



# “Values as the foundation of our actions”

*In order to achieve our joint goals, it is absolutely crucial to make them understandable to each and every employee, thus enabling them to identify completely with the Company. The values that voestalpine represents—foremost reliability, openness for changes, and confidence in one’s own strengths—have proven themselves once again in the crisis as the foundation of our actions. More than ever, it is these values that will enable us to be a true partner for our customers and our shareholders in the future.*

# Steel Division

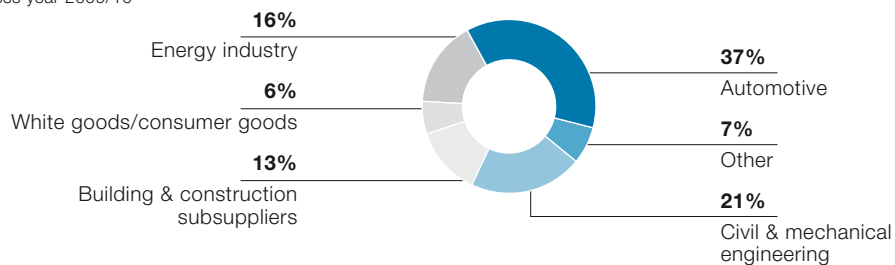
## Key figures of the Steel Division

In millions of euros

	2008/09	2009/10	Change in %
Revenue	4,328.5	3,098.7	-28.4
EBITDA	735.5	423.3	-42.4
EBITDA margin	17.0%	13.7%	
EBIT	522.3	201.4	-61.4
EBIT margin	12.1%	6.5%	
Employees (excl. temporary personnel and apprentices)	10,034	9,510	-5.2

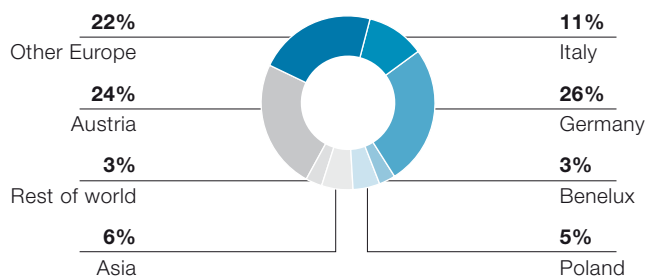
## Customers of the Steel Division

As percentage of divisional revenue  
Business year 2009/10



## Markets of the Steel Division

As percentage of divisional revenue  
Business year 2009/10



## Market environment and business development

The economic environment of the Steel Division in the business year 2009/10, especially during its first months, was very difficult, and the effects of the crisis on the individual business segments were highly variable both with regard to their extent and their time sequence.

In the *quality flat steel* segment, the "classic" strip products, massive drops in both demand and price that had begun in the fall of 2008 continued throughout the early part of the business year 2009/10 until they bottomed out in the summer of 2009. Subsequently, the market stabilized and, starting in the fall, demand gradually but noticeably began to recover. While the automobile and automotive supply industries saw demand begin to revive and production be stepped up in the second half of the 2009 calendar year, not least due to extensive government stimulus packages ("scrapping premium"), sectors such as the commercial vehicle industry or mechanical engineering faced a far greater collapse of demand (up to 70%), resulting in a recovery that is still much more sluggish than other sectors. An additional favorable factor during 2009 were the historically low inventories and the fact that imports to the EU zone were down compared to previous periods. However, because a number of steel companies accelerated resumption of production in plants that had been temporarily shut down starting in the fall of 2009, the latter months of the year saw significant price pressure in short-term business. However, starting in early 2010, this was followed by a new trend reversal toward significantly higher prices. This de-

velopment, however, was not primarily due to increased demand on the market, but largely the result of the announcement by the major mine operators that prices for coal and ore would be doubling as of April 1, 2010. With the exception of the scheduled major overhaul of one of the two small blast furnaces (December 2009 to March 2010), all available production capacity was in full operation mode from early September 2009 to the end of the business year 2009/10.

Although the *heavy plate* segment had a satisfactory order backlog at the beginning of the year, it came under massive pressure in the course of the business year 2009/10. Due to the financial and economic crisis and the downward spiral of oil prices, extensive project shutdowns in the energy sector resulted in major cutbacks in demand and enormous price declines, the latter exacerbated by growing competition from Asia and Russia. It was not until the end of the business year that this segment began to recover, with incoming orders and prices levels increasing. Particularly noteworthy in this regard is growing demand from the wind energy industry, as well as more momentum in oil and natural gas production.

