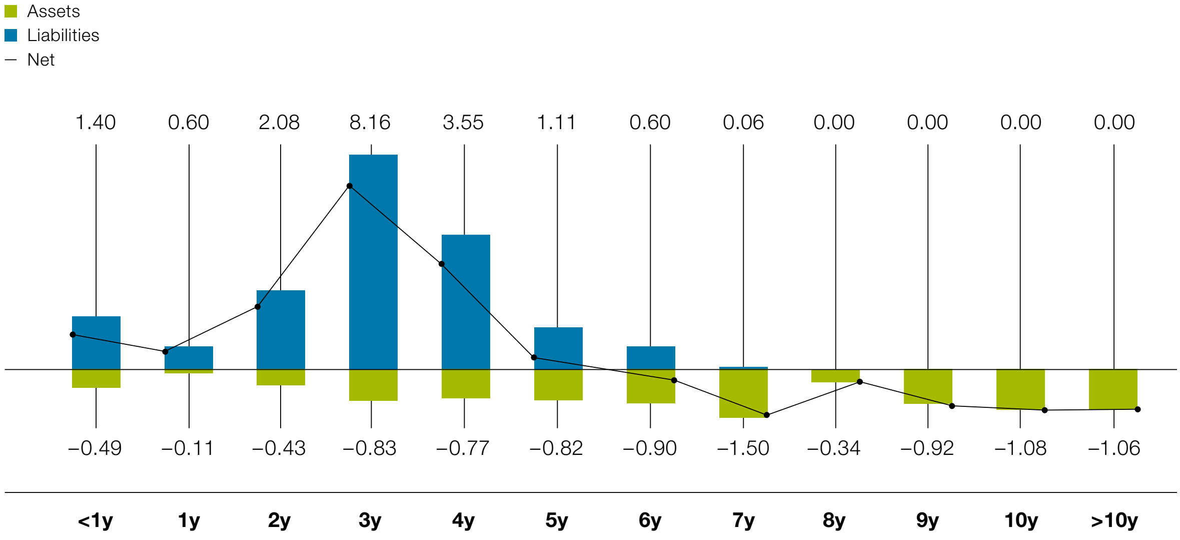
With a duration of 1.6-year interest rate commitment (including money market investments), the weighted average on the assets side amounts to 3.88% and on the liabilities side to 3.56% at a duration of 1.3 years.

	Current situation[1]	Weighted average interest rate	Duration	Average capital commit-ment	Sensitivity at 1% interest rate change[1]	Cash flow risk[1]	Value at risk[1]
Assets	734	3.88%	1.6 years	3 years	–9.2	–5.1	–5.7
Liabilities	1,216	3.56%	1.3 years	3.5 years[2]	17.9	5.1	11.1
Net	–482	0.32%			8.7	0	5.4

[1] In millions of euros; [2] Excluding revolving export credits off EUR 247 million

Interest rate commitment record as of March 31, 2007

In millions of euros
Business year 2006/07
Change in present value at 1% increase
in interest rate over respective term range



The portfolios on the assets side are invested to the amount of EUR 429.8 million (last year: EUR 393.1 million) in the umbrella funds V47 and V54.
94% of the fund assets are invested in bonds and money market instruments in euro or in cash within the three sub-funds V101, V102 and V103 as well as in three special funds, as follows:

Funds	Investment currency	
Sub-fund V101	EUR 166 million	with a modified duration of 0.29
Sub-fund V102	EUR 130 million	with a modified duration of 2.90
Sub-fund V103	EUR 93 million	with a modified duration of 6.08
3 special funds	EUR 13.4 million	

The share of equities in the umbrella funds is EUR 26.4 million (6% of the fund assets) and it is invested in 4 global equity funds with different investment goals.

A positive development in the equity markets as well as a development in bonds abated by interest rate increases resulted in the following performance for the umbrella funds in this business year:

Umbrella funds	Performance
V47	2.88%
V54	2.92%

Securities are assessed at their attributable market value; net profits/losses are recognized as affecting net income by applying the fair value option.

