Letter to Shareholders 1st Quarter 2010/11

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voestalpine Group Key Figures

In millions of euros[1]	Q1 2009/10 04/01– 06/30/2009	Q1 2010/11 04/01– 06/30/2010	Change in %
Revenue	2,093.2	2,556.1	22.1
EBITDA	134.2	350.9	161.5
EBITDA margin	6.4%	13.7%	
EBIT	–26.3	203.3	
EBIT margin	–1.3%	8.0%	
Profit before tax	–70.1	156.5	
Profit for the period[2]	–48.2	121.1	
Earnings per share (euros)	–0.40	0.60	
Investments	140.2	80.0	–42.9
Depreciation	160.5	147.6	–8.0
Capital employed	8,661.6	7,990.0	–7.8
Equity	4,229.9	4,435.9	4.9
Net financial debt	3,810.0	2,981.8	–21.7
Net financial debt in % of equity	90.1%	67.2%	
Employees excl. temporary personnel and apprentices	40,801	39,595	–3.0

[1] According to IFRS all figures after purchase price allocation (ppa). Please refer to the Annual Report 2007/08 for more details.
[2] Before non-controlling interests and interest on hybrid capital.

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Ladies and Gentlemen:

It is perhaps advantageous in economically difficult times for a country to not have a inflationary number of Nobel Prize laureates in economics. When one analyzes the progress made in overcoming the subprime crisis and all of its after-effects and consequences for the worldwide economy, one could easily come to this conclusion. China, India, and Brazil continue to see their economic future in above average growth—no doubt rightly so due to their enormous pent-up demand for economic development—and their offensive economic policies, coupled with a degree of blatant protectionism, correspond to this view. As mature economies that lack in sufficient growth potential, Japan and especially Europe have decided to pursue a "conventional" restructuring of their economies with all the hardships that this brings to their populations. Reduction of debt and massive cost-cutting measures in all areas of public life, in other words, the restoration of a community with a capacity for financial action, are the primary concerns; in the short term, the price is social hardship, higher unemployment, and less growth. But it seems to be working. At least the developments during the last few months allow us to hope that Europe is on the right path. In order to be ultimately successful, it is crucial that we pursue this path consistently and not allow ourselves to be distracted. Then, at the end of the day, the old continent could look less old than many would believe.

The USA has decided to take another path—a path that faithful to its tradition, but one that must be critically questioned more closely than in the past, especially in the light of the latest economic data. Is it really possible that private households and public institutions, which are already carrying a level of debt that is bordering on the unreasonable, can be stimulated by the availability of third-party funding to such an extent that it will be possible to fix the largest economy worldwide? So far the evidence has been insufficient and, in the interest of the world economy, one can only hope that they will be successful. Otherwise a question comes to mind: Quo vadis, USA?

Returning from macroeconomic megatrends to the current situation of voestalpine AG, I would first of all like to address the compulsory program: The comprehensive cost-cutting and efficiency improvement programs in all five of the Group's divisions are continuing on schedule; the current easing of the economic situation is not a reason to give up a single euro of potential savings. Our assumption that we will realize an improvement goal of EUR 600 million in the business year 2012/13 has not wavered. Then the voestalpine Group will have achieved not only quality and technology leadership in its product sectors, but also cost leadership.

The prices of coal and ore—in the last several months the subject of bitter debate—have peaked, at least for the time being. The economic limits of demand and new mining capacities have demonstrated their impact. Therefore, the steel industry can look forward to the development of the situation with somewhat greater equanimity than before.

And finally the market. Here, too, a rational contemplation that is based on facts is more helpful than speculations and rumors. Viewed globally, with the exception of the situation in the USA, there is no reason for uncertainty with regard to the economic situation. Both Asia and South America, particularly Brazil, and, according to the latest figures even Europe, are anticipating sustained growth over the next several quarters. All the important industry segments, with the exception of the construction industry, are presenting strong key corporate data, and solid industry indicators suggest that a double-dip scenario is unlikely. Traditional seasonal fluctuations should be viewed as such and not assumed to be harbingers of the next recession. More realism and less hysteria would be desirable.

Linz, August 17, 2010

The Management Board

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

Highlights[1, 2]

- Continuing economic recovery in the first quarter of 2010/11 enables another revenue and operating result increase for the voestalpine Group and each of its five divisions.
- The development of the euro exchange rate supports the economic recovery of the export-oriented countries in Western, Central, and Northern Europe; the economic turnaround in Southern Europe is more difficult due to high public debt.
- The emerging economies continue to be drivers for growth; high unemployment, massive public debt, and low consumption levels are an increasing obstacle to economic recovery in the USA.
- Fourth consecutive quarter with significant improvement in all reporting categories for the voestalpine Group.
- Due to a steep increase in sales volumes, revenue up by 22.1% from EUR 2,093.2 million to EUR 2,556.1 million.
- EBITDA boosted by 161.5% from EUR 134.2 million to EUR 350.9 million.
- Dramatic growth of operating result (EBIT) by about EUR 230 million from EUR –26.3 million to EUR 203.3 million; efficiency improvement programs make a crucial contribution.
- Steep increase of the EBITDA and EBIT margins to 13.7% (previous year: 6.4%) and 8.0% (previous year: –1.3%), respectively.
- Profit before tax turned around from EUR –70.1 million to EUR 156.5 million and profit for the period (net income) from EUR –48.2 million to EUR 121.1 million.
- Earnings per share for the first three months of 2010/11 strongly positive at EUR 0.60 (previous year: EUR –0.40 per share).
- Continued reduction of the gearing ratio vis-à-vis March 31, 2010 from 71.3% to 67.2% due to the significantly positive operating result and investment expenditures that were substantially lower than depreciation (gearing ratio as of June 30, 2009: 90.1%).
- Total number of employees (core employees and temporary staff, not including apprentices) fell by 0.5% from 42,940 to 42,739; as of June 30, 2010 only 143 employees were still working reduced hours.

[1] In accordance with IFRS, all figures after application of the purchase price allocation (ppa).
[2] To the extent that no other time period is explicitly referred to, all comparative figures refer to the first quarter of the 2009/10 business year.

Interim Management Report

Market environment

The economic trend during the first three months of the 2010/11 business year showed a continuing recovery in demand in almost all of the voestalpine Group's major markets and across all industries. For example, the European automobile industry reported growth of unit production figures that was well into double digits, driven primarily by demand from the Asian markets, with China at the forefront. In the important customer segments of mechanical engineering, plant construction, the commercial vehicle industry, and the white goods segment, there was a marked rise in demand. In the energy sector as well, the competitive position of suppliers from the euro zone improved considerably, particularly relative to projects in the oil and gas industry, due to the shift in the exchange rate euro/US dollar. Only the construction industry was still weak, where investments fell during the financial crisis and now the effects of government cost-cutting programs are making themselves felt.