The first half of the 2009/10 year was largely stable in the *foundry* business segment with good capacity utilization, while the second half of the year was challenging. Incoming orders fell significantly due to weak demand from the energy and mechanical engineering industries, mainly as a result of delays in major steam turbine projects

and dwindling demand for gas turbines. On balance, business performance in the hydro-power sector continues to be stable at a positive level.

The business year 2009/10 was far more favorable for the *Steel Service Center (SSC)* than in the other segments of the division; here, demand picked up markedly as early as the summer of 2009, with momentum continuing to trend upward during the quarter. Business performance in the division's *preprocessing activities* was significantly less positive, but, similarly to the heavy plate segment, the situation eased up substantially in the course of the final quarter of the business year.

The concept phase for the divisional project "Zukunft" ("Future") was concluded at the end of the business year 2009/10. In addition to leadership in technology and quality, this project will also ensure cost leadership in key product segments by generating savings of at least EUR 350 million by the business year 2012/13. In addition to pure cost savings, the project is targeted on an even more consistent and optimized control system at division level, the main task of which is to safeguard the organization's ability to adapt immediately to future market volatility which is continuing to rise.

### Development of the key figures

Against the backdrop of a very difficult economic environment across broad stretches of the year marked by huge declines in both

sales volume and prices, the division's revenue and operating result figures were substantially lower than those of the previous year.

*Revenue* fell by 28.4% from EUR 4,328.5 million to EUR 3,098.7 million. EBITDA went down by 42.4% from EUR 735.5 million to EUR 423.3 million, and EBIT declined by 61.4% from EUR 522.3 million to EUR 201.4 million. The EBITDA margin reached 13.7% in the business year 2009/10 (previous year: 17.0%), while the EBIT margin was at 6.5% (previous year: 12.1%).

It should be emphasized in this regard that the Steel Division's specific positioning against the competition as a niche player in the top quality segment has become particularly apparent during the crisis.

The development of revenue and operating result during the individual quarters demonstrates the success of the crisis management measures that were implemented quickly and consistently. Although revenue remained almost identical during the first three quarters of 2009/10, gains in the operating result were disproportionately high. The result of the last quarter was also affected by the shutdown of one of the two small blast furnaces due to a major scheduled repair.

The Steel Division had 9,510 employees at the end of business year 2009/10. Compared to March 31, 2009, (10,034) this corresponds to a reduction by 5.2%, resulting from measures taken to adjust capacity due to the economic crisis.

### Quarterly development of the Steel Division

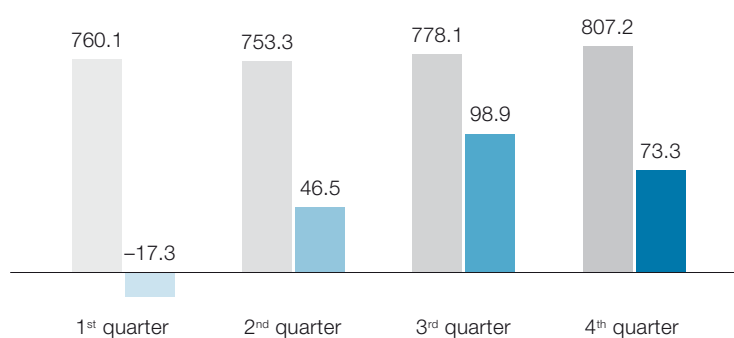
	1 <sup>st</sup> quarter 2009/10	2 <sup>nd</sup> quarter 2009/10	3 <sup>rd</sup> quarter 2009/10	4 <sup>th</sup> quarter 2009/10	BY 2009/10
Revenue	760.1	753.3	778.1	807.2	3,098.7
EBITDA	34.0	100.5	155.0	133.8	423.3
EBITDA margin	4.5%	13.3%	19.9%	16.6%	13.7%
EBIT	-17.3	46.5	98.9	73.3	201.4
EBIT margin	-2.3%	6.2%	12.7%	9.1%	6.5%
Employees (excl. temporary personnel and apprentices)	9,839	9,618	9,530	9,510	9,510

In millions of euros

### Quarterly development of the Steel Division

In millions of euros  
Business year 2009/10

■ Revenue  
■ EBIT



# “Leadership and individual responsibility”

*It is important to strike the right balance between leadership and the greatest possible level of individual responsibility. As much decentralization as possible, so that operating units can develop customized solutions to meet individual requirements, yet simultaneously with sufficient strategic direction so as not to lose sight of the overall target. By treading this middle course we have managed to overcome the crisis and now face future challenges with optimism.*