Derivative financial instruments

Portfolio of derivative financial instruments as of March 31, 2007:

	Notional amount	Fair value	Maturity
Foreign exchange outrights (incl. currency swaps)	211.2	–1.1	100% less than one year
Currency options	160.7	–1.4	100% less than one year
Interest rate options	24.0	0.0	5 years
Interest rate swap	239.0	–4.4	51% > 5 years
Commodity swap	6.2	0.2	100% less than one year
Total	**641.1**	**–6.7**	

In millions of euros

24. Consolidated cash flow statement

The consolidated cash flow statement is presented according to the indirect method. Cash and cash equivalents include checks, cash at banks and cash on hand. The effects of any changes in the consolidation range were eliminated and stated in the cash flow from investing activities.

	2005/06	2006/07
Interests received	36.4	52.0
Interests paid	83.7	87.1
Taxes paid	83.2	233.9

In millions of euros

Adjustments

	2005/06	2006/07
Depreciation, amortization and impairment	358.5	367.1
Result from sale of assets	–11.2	–13.9
Changes of pensions and other employee benefits and non-current provisions	6.6	5.6
Deferred taxes	–34.3	3.1
Non-cash share of profit of associates	0.4	–7.4
	320.0	**354.5**

In millions of euros

Cash flows from changes in the consolidation range include EUR 35.9 million from entities which were fully consolidated in the last business year.

25. Related parties and corporate bodies and employees

Business relations between the Group and non-consolidated subsidiaries as well as companies consolidated at equity are dealt with at arm's length and are stated in the consolidated financial statements as follows:

	2005/06	2006/07
Revenue	229.5	313.2
Cost of sales	29.4	35.1
Other operating expenses	48.5	44.8

	03/31/2006	03/31/2007
Trade and other receivables	20.3	44.5
Financial liabilities/trade and other payables	11.8	32.7
Contingent liabilities	0.1	0.1

In millions of euros

In the 2006/07 business year, 741 employees (2005/06: 743) on temporary loans were contracted from companies reported under other investments to cover short-term personnel shortages.

The impact on the Group's financial position, financial performance and cash flows of the non-consolidation of the companies is not significant.

Management Board

The prerequisite to the grant of a bonus is the existence of a target agreement which is entered into with the Chairman of the Supervisory Board. 80% of the possible bonus are oriented to quantitative targets, and 20% to qualitative targets. The target figures for the quantitative targets are EBIT and the return on capital employed or ROCE. The concrete target figures are periodically determined by the Supervisory Board Committee in consultation with the Management Board. The qualitative targets consist of two to four individual targets, relating in particular to the areas of strategy, cost management and organization. The bonus is limited to 150% of the annual gross salary.

The level of the contractually agreed company pension is governed by the length of service. The level of the annual pension per year of service is 1.2% of the last annual gross salary. However, the maximum pension entitlement cannot exceed 40%.

The members of the Management Board receive a severance package at the time of leaving 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 breaks down as follows:

	2005/06	2006/07
Fixed compensation element	2.1	2.4
Variable compensation element	4.8	3.4
	6.9	**5.8**

In millions of euros

The remuneration of a former member of the Management Board in the period under review amounted to EUR 0.3 million. No advances or loans were granted to the members of the Management Board of voestalpine AG.

Supervisory Board

At the annual shareholders' meeting of the company on July 5, 2006, it was resolved that the remuneration plan applied in the 2004/05 business year would be incorporated in the Articles of Incorporation. In accordance with section 15 of the Articles of Incorporation, all of the elected members of the Supervisory Board would in future be paid an amount of 0.1% of the annual surplus as remuneration. The allocation of the total amount would be undertaken using an allocation key of 100% for the Chairman, 75% for the Vice-Chairman and 50% for all other members. Minimum remuneration amounts to EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman and EUR 10,000 for all other members of the Supervisory Board. The remuneration is limited to four times the named amounts. The attendance fee per Supervisory Board meeting was set at EUR 500.

The annual remuneration for members of the Supervisory Board is now completely regulated by the Articles of Incorporation. No further decisions at the shareholders' meeting are necessary.