Overall, worldwide economic recovery continued during the first quarter of 2010/11, although its pace differed strongly from region to region. While the progress of recovery in the EU during the first calendar quarter was still cautious, the second quarter experienced a strong boost in demand from the export markets due to the weaker euro vis-à-vis the US dollar. The continuing robust economic momentum from the emerging markets, in particular China, India, and Brazil, played a crucial role in this development. While most of the EU countries north of the Alps profited from this trend due to their reliance on exports, a sustained recovery in Southern and Eastern Europe remains elusive. This trend is fueled by caution on the part of investors and consumers, which is due to uncertainty, as well as by rigorous national cost-cutting measures.
In the USA, the economic recovery increasingly lost its momentum during the second calendar quarter. The high unemployment figures and the resulting lower consumer spending are the primary obstacles, making a roll-back of government stimulus measures and thus a reduction of the high level of public debt unlikely in the foreseeable future.

Business performance of the voestalpine Group[1, 2]

Due to the improving economic circumstances and increasing cost savings resulting from the implementation of efficiency improvement and cost-cutting programs, the voestalpine Group achieved very significant growth in revenue and profit during the first three months of the business year 2010/11 not only in comparison to the same period of the previous year but also recorded higher figures vis-à-vis the immediately preceding quarter for the fourth consecutive time.

The Group's revenue went up in the first quarter of 2010/11 compared to the first quarter of the past business year by EUR 462.9 million (+22.1%) from EUR 2.093.2 million to EUR 2,556.1 million. With an increase of EUR 162.1 million (EUR +21.3 million) from EUR 760.1 million to EUR

[1] In accordance with IFRS, all figures after application of the purchase price allocation (ppa).
[2] The business segments Precision Strip and and Welding Consumables, which had previously been part of the Special Steel Division, were reassigned to the Profilform Division and the Railway Systems Division, respectively. In order to enable a better means of comparison, the divisional figures for the relevant quarter of the previous year was adjusted accordingly; the Group's figures remained unchanged.

922.2 million, the Steel Division reported the largest gain in absolute figures due to a very substantial rise in supply volumes. Viewed relatively, the greatest increases were in the Profilform Division (+32.7%) from EUR 206.1 million to EUR 273.5 million and the Special Steel Division (+31.5%) from EUR 466.8 million to EUR 613.8 million. These two divisions had been the most substantially impacted by the economic downturn of all of the Group's divisions. A high level of demand from the Asian markets for premium class automobiles and—despite the discontinuation of government incentive programs—a quite satisfactory level of demand for sub-compact and compact cars resulted in revenue of EUR 242.6 million for the Automotive Division in the first quarter of 2010/11, 24.3% higher than the comparative figure in the previous year (EUR 195.1 million). Due to its strong resistance to crisis, at 16.2%, the relative revenue growth of the Railway Systems Division from EUR 574.9 million to EUR 667.9 million was the lowest of all the divisions. The falling prices in the rail segment were more than compensated by a revitalization of the wire and seamless tube segments.

When assessing the economic performance of the past months, the comparison of the first quarter of 2010/11 with the immediately preceding quarter (fourth quarter of 2009/10) has particularly significant informative value. Carried by the positive business performance of all the divisions, the voestalpine Group was able to boost its overall revenue by 13.0% from EUR 2,261.7 million to EUR 2,556.1 million against this benchmark as well.

The improved economic situation, the profit threshold (break-even point) that has been lowered in the course of the crisis, and the success in implementing optimization programs are reflected in the profit from operations before depreciation and amortization (EBITDA) even more strongly than in the level of revenue. In comparison to the first quarter of 2009/10, the rise in revenue of 22.1% results in EBITDA that went from EUR 134.2 million to EUR 350.9 million, representing an increase of 161.5%, and a Group margin in the first quarter of 20010/11 of 13.7% (previous year: 6.4%). The gain by EUR 100.6 million from EUR 34.0 million to EUR 134.6 million (in absolute figures) means that the Steel Division was able to improve EBITDA almost fourfold. As was the case with regard to revenue, viewed in relative terms, the Special Steel and Profilform Divisions boosted EBITDA most markedly from EUR 4.7 million to EUR 77.1 million and from EUR 7.1 million to EUR 39.1 million, respectively. But the Automotive Division's EBITDA also more than doubled from EUR 12.7 million to EUR 26.4 million. Despite an already very high comparative EBITDA figure in the previous year and the noticeable drop in rail prices, the Railway Systems Division—carried by the very positive performance in the wire and seamless tube segments—again improved EBITDA by 4.1% from EUR 87.4 million to EUR 91.0 million.

The effects of the massive rise in raw material costs on earnings in the first quarter of 2010/11 is demonstrated by the direct comparison to EBITDA in the fourth quarter of 2009/10. In a direct comparison to the preceding quarter, the already described increase in revenues of 13.0% results in an increase in EBITDA by only 3.1% from EUR 340.4 million to EUR 350.9 million. Despite the significant increase in volumes in the first quarter of 2010/11, the rise in EBITDA is modest for the time being, primarily due to the delay in passing the higher raw material prices on to customers.

In comparison to a slightly negative EBIT of EUR –26.3 million in the first three months of the business year 2009/10, the Group recorded an operating result for the same period of 2010/11 that was EUR 203.3 million higher, a very satisfactory figure considering the still tense economic situation; this represents an EBIT margin of 8.0% (after –1.3% in the previous year). As all divisions posted clearly positive operating results, they all contributed to this gratifying development.

Compared to the immediately preceding quarter (fourth quarter of 2009/10), EBIT rose in the first quarter of 2010/11 by 15.0% from EUR 176.8 million to EUR 203.3 million; this represents a far more significant gain than EBITDA growth.

Due to an operating result that was up strongly in the first quarter of 2010/11 compared to the same period of the previous year, rising from EUR –70.1 million to EUR 156.5 million, the profit before tax (EBT) turned around. The profit for the period (net income)[1] came to EUR 121.1 million (compared to EUR –48.2 million in the previous year).

For the first three months of 2010/11, earnings per share (EPS) were EUR 0.60 (previous year: EUR –0.40).

Equity went up in the first quarter of 2010/11 compared to March 31, 2010 by 4.1% from EUR 4,262.4 million to EUR 4,435.9 million. This increase is largely the result of the markedly positive profit for the period of EUR 121.1 million and foreign exchange rate effects of EUR 52.8 million. Compared to March 31, 2010, net financial debt declined by 1.8% from EUR 3,037.3 million to EUR 2,981.8 million due to the very good operating result and the investment expenditure that was substantially lower than depreciation. Thus, as of the end of the first quarter of 2010/11, the voestalpine Group's gearing ratio (net financial debt as a percentage of equity) was 67.2%, which means that it was reduced within a period of just three months by another 4.1 percentage points compared to the gearing ratio as of March 31, 2010 (71.3%).