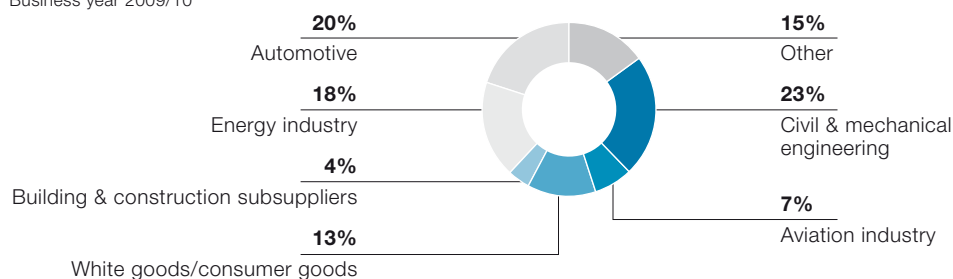
# Special Steel Division

## Key figures of the Special Steel Division<sup>1</sup>

In millions of euros	2008/09	2009/10	Change in %	
<sup>1</sup> In accordance with IFRS, all figures after application of the purchase price allocation (ppa). For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.	Revenue	3,530.6	2,358.4	-33.2
	EBITDA	363.3	153.1	-57.9
	EBITDA margin	10.3%	6.5%	
	EBIT	55.0	-79.6	
	EBIT margin	1.6%	-3.4%	
	Employees (excl. temporary personnel and apprentices)	14,734	13,762	-6.6

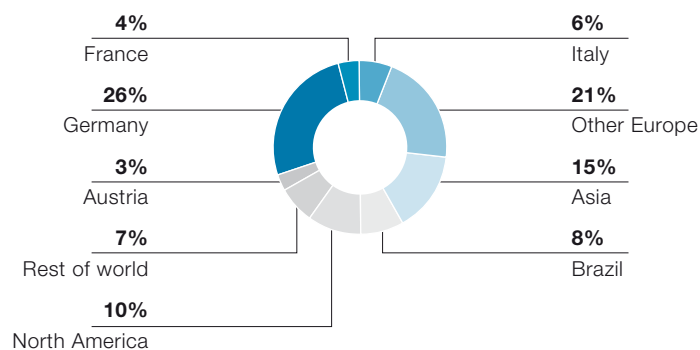
## Customers of the Special Steel Division

As percentage of divisional revenue  
Business year 2009/10



## Markets of the Special Steel Division

As percentage of divisional revenue  
Business year 2009/10



## Market environment and business development

In the first half of the business year 2009/10, the market environment of the Special Steel Division was not only affected by the general decline in demand, but it had to deal with the challenge of a massive reduction of inventory along the entire value chain to the end consumer. The resulting losses in incoming orders led to significantly reduced capacity utilization in all four business segments.

It was not until the fall of 2009, when inventories had fallen to a minimum, that demand picked up again slightly. The performance later on in the business year confirmed the (gradual) trend reversal, with the recovery being driven primarily by Asian markets, with China leading the way. The economic uptrend also gained momentum in South America, predominantly in Brazil, while recovery in North America began much more tentatively. In Europe, demand continued to stagnate at a low level.

Toward the end of the business year, demand from some of the most important customer industries improved, with the consumer goods, automotive, and alternative energy sectors being at the forefront, so that all indicators are pointing to a sustained trend reversal in these segments. The economic situation in the mechanical engineering segment, however, continues to be difficult; the commercial vehicle and ship building industries are also not yet showing a sustained market recovery. Demand in the aviation

and conventional energy generation sectors was still very weak even toward the end of the business year.

In the individual business segments<sup>1</sup> the performance of the Special Steel Division was as follows:

After an extremely difficult beginning of the business year 2009/10, the *high performance metals* segment experienced a slight rise in demand for tool steel and high-speed steel. Demand for special steels and open-die forgings remained under expectations throughout the entire business year. There were some positive signals, primarily relative to China, Brazil, and to a lesser extent North America. Demand on the European markets, however, continued to lag behind other economic regions.

In the *welding consumables* segment, the initial favorable level of demand eroded during the course of the business year. At the same time, demand in the pipeline construction segment and to some degree also in the offshore and petrochemicals segments was mostly stable, although at a lower level than in the previous year. All other customer industries reduced their demand, in particular, the power plant construction, appliance manufacturing, and mechanical engineering segments.