The remuneration to the Supervisory Board as well as other expenses during the 2006/07 business year total EUR 0.5 million (2005/06: EUR 0.3 million). 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 rendered various legal advisory services on matters related to takeover law, on various legal questions in connection with the takeover bid for BÖHLER-UDDEHOLM AG as well as on trademark issues in the 2006/07 business year. Fees for these services are invoiced at the applicable general hourly rates of the law firm of Binder Grösswang.

Employee information

Total personnel expenses are composed as follows:

	2005/06	2006/07
Wages	542.4	585.9
Salaries	422.0	454.6
Expenses for severance payments	14.8	18.7
Expenses for pensions	17.1	11.6
Expenses for statutory benefits and payroll-based contributions	229.2	241.9
Other social expenses	26.5	24.5
	1,252.0	**1,337.2**

In millions of euros

Total number of employees

	Balance sheet date		Average	
	03/31/2006	03/31/2007	2005/06	2006/07
Laborers	15,014	16,642	14,943	15,662
Salaried employees	7,904	8,684	7,810	8,222
Apprentices	778	885	847	878
	23,696	**26,211**	**23,600**	**24,762**

26. Share-based payment

Stock option program

The stock option program for the business year 2001/02 expired as of July 31, 2006. The stock of options as of March 31, 2006, amounted to 6,960 options. In the 2006/07 business year, 3,480 options were exercised. The compensation of the difference between the exercise price (EUR 34.57) and the daily closing price at the exercise day was in cash. The value of the exercised options in the 2006/07 business year was EUR 0.4 million. 3,480 options expired during the reporting period. The members of the Management Board did not exercise any options in the reporting period.

A new stock option program was adopted in the business year 2006/07. The lock-up period ends on June 30, 2008. Members of the Management Board were granted 900,000 options and executive staff were granted 3,309,795 options. The entire volume of options is outstanding at the end of the business year. The options as well as the right of exercise are not transferable. The options can be exercised, as long as the holder of the option is an employee or officer of voestalpine AG or of one of its subsidiaries.

The fair value of the options at the grant date is EUR 5.26 per option and will be distributed on a straight-line basis over 22 months up to the end of the lock-up period. In the consolidated financial statements of the 2006/07 business year, personnel expenses of EUR 7.0 million are reported for the 7-months period. For evaluation at the grant date, the following parameters were used:

Parameters		
Strike price	euros	29.78
Share price at grant date	euros	30.16
Expected volatility	%	28.90
Risk-free return	%	3.60
Dividend return	%	4.00

The calculation of expected volatility was based on historical volatilities of the last three years. Based on the assumption that the stock options would be exercised earlier than normal options, an early exercise after two or three years was taken into account. The condition that the relative performance of the voestalpine share must exceed that of the Dow Jones EUROSTOXX 600 was taken into account through a 7% markdown.

Bonuses for employees

By the end of the 2006/07 business year, bonuses had been granted to employees in the form of own shares (107.6 thousand shares) representing a total amount of EUR 4.3 million. According to IFRS 2, the shares are valued at the share price at the grant date. The fair value is recognized as personnel expenses, whereas the offsetting entry is reported directly in equity.

27. Significant events after the balance sheet date

In accordance with a basic agreement concluded on March 27, 2007, voestalpine AG has acquired all shares of the BU Industrieholding GmbH from the shareholders of BU Industrieholding GmbH ("Fries group") through the conclusion of appropriate share purchase and assignment agreements. 10,686,340 of these shares are BÖHLER-UDDEHOLM shares corresponding to 20.95% of the equity capital of BÖHLER-UDDEHOLM. The acquisition of the shares of BU Industrieholding GmbH was made under conditions which correspond to an (indirect) purchase of BÖHLER-UDDEHOLM shares from this company at a price of EUR 69.00 per share. The sellers of these shares are still entitled to the BÖHLER-UDDEHOLM AG's dividend for the 2006 business year.

On April 26, 2007, voestalpine AG made a voluntary public takeover bid for all remaining shares of BÖHLER-UDDEHOLM AG. The offered price was also EUR 69.00 per share.
On May 18, 2007, voestalpine AG increased its offer to EUR 73.00 per share and extended the acceptance period until June 4, 2007. The transactions are subject to the consent of the competition law authority as well as the achievement of a participating interest of more than 50% in BÖHLER-UDDEHOLM AG.