The Group's crude steel production in the first quarter of 2010/11 was 1.96 million tons, 54.3% higher than the previous year's corresponding figure (1.27 million tons). At 1.36 million tons, the Steel Division reported a 47.8% growth in production, and at 390,000 tons, the Railway Systems Division reported an increase in output of 50.0%. The Special Steel Division more than doubled its production from 90,000 tons to 210,000 tons.

Quarterly development of the voestalpine Group

In millions of euros	Q1 2009/10	Q2 2009/10	Q3 2009/10	Q4 2009/10	Q1 2010/11
Revenue	2,093.2	2,088.5	2,106.6	2,261.7	2,556.1
EBITDA	134.2	232.6	297.1	340.4	350.9
EBITDA margin	6.4%	11.1%	14.1%	15.1%	13.7%
EBIT	–26.3	69.1	132.4	176.8	203.3
EBIT margin	–1.3%	3.3%	6.3%	7.8%	8.0%
Employees excl. temporary personnel and apprentices	40,801	39,919	39,404	39,406	39,595

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

Steel Division

In millions of euros	Q1 2009/10 04/01–06/30/2009	Q1 2010/11 04/01–06/30/2010	Change in %
Revenue	760.1	922.2	21.3
EBITDA	34.0	134.6	295.9
EBITDA margin	4.5%	14.6%	
EBIT	–17.3	81.1	
EBIT margin	–2.3%	8.8%	
Employees (excl. temporary personnel and apprentices)	9,839	9,516	–3.3

The revival of demand in the sector of high-quality steel products that emerged after the summer of 2009 has continued to gain momentum since the beginning of 2010. Overall, European steel production (EU-27) increased during the first quarter of 2010/11 (second calendar quarter) compared to the immediately preceding quarter by 10.5% from 42.7 million tons to 47.2 million tons, thus reaching about 90% of its pre-crisis level. Compared to the same period in the previous year (31.5 million tons), this represented an escalation by about 50%. The inventories of the processing industries continue to remain at a low level, and the import situation has not demonstrated any dramatic developments.

This market environment has enabled the quality flat steel segment of the *Steel Division* to fully utilize all of its production capacity for the third consecutive quarter. As a result, it was possible to pass on the raw material prices, which have gone up sharply for contracts negotiated on a quarterly basis, to the market relatively swiftly. For customers with semi-annual contracts and for almost all annual contracts, the relevant price adjustments shall become effective in the second half of 2010.
In the heavy plate segment, the recovery that began in the spring of 2010 continued, assisted by the positive development in the oil and gas sector and marked by more incoming orders and rising price levels; the foundry segment is also experiencing an increasing number of requests for quotes from the energy sector. The level of demand in the Steel Service Center (SSC) and the pre-processing segment has been stable at a high level.

A comparison of the figures with the first quarter of 2009/10 mirrors the economic uptrend. Revenue has gone up in the first three months of the business year 2010/11 compared to the first quarter of the previous year by 21.3% from EUR 760.1 million to EUR 922.2 million. The improvement in the operating result has been even more significant. EBITDA increased fourfold from EUR 34.0 million to EUR 134.6 million, with EBIT rising from a negative figure of EUR –17.3 million in the previous year to a clearly positive profit from operations of EUR 81.1 million. The EBITDA and EBIT margins also recorded a robust gain from 4.5% to 14.6% and from –2.3% to 8.8%, respectively.

As of June 30, 2010, the Steel Division had 9,516 employees, corresponding to a decrease of 3.3% compared to the same date in the previous year (9,839).

Special Steel Division[1]

In millions of euros	Q1 2009/10 04/01–06/30/2009	Q1 2010/11 04/01–06/30/2010	Change in %
Revenue	466.8	613.8	31.5
EBITDA	4.7	77.1	1,540.4
EBITDA margin	1.0%	12.6%	
EBIT	–45.9	36.6	
EBIT margin	–9.8%	6.0%	
Employees (excl. temporary personnel and apprentices)	11,471	11,097	–3.3

The economic recovery in the special steel sector that began toward the end of the previous business year has continued and solidified in the first quarter of 2010/11. The upward trend in the *Special Steel Division* is a result of a substantial rise in demand, in particular from the automobile and electronics industries, but also from the consumer goods and oil exploration sectors. The aviation industry and the conventional energy sector, however, continued to be subdued during the last quarter.

A regional examination shows that it is primarily the markets in Asia (China, India) and South America (Brazil) that are characterized by strong momentum. North America is also beginning to recover, but the situation in Europe varies greatly from country to country. The export-oriented economies in Northern and Central Europe improved markedly compared to the previous year, while in Eastern and Southern Europe there has not yet been a noticeable upward trend.

Compared to the first quarter of 2009/10, the Special Steel Division recorded a significant rise in sales volumes that resulted in a substantially improved utilization of production capacity. This and the increasing alloy prices during the first quarter of 2010/11 led to a gain in the division's revenue by 31.5% from EUR 466.8 million to EUR 613.8 million. EBITDA rose to EUR 77.1 million, surpassing last year's comparative figure many times over (EUR 4.7 million). This corresponds to an EBITDA margin of 12.6% (previous year: 1.0%). Due to the improved situation with regard to demand and broad-based cost optimization measures, the Special Steel Division was able to completely turn its EBIT around, so that in the first quarter of 2010/11, it showed a clearly positive operating result at EUR 36.6 million (previous year: EUR –45.9 million). The EBIT margin was therefore at 6.0% (previous year: –9.8%). In the past quarter, EBIT was still adversely affected by the purely accounting effects of the purchase price allocation (ppa) in the amount of EUR 13.9 million; prior to application of the ppa[2] EBIT is at EUR 50.5 million, with an EBIT margin of 8.2%.

As of June 30, 2010, the Special Steel Division had 11,097 employees. Compared to the previous year (11,471), this figure corresponds to a decline in the workforce by 374 employees or 3.3%.

[1] The new organizational structure of the Special Steel Division, which is focused on the two core business segments of High Performance Metals und Special Forgings, became effective as of April 1, 2010. In order to enable a better means of comparison, the relevant quarter of the previous year was adjusted accordingly. The business segments Precision Strip and Welding Consumables became part of the Profilform and Railway Systems Divisions, respectively, as of April 1, 2010.

[2] For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.

Railway Systems Division[1]

In millions of euros	Q1 2009/10 04/01–06/30/2009	Q1 2010/11 04/01–06/30/2010	Change in %
Revenue	574.9	667.9	16.2
EBITDA	87.4	91.0	4.1
EBITDA margin	15.2%	13.6%	
EBIT	56.6	63.0	11.3
EBIT margin	9.9%	9.4%	
Employees (excl. temporary personnel and apprentices)	9,886	9,743	–1.4

Overall, the market environment for the *Railway Systems Division* during the first quarter of 2010/11 was an improvement over the same period of the previous year, although the situation of the individual segments varied widely. While the rail segment saw a stable market situation last year, from the fall of 2009 onward, a massive decline in prices for new tenders began, primarily relative to standard rails. Together with the significant price increases for raw materials, this resulted in a marked decline in the profitability of this sector in the first quarter of 2010/11. On the other hand, business was comparatively stable in the switches segment, where there are signs of recovery on the US market for the first time in more than two years. In the wire and seamless tube segments, the order situation and the resulting utilization of production capacity are very good, with the latter segment profiting from higher demand from the USA during the first quarter of 2010/11. The welding technology segment, which was reassigned to the Railway Systems Division in early April, also maintained a stable performance. Due to the good overall situation relative to demand, the division's steel production capacity was fully utilized.