Unsatisfactory demand during the first half of 2009/10 in the *precision strip* segment improved somewhat in the course of the

<sup>1</sup> According to the division structure valid up to March 31, 2010. For the new organizational structure starting as of the business year 2010/11, please see the organizational chart of the voestalpine Group.

second half of the business year, and capacity utilization in the production plants is again showing an upward trend. This segment's profitability was substantially improved during the year, primarily by way of cost adjustments.

The *special forgings* segment also had to deal with a major decline in demand, especially in the early part of the business year 2009/10, from the aviation, energy generation, and commercial vehicle industries. As the business year progressed, the tension around the economic situation gradually abated somewhat, although it is not yet certain to what degree the improvement will be sustainable.

### Development of the key figures

Sales volumes and price levels were substantially below the comparative figures of the previous year in all business segments of the Special Steel Division; this includes the alloy prices that are highly relevant for the division's earnings, which did not begin to pick up until late in the business year 2009/10. This resulted in a revenue decline

of 33.2% from EUR 3,530.6 million to EUR 2,358.4 million. EBITDA came to EUR 153.1 million and was thus 57.9% below last year's figure (EUR 363.3 million). This corresponds to an EBITDA margin of 6.5% (previous year: 10.3%).

The Special Steel Division was also able to turn its operating result around in the course of the business year through consistent crisis management, primarily by undertaking wide-ranging cost optimization measures so that in the last quarter, the division showed positive EBIT at EUR 23.7 million, even after application of the purchase price allocation (ppa). Application of the ppa adversely affected EBIT in the business year 2009/10 with a total of EUR 116.4 million. Taking this (purely accounting) effect into consideration, EBIT for the business year 2009/10 is EUR -79.6 million (compared to EUR 55.0 million in the previous year). The EBIT margin is therefore at -3.4% (previous year: 1.6%).

As of March 31, 2010, the Special Steel Division had 13,762 employees. Compared to the previous year's figure of 14,734 employees, this corresponds to a 6.6% reduction due to restructuring.

### Quarterly development of the Special Steel Division<sup>1</sup>

	1 <sup>st</sup> quarter 2009/10	2 <sup>nd</sup> quarter 2009/10	3 <sup>rd</sup> quarter 2009/10	4 <sup>th</sup> quarter 2009/10	BY 2009/10
Revenue	570.8	560.7	576.4	650.5	2,358.4
EBITDA	12.2	26.3	37.7	76.9	153.1
EBITDA margin	2.1%	4.7%	6.5%	11.8%	6.5%
EBIT	-47.6	-33.2	-22.5	23.7	-79.6
EBIT margin	-8.3%	-5.9%	-3.9%	3.6%	-3.4%
Employees (excl. temporary personnel and apprentices)	14,250	13,884	13,777	13,762	13,762

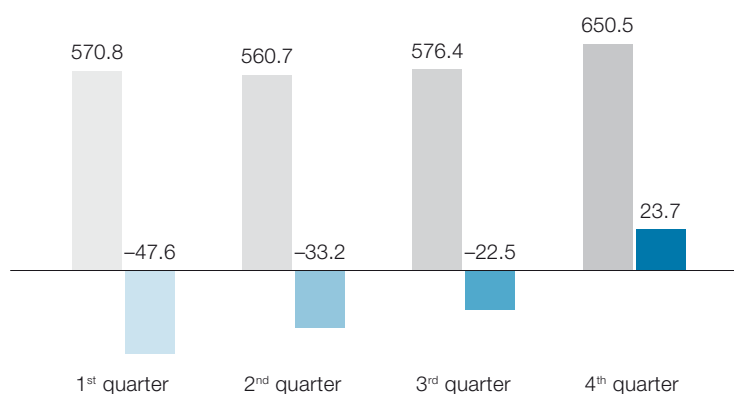
<sup>1</sup> In accordance with IFRS, all figures after application of the purchase price allocation (ppa). For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08. In millions of euros

### Quarterly development of the Special Steel Division<sup>1</sup>

In millions of euros  
Business year 2009/10

■ Revenue  
■ EBIT

<sup>1</sup> In accordance with IFRS, all figures after application of the purchase price allocation (ppa). For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.