As the seller exercised his put options on April 16, 2007, 49% of the shares of Stamptec Holding GmbH were assigned. The Automotive Division now holds 100% of the shares.

28. Earnings per share

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

	2005/06	2006/07
Profit attributable to ordinary shareholders	**519,461**	**757,403**
Issued ordinary shares	158,400,000	158,400,000
Effect of own shares held	–312,676	–1,187,818
Weighted average number of outstanding ordinary shares	**158,087,324**	**157,212,182**
Basic (undiluted) earnings per share (euros)	**3.29**	**4.82**
Profit for the period from continuing operations attributable to equity holders of the parent	514,157	749,263
Basic (undiluted) earnings per share (continuing operations) (euros)	**3.25**	**4.77**

In thousands of euros

Diluted earnings per share were calculated as follows:

	2005/06	2006/07
Profit attributable to ordinary shareholders	519,461	757,403
Interest charged for convertible bonds	4,664	6,320
Base for diluted earnings per share	**524,125**	**763,723**
Weighted average number of outstanding ordinary shares	158,087,324	157,212,182
Weighted average potential shares of convertible bonds	9,244,474	13,797,503
Weighted average number of ordinary shares for diluted earnings per share	**167,331,798**	**171,009,685**
Diluted earnings per share (euros)	**3.13**	**4.47**
Profit for the period from continuing operations attributable to equity holders of the parent	518,821	755,583
Diluted earnings per share (continuing operations) (euros)	**3.10**	**4.42**

In thousands of euros

29. Dividend

According to the Austrian Stock Corporation Act, the financial statements of voestalpine AG as of March 31, 2007, are the basis for the dividend. These financial statements report a balance sheet profit of EUR 247.0 million. The Management Board will therefore recommend a basic dividend of EUR 1.45 (2005/06: EUR 0.78).

Linz, May 22, 2007

The Management Board

Wolfgang Eder | Franz Hirschmanner | Josef Mülner

Robert Ottel | Wolfgang Spreitzer

The consolidated financial statements of voestalpine AG will be submitted to the commercial register of the commercial court Linz under company register number FN 66209 t.

Appendix to the Notes: Group companies

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, 2006, to March 31, 2007. These consolidated financial statements comprise the consolidated balance sheet as of March 31, 2007, the consolidated income statement, the statement of changes in equity and the consolidated cash flow statement for the year ended March 31, 2007, as well as 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, 2007, and of its financial performance and its cash flows for the business year from April 1, 2006, to March 31, 2007, 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 audit 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 22, 2007

GRANT THORNTON
Wirtschaftsprüfungs- und Steuerberatungs-GmbH

Mag. Josef Töglhofer

MMag. Dr. Sascha Berkovec

Auditors and Tax Consultants

voestalpine AG

Group companies

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
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 Stahlbeteiligungs 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	49.070%	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
voestalpine Stahlhandel GmbH [2]	AUT	25.100%	voestalpine Stahl GmbH
Wuppermann Austria Gesellschaft m.b.H. [2]	AUT	30.000%	voestalpine Stahl GmbH
B-Zone Projektentwicklungs- und -vermarktungsgesellschaft mbH [1]	AUT	52.500%	voestalpine Stahl GmbH
„Sport-Kultur-Aktiv“ registrierte Genossenschaft mit beschränkter Haftung [1]	AUT	28.570%	voestalpine Stahl GmbH
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

	Domicile of the company	Interest held	Parent company
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 Pan America Equipamentos Limitada [1]	BRA	99.000%	voestalpine Giesserei Linz GmbH
voestalpine Pan America Equipamentos Limitada [1]	BRA	1.000%	voestalpine Giesserei Traisen 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 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 [3] proportionate consolidation, for all other companies: full consolidation