During the first quarter of 2010/11, the excellent development of the wire and seamless tube segments was largely able to compensate the reduced margins in the rail segment. After EUR 574.9 million in the previous year, the revenue rose to EUR 667.9 million, an increase of 16.2%. EBITDA and EBIT went up by 4.1% from EUR 87.4 million to EUR 91.0 million and by 11.3% from EUR 56.6 million to EUR 63.0 million, respectively. The above figures generated an EBITDA margin of 13.6% (previous year: 15.2%) and an EBIT margin of 9.4% (previous year: 9.9%) for the first three months of the business year 2010/11. As of June 30, 2010, the Railway Systems Division had 9,743 employees. Compared to the same reference date of the previous year (9,886), this figure corresponds to a decline in the workforce by 143 employees or 1.4%.

[1] As of April 1, 2010, the Welding Consumables segment moved from the Special Steel Division and became part of the Railway Systems Division. In order to enable a better means of comparison, the relevant quarter of the previous year was adjusted accordingly.

Profilform Division[1]

In millions of euros	Q1 2009/10 04/01–06/30/2009	Q1 2010/11 04/01–06/30/2010	Change in %
Revenue	206.1	273.5	32.7
EBITDA	7.1	39.1	450.7
EBITDA margin	3.4%	14.3%	
EBIT	–4.1	28.4	
EBIT margin	–2.0%	10.4%	
Employees (excl. temporary personnel and apprentices)	4,247	4,032	–5.1

The first quarter of 2010/11 saw a continuation of the noticeable economic recovery that had begun toward the end of the last business year in the *Profilform Division;* the only exception was the situation in the construction and construction supply industries, which remained unsatisfactory. The improved level of demand was driven by higher demand on the part of end consumers on one hand, but also by continued price increases for pre-materials on the other. In the tubes and sections segment, the strongest growth impulses came from the energy sector (in particular the solar energy industry). The commercial vehicle and agricultural machinery sectors also recorded marked increases in demand. All the product groups of the Precision Strip business segment (previously part of the Special Steel Division and assigned to the Profilform Division since April 1, 2010) profited from an extraordinarily robust level of incoming orders; as a result, production had to deal with certain limits as to the availability of some pre-materials. During the past quarter, the storage technology sector was affected by continuing project delays. In general, a declining level of requests for quotes was noticeable in this segment and the volume of individual orders dropped as well. Regionally, business performance in the USA and in Europe (with the exception of Great Britain and Russia) was quite satisfactory. The strongest signs of a market recovery again came from beyond the established industrial regions, with Brazil at the forefront, where business performance was above average due to a robust level of domestic demand.

In comparison to the previous year, the first quarter of 2010/11 saw a considerable increase in sales volumes, which in turn led to improved capacity utilization. This resulted in higher revenue that rose by 32.7% from EUR 206.1 million to EUR 273.5 million, as well as in a quite substantial improvement of EBITDA from EUR 7.1 million to EUR 39.1 million. After reporting negative EBIT of EUR –4.1 million in the same period of the previous year due to massive underutilization of production capacity, the Profilform Division achieved much higher EBIT of EUR 28.4 million in the last quarter due to the rising level of demand and the lower break-even point. The above figures generated an EBITDA margin of 14.3% (previous year: 3.4%) and an EBIT margin of 10.4% (previous year: –2.0%) for the first three months of the business year 2010/11.

As of June 30, 2010, the Profilform Division had 4,032 employees. Compared to the previous year (4,247), this figure corresponds to a decline in the workforce by 215 employees or 5.1%.

[1] As of April 1, 2010, the Precision Strip segment moved from the Special Steel Division and became part of the Profilform Division. In order to enable a better means of comparison, the relevant quarter of the previous year was adjusted accordingly.

Automotive Division

In millions of euros	Q1 2009/10 04/01–06/30/2009	Q1 2010/11 04/01–06/30/2010	Change in %
Revenue	195.1	242.6	24.3
EBITDA	12.7	26.4	107.9
EBITDA margin	6.5%	10.9%	
EBIT	–2.1	12.8	
EBIT margin	–1.1%	5.3%	
Employees (excl. temporary personnel and apprentices)	4,696	4,555	–3.0

Worldwide automobile demand, which had already gained speed after crisis-ridden 2009, continued to go up during the first quarter of 2010/11. Again it was the Asian markets that were the primary growth drivers, with China at the forefront, whose uptrend had a very positive effect on production figures in Europe. Automobile sales in the European market, which is directly relevant for the *Automotive Division,* was about 13% higher in the first quarter of 2010/11 than in the same period of the previous year, with Western Europe showing a quicker recovery than Eastern Europe, where the upswing began more slowly and at a lower level. The production numbers for sub-compact and compact cars went up slightly during the first quarter of 2010/11 despite the discontinuation of the scrapping premiums in Europe; very positive signals also came from the commercial vehicle sector, where the level of incoming orders was about 80% higher than last year's level, which had been very low due to the economic crisis. The level of demand from the premium segment, the most important customer segment of the Automotive Division, was particularly gratifying, with sales driven by international demand again at the pre-crisis level. A new product, which has been developed across the entire Group over the course of several years, has opened up additional growth perspectives, particularly for the executive and luxury classes. This is a patent-protected hardening process for steel used in the production of ultra high-strength components with a precise form and a galvanized surface, making automotive bodies substantially more lightweight while enabling optimum stiffness characteristics and complete protection against corrosion. These new body-in-white components are already being used for numerous premium models in areas that are crucial for safety, proving once again that the voestalpine Group has a leadership role in innovation in the most sophisticated areas of application of steel.

Due to the significantly improved situation relative to demand and utilization of production capacity during the first quarter of 2010/11 compared to the same period of the previous year, the revenue of the Automotive Division rose by 24.3% from EUR 195.1 million to EUR 242.6 million. Furthermore, the division was able to more than double EBITDA from EUR 12.7 million to EUR 26.4 million and to report solidly positive EBIT in the amount of EUR 12.8 million (previous year: EUR –2.1 million). These figures resulted in an EBITDA margin of 10.9% (previous year: 6.5%) and an EBIT margin of 5.3% (previous year: –1.1%). As of June 30, 2010, the Automotive Division had 4,555 employees. This corresponds to a decline compared to the previous year (4,696) of 141 employees or 3.0%.