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 GmbH & CO KG [4]	DEU	99.997%	VAE Holding (Deutschland) GmbH
BWG GmbH & CO KG [4]	DEU	0.003%	VAE Geschäftsführung (Deutschland) GmbH
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%	BWG GmbH & CO KG
JEZ Sistemas Ferroviarios S.L.	ESP	50.000%	VAE GmbH
Rahee Track Technologies (Pvt) Ltd	IND	51.000%	VAE GmbH
Railservice Center Duisburg GmbH	DEU	75.171%	voestalpine Bahnsysteme Beteiligungs-verwaltung Deutschland 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 Beteiligungs-verwaltung 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 Beteiligungs-verwaltung Deutschland GmbH
VAE Africa (Pty) Ltd.	ZAF	100.000%	VAE GmbH
VAE APCAROM SA	ROU	88.700%	VAE GmbH
VAE Brasil Produtos Ferroviários Ltda	BRA	59.000%	VAE GmbH
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.	USA	100.000%	VAE Nortrak North America Incorporation
VAE Nortrak North America Incorporation	USA	96.354%	VAE GmbH
VAE Perway (Pty) Ltd.	ZAF	65.000%	VAE GmbH
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 SA (Pty) Ltd.	ZAF	75.000%	VAE GmbH
VAE SA (Pty) Ltd.	ZAF	12.500%	VAE Africa (Pty) Ltd.
VAE SA (Pty) Ltd.	ZAF	12.500%	VAE Perway (Pty) Ltd.
VAE Sofia OOD	BGR	51.000%	VAE GmbH
VAE UK Ltd.	GBR	100.000%	VAE GmbH
VAE VKN Industries Private Limited	IND	51.000%	VAE GmbH

	Domicile of the company	Interest held	Parent company
VAE VKN Industries Private Limited	IND	6.000%	JEZ Sistemas Ferroviarios S.L.
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 Draht Finsterwalde GmbH	DEU	100.000%	voestalpine Austria Draht GmbH
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungs-verwaltung 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 Vermögens-verwaltungs GmbH
WBG Weichenwerk Brandenburg GmbH	DEU	100.000%	BWG GmbH & CO KG
Weichenwerk Wörth GmbH	AUT	70.000%	VAE Eisenbahnsysteme GmbH
Wisselbouw Nederland B.V.	NLD	100.000%	VAE GmbH
voestalpine Tubulars GmbH & Co KG [3]	AUT	49.985%	voestalpine Bahnsysteme Vermögens-verwaltungs GmbH
voestalpine Tubulars GmbH & Co KG [3]	AUT	0.010%	voestalpine Tubulars GmbH
voestalpine Tubulars GmbH [3]	AUT	50.000%	voestalpine Bahnsysteme Vermögens-verwaltungs GmbH
Liefergemeinschaft Gotthard-Basis Tunnel GbR [2]	DEU	50.000%	voestalpine Klöckner Bahntechnik GmbH
Burbiola S.A. [1]	ESP	50.000%	JEZ Sistemas Ferroviarios S.L.
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
Liegenschaftsverwaltungs GmbH [1]	AUT	100.000%	voestalpine Bahnsysteme Vermögens-verwaltungs GmbH
VAE Murom LLC (in liquidation) [1]	RUS	50.000%	VAE GmbH
voestalpine Bahnsysteme GmbH [1]	AUT	100.000%	voestalpine AG
VOEST-ALPINE SOUTH AMERICA, C.A. [1]	VEN	100.000%	voestalpine Tubulars GmbH
voestalpine Stahl Donawitz GmbH [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

[1] no consolidation [2] equity method [3] proportionate consolidation [4] These consolidated financial statements represent an exemption for BWG GmbH & Co KG, TSTG Beteiligungs GmbH & Co. KG and TSTG Schienen Technik GmbH & Co KG according to Art. 264b of the German Commercial Code. 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	10.000%	Flamco STAG Behälterbau GmbH
Bauer und Dittus GmbH & Co. KG	DEU	75.000%	Wemefa Horst Christopeit GmbH
Coriolis	FRA	99.999%	Stamptec France SAS
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
Hügel GmbH & Co KG [4]	DEU	100.000%	Hügel Holding GmbH
Hügel Holding GmbH	DEU	100.000%	Stamptec Holding GmbH
Kadow und Riese Laser- und Umformtechnik GmbH	DEU	100.000%	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	DEU	100.000%	voestalpine Polynorm N.V.
Production Tube Cutting France (PTC) S.A.	FRA	100.000%	voestalpine Rotec GmbH
Retrospective Limited	GBR	100.000%	voestalpine Rotec GmbH
ROTEC Zug AG	CHE	100.000%	voestalpine Rotec GmbH
Société Civile Immobilière Jean Monnet	FRA	99.950%	voestalpine Rotec Vertriebs GmbH
Stamptec France SAS	FRA	100.000%	Stamptec Holding GmbH
Stamptec Holding GmbH	DEU	51.000%	voestalpine Automotive Holding GmbH
Verwaltungsgesellschaft Hügel mbH	DEU	100.000%	Hügel Holding GmbH
voestalpine Automotive Finanzierungs GmbH	AUT	100.000%	voestalpine Automotive GmbH
voestalpine Automotive Holding GmbH	AUT	100.000%	voestalpine Automotive GmbH
voestalpine Automotive Netherlands Holding B.V.	NLD	100.000%	voestalpine Automotive Holding GmbH