Business transactions with associated companies or parties

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

Investments

The investments of the voestalpine Group in the first quarter of 2010/11 came to EUR 80.0 million. As compared to the already significantly reduced investments during the first three months of the previous business year (EUR 140.2 million) due to the economic crisis, this is an additional decrease of EUR 60.2 million or 42.9%. This means that the investment expenditures of all the divisions and of the Group as a whole continue to be substantially lower than the level of depreciation (EUR 147.6 million). Nevertheless, we are continuing to consistently pursue all projects that aim to extend our leadership role, both in technology and quality.

The details of the investment activities of the individual divisions during the first quarter of 2010/11 are as follows:

At EUR 27.8 million (–62.7% compared to EUR 74.6 million in the previous year), around 35% of all Group investments during the first quarter of 2010/11 were accounted for by the *Steel Division.* The focus was the realization—albeit according to a deferred schedule—of the still outstanding projects under the "L6" investment program. The following projects fell within the scope of this program: the successful commissioning of another power plant block (165 MW), the resumption of construction activity on the new continuous casting facility CC7, and the beginning of construction of a new melting pot gas holder, which will enable further optimization of energy efficiency at the Linz site.

The *Special Steel Division* once again reduced its investment expenditures during the first quarter of 2010/11 compared to the same quarter of the previous year by 26.7% from EUR 32.2 million to EUR 23.6 million. The ongoing projects primarily involve capacity expansions in the forging and steelworks segments. For example, at the Wetzlar location in Germany, a new forging press has been put into operation, while the official commissioning of the new forging press at the Hagfors site in Sweden will take place in September 2010 at a special ceremony with the Swedish monarch, King Carl XVI Gustaf attending. Additionally, in the fall of 2010, production will start on the new axial forging machine at the Kapfenberg site in Austria.

At EUR 16.4 million, the investments of the *Railway Systems Division* were precisely at the same level as in the previous year. Within the scope of these investments, the expansion of the vacuum degassing plant in the steel production segment was successfully completed; previously, this area had been a bottleneck in the production of high-quality steel grades. Furthermore, the scheduled major repair of a blast furnace was begun toward the end of the quarter.

In the *Profilform Division,* the construction of the new rolling mill in the Precision Strip business area is on schedule at the Kematen site in Lower Austria. After successful completion of the construction work in the spring of 2010, the utility supply and the construction of the roll housings have for the most part been finished as well. The total investments of the Profilform Division in the first quarter were EUR 6.3 million; compared to the previous year (EUR 8.7 million), this corresponds to a decrease of 27.6%.

The *Automotive Division* recorded investments in the amount of EUR 4.5 million for the first quarter, thus further reducing its expenditures compared to the same figure in the previous year (EUR 6.4 million) by

29.7%. Projects intended to expand production capacity remained frozen (for the time being), and the only investments made were ones that were associated with existing orders and thus absolutely necessary.

Acquisitions and Divestments

The VAE Group of the Railway Systems Division took an important step in the first quarter of 2010/11 in order to be able to better utilize the potential of Turkey, a growth market in the railway sector. In early May 2010, an agreement was signed relative to the construction of a new turnout production that will be built within the scope of a joint venture between the Turkish State Railways (TCDD), the Turkish steel manufacturer Karabuk Demir Celik Sanayi ve Ticaret A.S. (Kardemir), and VAE. The location of the plant is in Cankiri, the capital of the province of the same name in Central Turkey, where the TCDD is already operating a turnout production. The new production facility, whose opening is planned for the early part of the 2011 calendar year, will manufacture both high-speed switches for new railway lines and switches for the modernization of existing ones. The first expansion stage represents an investment volume of about EUR 10 million and will provide jobs for 140 employees. At 51%, VAE holds the majority stake in the joint venture, Kardemir has 34%, and the Turkish State Railways have 15%.

Employees

As of June 30, 2010, the voestalpine Group had 39,595 core employees worldwide (not including apprentices). Compared to the first quarter of the past business year (40,801 employees), this corresponds to a reduction of 3.0% or 1,206 employees.

3,144 employees were employed as temporary staff; compared to last year's figure, this represents an increase of 47.0% or 2,139 employees.

As of June 30, 2010, reduced working hours Group-wide were limited to only 143 employees—mostly in the Special Steel and Railway Systems Divisions. Compared to March 31, 2010 (1,460), this corresponds to a decline of 90% or 1,317 employees, while compared to June 30, 2009, this represents a reduction by 98.7% or 11,173 employees.

As of the end of the first quarter of 2010/11, the voestalpine Group was training 1,446 apprentices—almost as many as in the previous year (1,466).

Research and Development

As stated repeatedly in previous publications, the voestalpine Group's research and development activities are not only aimed at the development of the most sophisticated product and process innovations but is also oriented toward coordinating the Group's competencies along the entire value chain in such a way that the customers can be provided with complete systems and solutions.

A particular focus here is currently the automotive sector. Based on the material steel, practically all parts and components for the body-in-white segment are being developed using innovative plates, tubes, and wire, even including special forgings. Parallel to the further development of the steel grades utilized primarily in those areas of body-in-white production that are critical for weight and safety, innovations in toolmaking and the tool steel that this requires also represent a focal point. Moreover, combining material and processing know-how is also necessary to not only develop new material qualities but also to optimize their characteristics within the scope of further processing steps, such as pressing, forming, or welding. And finally, the third element in the development of motor vehicle body components is the joining of materials and body components, for example, joining processes and processes such as welding and soldering. The overall result achieved is an optimum combination and utilization of materials, tools, and forming and joining technology.

However, the development of innovative complete solutions is of central importance not only for the automotive sector. This path is of crucial relevance for rail and switch technology, as well as for the energy extraction and generation sector as this enables a significant improvement of benefit to customers, primarily by reducing life-cycle costs.

Environment

The most important current developments with regard to the environment can be summarized as follows:

The benchmark system recommended by voestalpine AG jointly with the European steel association EUROFER and its member companies to adjust the carbon emissions regime that is currently being negotiated with the European Commission is based on a comprehensive collection of data regarding all plants and facilities of the European steel industry that will be affected by CO_2 certificate trading from 2013 on. Currently, as required by the EU Commission, the collected data is being externally validated, on the basis of which the EU Commission will generate the final draft of the benchmark system and submit it to the individual member states of the EU.

In fulfillment of the EU chemicals regulation REACH, which has been in effect since June 1, 2007, the affected companies of the voestalpine Group will be submitting their specific registration documents on schedule to the European Chemicals Agency, which is headquartered in Helsinki. With regard to further details in connection with this regulation, we refer to the detailed presentation in the Annual Report 2009/10, as well as concerning the details of the IPPC Directive (Integrated Pollution Prevention and Control Directive), which is currently being revised and which will soon be submitted to the European Parliament for final adoption.

Outlook

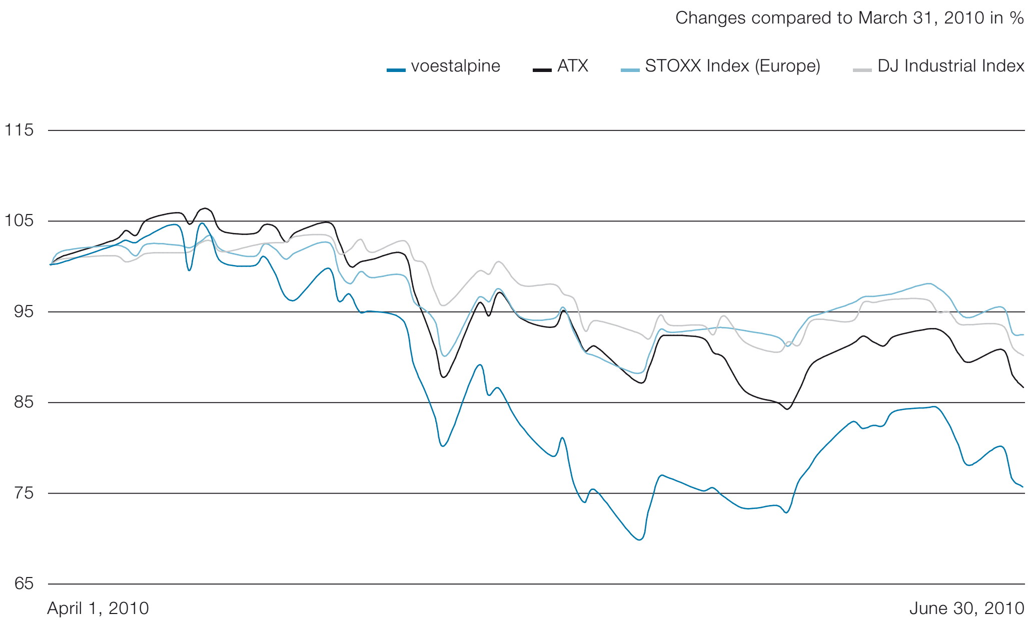
The expectations expressed at the presentation of the annual financial statements for 2009/10 three months ago for the business year 2010/11 have proven correct, both with regard to the macroeconomic development and industry-specific trends.

The doubts regarding a comprehensive global recovery have not declined since then, albeit the reasons have shifted somewhat. While at the beginning of the summer, Europe, with its public debt problems and with discussions regarding the stability of the euro on one hand, and China, with doubts about the sustainability of its growth rates on the other, were at the forefront of the critical discussion, today, the question that is increasingly being raised is in how far the USA will be able to fulfill the expectations for a sustained economic recovery. Even if economic consolidation in Europe and the concurrent largely stable growth in Asia continue, a secure upward trend in the USA is necessary to finally overcome the crisis of the past two and a half years.

While the global economic conditions are still giving rise to doubts regarding the sustainability of the recovery, since early 2010, the industrial environment in the major economic regions has been characterized by a momentum that is unexpected in its intensity. For the voestalpine Group, this means that the question of demand and capacity utilization in all five divisions is again gradually approaching the situation that was present in the fall of 2008 prior to the economic crisis. From today's perspective, this means full capacity utilization in the Steel and Railway Systems Divisions and a capacity utilization of about 90% in the Special Steel, Profilform, and Automotive Divisions for the second half of the 2010 calendar year. The development of the Group's operating result is still somewhat different than prior to the crisis. This is due less to the direct impact of the crisis than to the comprehensive structural changes in the pricing of coal and ore—concretely the shift from annual to quarterly prices—as well as a sudden, unanticipated doubling of the ore prices in April and another significant increase as of June of this year. The price adjustments across the entire value chain right up to the end customer that this required are only possible with a certain delay, as the voestalpine Group's business model is largely characterized by more long-term agreements and projects, albeit with appropriate adjustment clauses. These price adjustments will be largely completed during the course of the second quarter of 2010/11. At the same time, the prices for ore and coal for the rest of 2010, measured against the summer months, will be trending down rather than up. Concurrently, considering the broadly based demand from all major customer industries with the exception of the construction industry (which is only of secondary importance for the voestalpine Group), the current seasonal weakening of prices on the spot market in most of the European countries should be reversed during the course of the rest of the year due to the economic climate. From the vantage point of the manufacturers, it is expected that the non-critical inventory situation and a continuing low European import quota will support this development. Against this backdrop—even taking into consideration the still significant uncertainties regarding the development of the economic situation during the last quarter of the business year—from today's perspective, we can assume that the operating result of the business year 2010/11 will substantially exceed last year's EBIT (EUR 352 million).

Investor Relations

voestalpine AG vs. international indices



Price development of voestalpine share

While in the early part of 2010 the assumption on the international capital markets was that the financial and economic crisis was by and large over, the mood darkened again significantly in the course of this past spring. The main reason can be found in the increasing problems in conjunction with the deteriorating public debt situation, primarily in individual countries in the euro zone, which has been accompanied by creditworthiness being downgraded by rating agencies. The danger of a chain reaction on the financial markets and the risk of a double-dip recession have resulted in caution on the part of investors.

The discussion about whether the economic trend in China is weakening and its possible consequences for the global economic climate have increasingly become the focus of attention. Furthermore, the mood on the international capital markets has been adversely affected by the declining growth prospects in the USA. In addition to these critical macroeconomic factors, the assessment of the steel industry and of its downstream stages of the value chain has been adversely affected by the development specific to the raw materials sector with the terms of validity of contracts being substantially shortened and exorbitant price increases for ore and coal.

Against this backdrop, the first quarter of the business year 2010/11 saw a considerable decline of the price of the voestalpine share, which dropped by about 25% (from EUR 29.95 to EUR 22.61); this was in sharp contrast to the fundamental development of the company that experienced a more favorable order situation, better capacity utilization, and an improved operating result.

Bonds

Hybrid bond (2007–2014)

The hybrid bond issued by voestalpine AG in October 2007 was able to separate itself from the negative mood on the stock market. Since its low in February 2009 at 75 (% of the face value), the bond had gone up by 26 percentage points by June 30, 2010, closing as of the end of June 2010 at 101 (% of the face value). During the first quarter of 2010/11, the price fluctuated minimally between 100 and 102 (% of the face value).

Corporate bond (2009–2013)

Most recently, the price of the corporate bond that was issued in March 2009 has been stable at a high level. During the first quarter of 2010/11, the price was at 113 (% of the face value) and from the end of May on fluctuated between 111 and 112 (% of the face value). As of the end of the first quarter of 2010/11 on June 30, it was valued at 112 (% of the face value).

Shareholder structure

Compared to the ownership structure set forth in the Annual Report 2009/10, there were no significant changes during the first three months of the current business year.