	Domicile of the company	Interest held	Parent company
voestalpine Elmsteel Group Limited	GBR	100.000%	Retrospective Limited
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	100.000%	voestalpine Elmsteel Group Limited
voestalpine Elmsteel Romania SRL	ROU	100.000%	voestalpine Elmsteel Group Limited
voestalpine Europlatinen GmbH	AUT	100.000%	voestalpine Automotive Holding 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 GmbH	AUT	100.000%	voestalpine Automotive Holding GmbH
voestalpine ROTEC Iberica S.A.	ESP	100.000%	voestalpine Rotec GmbH
voestalpine Rotec Skandinavien AB	SWE	100.000%	voestalpine Rotec GmbH
voestalpine Rotec Vertriebs GmbH	DEU	100.000%	voestalpine Rotec GmbH
voestalpine Vollmer GmbH & Co KG [4]	DEU	99.667%	voestalpine Vollmer Holding GmbH
voestalpine Vollmer GmbH & Co KG [4]	DEU	0.333%	voestalpine Automotive Holding GmbH
voestalpine Vollmer Holding GmbH	AUT	100.000%	voestalpine Automotive Holding GmbH
voestalpine Vollmer Pfaffenhofen GmbH & Co KG [4]	DEU	99.933%	voestalpine Vollmer Holding GmbH
voestalpine Vollmer Pfaffenhofen GmbH & Co KG [4]	DEU	0.067%	voestalpine Automotive Holding GmbH
Wemefa Horst Christopeit GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH
Entwicklungsgesellschaft Gügling Verwaltungs GmbH [1]	DEU	100.000%	Polynorm GmbH
Grau Werkzeugsysteme GmbH Beteiligungsgesellschaft [1]	DEU	100.000%	voestalpine Polynorm Grau GmbH & Co. KG
Polynorm Immobilien Beteiligungs GmbH [1]	DEU	100.000%	voestalpine Polynorm N.V.
Rotec Italia srl [1]	ITA	100.000%	voestalpine Präzisrohrtechnik GmbH
TURINAUTO S.P.A. [1]	ITA	33.330%	voestalpine Automotive Holding GmbH

[1] no consolidation [2] equity method [3] proportionate consolidation [4] These consolidated financial statements represent an exemption for voestalpine Polynorm Grau GmbH & Co. KG, voestalpine HTI GmbH & Co KG, voestalpine Vollmer GmbH & Co KG, voestalpine Vollmer Pfaffenhofen GmbH & Co KG and Hügel GmbH & Co KG according to Art. 264b of the German Commercial Code. For all other companies: full consolidation.