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

■ Berenberg, London ■ BHF-BANK, Frankfurt ■ Cheuvreux, Vienna/Paris ■ Citigroup, London ■ Credit Suisse, London ■ Deutsche Bank, Frankfurt/London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ JP Morgan, London ■ Macquarie, Frankfurt ■ Merrill Lynch, London ■ Morgan Stanley, London ■ Nomura, London ■ Raiffeisen Centrobank, Vienna ■ Steubing AG, Frankfurt ■ UBS, London ■ UniCredit, Vienna.

Share information

Share capital	EUR 307,132,044.75 divided into 169,049,163 no-par value shares
	Shares in proprietary possession as of June 30, 2010: 608,154 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)

Share price high April 2010 to June 2010	EUR 31.25
Share price low April 2010 to June 2010	EUR 20.87
Share price as of June 30, 2010	EUR 22.61
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of June 30, 2010*	EUR 3,808,451,213.49

* Based on total number of shares less treasury shares.

Business year 2009/10

Earnings per share	EUR 0.65
Dividend per share	EUR 0.50
Book value per share	EUR 24.88

Financial calendar 2010/11

Letter to shareholders for the second quarter of 2010/11	November 18, 2010
Letter to shareholders for the third quarter of 2010/11	February 18, 2011
Annual Report 2010/11	May 31, 2011
Annual General Meeting	July 6, 2011
Ex-dividend date	July 11, 2011
Dividend payment date	July 18, 2011

voestalpine AG

Financial data 06/30/2010

According to International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2010	06/30/2010
A. Non-current assets		
Property, plant and equipment	4,484.0	4,463.7
Goodwill	1,420.4	1,422.4
Other intangible assets	462.4	448.8
Investments in associates	126.5	127.6
Other financial assets	167.2	166.3
Deferred tax assets	411.7	414.8
	7,072.2	**7,043.6**
B. Current assets		
Inventories	2,198.4	2,513.7
Trade and other receivables	1,458.1	1,750.7
Other financial assets	536.8	538.3
Cash and cash equivalents	1,028.6	705.8
	5,221.9	**5,508.5**
Total assets	**12,294.1**	**12,552.1**

In millions of euros

Equity and liabilities

	03/31/2010	06/30/2010
A. Equity		
Share capital	307.1	307.1
Capital reserves	417.5	416.0
Hybrid capital	992.1	992.1
Retained earnings and other reserves	2,472.9	2,648.9
Equity attributable to equity holders of the parent	**4,189.6**	**4,364.1**
Non-controlling interests	72.8	71.8
	4,262.4	**4,435.9**
B. Non-current liabilities		
Pensions and other employee obligations	853.0	854.3
Provisions	57.5	56.6
Deferred tax liabilities	246.0	249.5
Financial liabilities	3,268.3	2,963.0
	4,424.8	**4,123.4**
C. Current liabilities		
Provisions	382.0	378.7
Tax liabilities	51.0	66.6
Financial liabilities	1,448.0	1,391.9
Trade and other payables	1,725.9	2,155.6
	3,606.9	**3,992.8**
Total equity and liabilities	**12,294.1**	**12,552.1**

In millions of euros

Consolidated statement of cash flows

	04/01–06/30/2009	04/01–06/30/2010
Operating activities		
Profit for the period	–48.2	121.1
Adjustments	136.6	143.0
Changes in working capital	51.7	–58.5
Cash flows from operating activities	**140.1**	**205.6**
Cash flows from investing activities	**–283.1**	**–141.8**
Cash flows from financing activities	**–430.4**	**–397.5**
Net decrease/increase in cash and cash equivalents	**–573.4**	**–333.7**
Cash and cash equivalents, beginning of period	857.7	1,028.6
Net exchange differences	5.7	10.9
Cash and cash equivalents, end of period	**290.0**	**705.8**

In millions of euros

Consolidated income statement

	04/01–06/30/2009	04/01–06/30/2010
Revenue	2,093.2	2,556.1
Cost of sales	–1,782.9	–1,997.6
Gross profit	**310.3**	**558.5**
Other operating income	85.7	111.5
Distribution costs	–214.9	–233.3
Administrative expenses	–122.1	–141.9
Other operating expenses	–85.3	–91.5
Profit from operations (EBIT)	**–26.3**	**203.3**
Share of profit of associates	2.0	5.9
Finance income	40.7	15.7
Finance costs	–86.5	–68.4
Profit before tax (EBT)	**–70.1**	**156.5**
Income tax expense	21.9	–35.4
Profit for the period	**–48.2**	**121.1**
Attributable to:		
Equity holders of the parent	–67.3	100.7
Non-controlling interests	1.1	2.4
Share planned for hybrid capital owners	18.0	18.0
Basic earnings per share (euros)	**–0.40**	**0.60**
Diluted earnings per share (euros)	**–0.40**	**0.60**

Statement of comprehensive income:

	04/01–06/30/2009	04/01–06/30/2010
Profit for the period	**–48.2**	**121.1**
Other comprehensive income		
Hedge accounting	–11.6	4.3
Deferred tax hedge accounting	2.9	–0.5
Currency translation	35.6	52.8
Other comprehensive income for the period, net of income tax	**26.9**	**56.6**
Total comprehensive income for the period	**–21.3**	**177.7**
Attributable to:		
Equity holders of the parent	–42.1	156.8
Minority interest	2.8	2.9
Share planned for hybrid capital owners	18.0	18.0
Total comprehensive income for the period	**–21.3**	**177.7**

In millions of euros

Consolidated statement of changes in equity

	Q1 2009/10			Q1 2010/11		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1st	**4,185.9**	**76.6**	**4,262.5**	**4,189.6**	**72.8**	**4,262.4**
Total comprehensive income for the period	–24.1	2.8	–21.3	174.8	2.9	177.7
Dividends to shareholders	–	–3.6	–3.6	–	–5.1	–5.1
Own shares acquired/disposed	–	–	–	1.1	–	1.1
Other changes	–8.1	0.4	–7.7	–1.4	1.2	–0.2
Equity as of June 30th	**4,153.7**	**76.2**	**4,229.9**	**4,364.1**	**71.8**	**4,435.9**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of June 30, 2010 for the first quarter of the business year 2010/11 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2009/10 with the following exceptions: amendments to IAS 27 (2008) Consolidated and Separate Financial Statements as well IFRS 3 (2008) Business Combinations are being applied for the first time. The amendments do not have a significant impact on the interim consolidated financial statements. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2010, on which these interim consolidated financial statements are based.

Since the requirements for the application of IFRS 5 were no longer being met as of March 31, 2010, the entities classified as discontinued operations in the comparative quarter of the preceding year are again classified as continuing operations in these interim consolidated financial statements. Figures for the comparative quarter of the preceding year were adjusted accordingly.

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables are being managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In these interim consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profilform Division (Precision Strip) and Railway Systems Division (Welding Consumables) for the first time. Figures for the comparative quarter of the preceding year were adjusted accordingly.

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

Unless otherwise stated, comparative information relates to the first quarter of the business year 2009/10 (reporting date: June 30, 2009).