Profilform Division

	Domicile of the company	Interest held	Parent company
voestalpine Profilform GmbH	AUT	100.000%	voestalpine AG
Global Rollforming Corporation	USA	58.073%	voestalpine Profilform GmbH
Global Rollforming Corporation	USA	41.927%	SADEF N.V.
Metal Sections Limited	GBR	100.000%	Metsec plc
Metsec plc	GBR	100.000%	VOEST-ALPINE KREMS U.K. plc
Nedcon Bohemia s.r.o.	CZE	100.000%	Nedcon Groep N.V.
Nedcon Components B.V.	NLD	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 Logistica Iberia S.A.	ESP	100.000%	Nedcon Groep N.V.
Nedcon Magazijninrichting B.V.	NLD	100.000%	Nedcon Groep N.V.
Nedcon N.V.	BEL	99.967%	Nedcon Groep N.V.
Nedcon Raktártechnikai Kft.	HUN	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
Société Automatique de Profilage (SAP)	FRA	100.000%	voestalpine Profilform GmbH

	Domicile of the company	Interest held	Parent company
Société Profilafroid	FRA	99.856%	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	90.000%	voestalpine Profilform Beteiligung GmbH
voestalpine Präzisionsprofil GmbH	DEU	10.000%	voestalpine Profilform 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
Nedcon DLS B.V. [3]	NLD	49.875%	Nedcon Groep N.V.
ZAO Nedcon – SE Group [2]	RUS	49.000%	Nedcon Magazijninrichting B.V.
Gemeinnützige Donau-Ennstaler Siedlungs-Aktiengesellschaft [1]	AUT	33.333%	voestalpine Krems GmbH
OOO Arkada Yug [1]	RUS	100.000%	ZAO voestalpine Arkada Profil
Profilafroid Deutschland GmbH (in liquidation) [1]	FRA	100.000%	Societe Profilafroid
Profivi [1]	FRA	100.000%	Societe Profilafroid
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

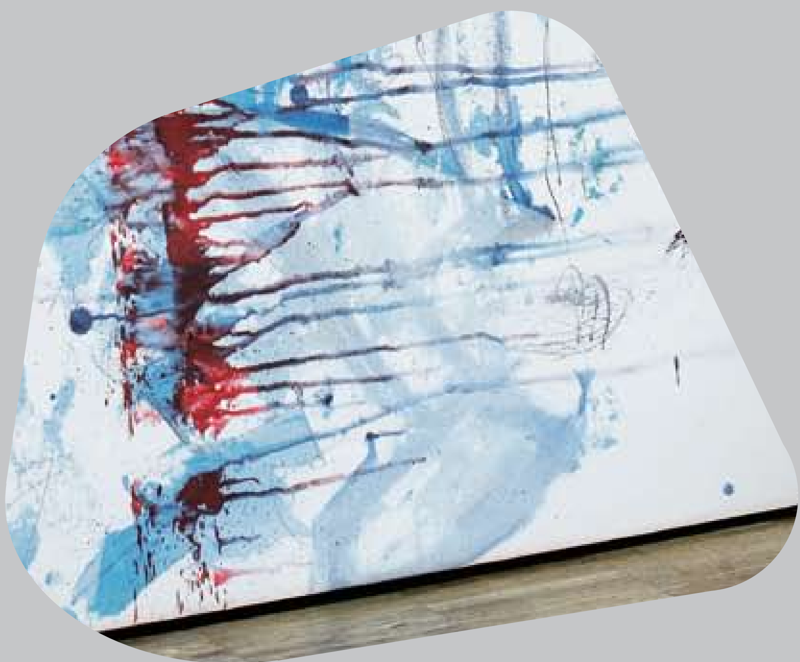
[1] no consolidation [2] equity method 3 proportionate consolidation, for all other companies: full consolidation

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
VOEST-ALPINE Intertrading Aktiengesellschaft [2]	AUT	38.500%	voestalpine AG
APK-Pensionskasse Aktiengesellschaft [1]	AUT	19.110%	voestalpine AG
Donauländische Baugesellschaft m.b.H. [1]	AUT	100.000%	voestalpine AG
IVM Industrieversicherungsmakler GmbH [1]	AUT	50.000%	voestalpine AG

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

For other people
this is art.



Anyone specializing in new technologies and materials, sometimes has to think outside of the box. Innovation is a state of mind and a reflection of our corporate culture. Displaying curiosity, being open to new ideas and developing unconventional solutions are features that have linked us to the world of art for many years.

For us talent we
want to support.

Service

voestalpine Eurostahl GmbH

voestalpine Eurostahl GmbH is the international sales organization of the voestalpine Group. It has sales and representative offices all over the world. This international network ensures the presence as well as competent customer care in all important markets.

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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.

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 state 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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