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

Scope of consolidated financial statements/acquisitions

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

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2010	**296**	**2**	**13**
Acquisitions			
Change in consolidation method			
Additions	1		
Disposals			–1
Reorganizations	–4		
Divestments or disposals			
As of June 30, 2010	**293**	**2**	**12**
Of which foreign companies	237	0	5

Notes on the consolidated statement of financial position

In the first quarter of the business year 2010/11, depreciations amounting to EUR 147.6 million exceeded investments that amounted to EUR 80.0 million. This led to a decrease in non-current assets. Inventories have increased by EUR 315.3 million in comparison to March 31, 2010 due especially to increasing pre-materials prices. The increased quarterly revenue was the primary reason why receivables were higher. Cash and cash equivalents declined by EUR 322.8 million due mainly to loan repayments.

As of June 30, 2010, voestalpine AG's share capital amounted to EUR 307,132,044.75 (169,049,163 shares). The Company held 608,154 of its own shares at the end of the reporting period. In the first quarter of the business year 2010/11, the Company sold 50,131 of its own shares.

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

Equity increased to EUR 4,435.9 million primarily by the profit for the period as well as by upward revaluations from currency translation. For the business year 2009/10, a dividend per share of EUR 0.50 was decided upon at the Annual General Meeting on July 7, 2010, which will be distributed in the second quarter of the business year 2010/11.

Non-current loans developed according to our redemption schedule and non-current financial liabilities therefore declined to EUR 2,963.0 million. The rise in purchasing volume was the primary reason for the increase of trade payables.

Notes on the consolidated income statement

Revenue for the period from April 1 to June 30, 2010 totaled EUR 2,556.1 million, exceeding the comparable figure for the preceding year (EUR 2,093.2 million) by 22.1%. In the first quarter of the business year 2010/11, profit from operations (EBIT) reached EUR 203.3 million compared to EUR –26.3 million for the first three months of the business year 2009/10. After consideration of the financial result and taxes, profit for the period amounts to EUR 121.1 million compared to EUR –48.2 million for the first quarter of the preceding year.

In June 2010, the European Commission imposed a fine amounting to EUR 22.0 million on voestalpine Austria Draht GmbH (Railway Systems Division) due to a violation of EU antitrust law. According to the decision of the Commission, voestalpine AG as the Group's ultimate parent company is jointly and severally liable for this fine. voestalpine AG and voestalpine Austria Draht GmbH will take legal action against the decision before the European General Court. However, as a precautionary measure, a provision amounting to EUR 8.0 million was created in the first quarter.

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

	04/01–06/30/2009	04/01–06/30/2010
Profit attributable to equity holders of the parent (in millions of euros)	–67.3	100.7
Weighted average number of issued ordinary shares (millions)	167.0	168.4
Basic (undiluted) earnings per share (euros)	**–0.40**	**0.60**

Diluted earnings per share are depicted as follows:

	04/01–06/30/2009	04/01–06/30/2010
Diluted earnings per share (euros)	**–0.40**	**0.60**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first quarter of the business year 2010/11 and business year 2009/10, respectively:

1st quarter 2010/11

	Steel Division 04/01–06/30/2010	Special Steel Division 04/01–06/30/2010	Railway Systems Division 04/01–06/30/2010
Segment revenue	922.2	613.8	667.9
of which revenue with third parties	790.6	598.3	658.4
of which revenue with other segments	131.6	15.5	9.5
EBITDA	134.6	77.1	91.0
Profit from operations (EBIT)	81.1	36.6	63.0
EBIT margin	8.8%	6.0%	9.4%
Segment assets	3,573.2	3,992.3	2,403.1
Employees (excl. temporary personnel and apprentices)	9,516	11,097	9,743

1st quarter 2009/10

	Steel Division 04/01–06/30/2009	Special Steel Division 04/01–06/30/2009	Railway Systems Division 04/01–06/30/2009
Segment revenue	760.1	466.8	574.9
of which revenue with third parties	677.2	460.5	567.0
of which revenue with other segments	82.9	6.3	7.9
EBITDA	34.0	4.7	87.4
Profit from operations (EBIT)	–17.3	–45.9	56.6
EBIT margin	–2.3%	–9.8%	9.9%
Segment assets	3,404.9	4,002.9	2,388.3
Employees (excl. temporary personnel and apprentices)	9,839	11,471	9,886

	Profilform Division 04/01–06/30/2010	Automotive Division 04/01–06/30/2010	Other 04/01–06/30/2010	Reconciliation 04/01–06/30/2010	Total Group 04/01–06/30/2010
	273.5	242.6	21.9	–185.8	2,556.1
	266.1	242.0	0.7	0.0	2,556.1
	7.4	0.6	21.2	–185.8	0.0
	39.1	26.4	–12.4	–4.9	350.9
	28.4	12.8	–13.8	–4.8	203.3
	10.4%	5.3%			8.0%
	1,055.2	844.6	8,216.4	–7,532.7	12,552.1
	4,032	4,555	652	0	39,595

In millions of euros

	Profilform Division 04/01–06/30/2009	Automotive Division 04/01–06/30/2009	Other 04/01–06/30/2009	Reconciliation 04/01–06/30/2009	Total Group 04/01–06/30/2009
	206.1	195.1	21.4	–131.2	2,093.2
	193.0	194.6	0.9	0.0	2,093.2
	13.1	0.5	20.5	–131.2	0.0
	7.1	12.7	–37.9	26.2	134.2
	–4.1	–2.1	–39.6	26.1	–26.3
	–2.0%	–1.1%			–1.3%
	1,050.1	915.5	8,779.1	–8,747.0	11,793.8
	4,247	4,696	662	0	40,801

In millions of euros

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

EBITDA

	04/01–06/30/2009	04/01–06/30/2010
Net exchange differences incl. result from valuation of derivatives	7.9	–0.9
Value adjustments for receivables/waiver of receivables	17.8	–2.4
Consolidation	0.4	–1.7
Other	0.1	0.1
EBITDA – Total reconciliation	**26.2**	**–4.9**

In millions of euros

EBIT

	04/01–06/30/2009	04/01–06/30/2010
Net exchange differences incl. result from valuation of derivatives	7.9	–0.9
Value adjustments for receivables/waiver of receivables	17.8	–2.4
Consolidation	0.4	–1.7
Other	0.0	0.2
EBIT – Total reconciliation	**26.1**	**–4.8**

In millions of euros

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

Notes on the consolidated statement of cash flows

The improved operating result led to an increase in cash flow before capital changes from EUR 88.4 million to EUR 264.1 million. Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 205.6 million in comparison to the first quarter of the preceding year (EUR 140.1 million); this represents an increase of 46.8%. After the deduction of EUR 141.8 million in cash flows from investing activities and taking into account the cash flows from financing activities amounting to EUR –397.5 million (mainly loan repayments), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –333.7 million.

Seasonality and cyclicality

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

Business transactions with associated companies or parties

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

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

Events after the reporting period

No significant events after the reporting period have occurred.

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