# “Strengths and weaknesses”

*The strengths and weaknesses of any organization are revealed in the speed at which it succeeds in reacting to unexpected crises. In this respect, the crisis management which was equally well executed by all the divisions was truly impressive. But I am also proud that, even during the difficult past business year, “my” division has developed into a mainstay of the Group, thanks to its product and market portfolio.*



# Railway Systems Division

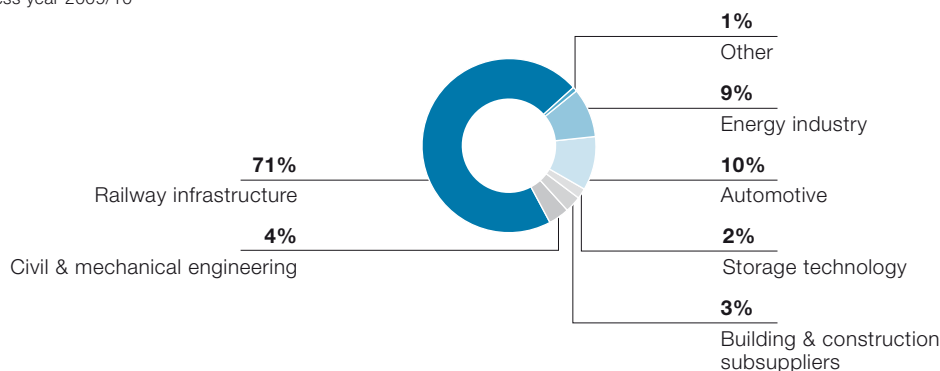
## Key figures of the Railway Systems Division

In millions of euros

	2008/09	2009/10	Change in %
Revenue	2,351.0	1,908.5	-18.8
EBITDA	414.7	329.0	-20.7
EBITDA margin	17.6%	17.2%	
EBIT	324.7	225.6	-30.5
EBIT margin	13.8%	11.8%	
Employees (excl. temporary personnel and apprentices)	8,077	7,863	-2.6

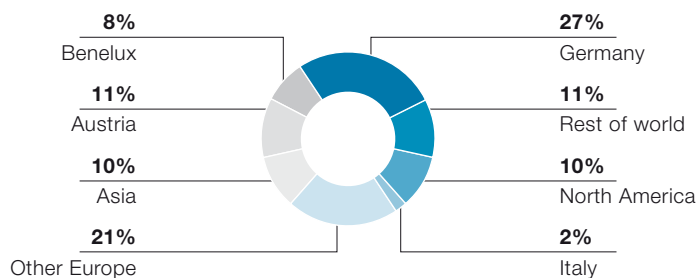
## Customers of the Railway Systems Division

As percentage of divisional revenue  
Business year 2009/10



## Markets of the Railway Systems Division

As percentage of divisional revenue  
Business year 2009/10



## Market environment and business development

During the past business year, the overall market environment was largely positive for the Railway Systems Division, although it was strongly differentiated in the individual segments due to their specific circumstances.

The *railway infrastructure* sector was characterized by an economic situation that was generally satisfactory—not least due to accelerated state-sponsored infrastructure programs.

*Turnout technology* displayed a stable business performance in Western Europe, and in Eastern Europe project activity picked up. The development of exports to overseas railway markets, especially exports of sophisticated Hytronics technology, was very satisfactory. Railway building projects in China, the Gulf states, and in the CIS states are particularly noteworthy; in the latter, business is improving due to the rising volume of goods traffic. In North America, however, economic stimulus programs have not resulted in a recovery in the railway infrastructure segment thus far; overall, demand has stabilized only at a low level or has even continued to decline, for example in the important freight segment (Class I railways).

Sinking pre-materials prices (for steel and rails) have resulted in a corresponding pressure on prices; this development was further exacerbated by growing competition, in particular from Asian suppliers.

The situation of the *rail* sector is similar, where, starting in the fall of 2009, far more aggressive competition has resulted in a sharp decline in prices, particularly within the scope of new tenders in Europe. It is not yet possible today to say where the bottom of this decline will be, particularly in the

standard rail segment. While the past business year was widely characterized by a large order backlog from previous periods that provided a cushion and corresponding attractive margins, the second half of 2009/10 was marked by a growing number of postponed projects and contract awards. This trend was particularly conspicuous in the increasingly limited latitude in the budgets of the Central and Eastern European countries. The overall demand for rails in Europe fell by more than 10 percent, although this was partly compensated by higher exports to other markets.

After a difficult first half of the year that was marked by significant declines due to the economic crisis, the *wire* business segment showed a substantial upward trend in the second half of the business year. From the fall of 2009 onward, demand in all product groups and in almost all of the major customer industries has been very satisfactory. The long-term focus on niche products of the highest quality and the ability to secure mostly long-term supply agreements have paid off during this economic crisis. The gratifyingly favorable trend in incoming orders, including orders that are being rolled over into the new business year, has resulted in a high capacity utilization and enabled the reintroduction of corresponding production levels in the wire production segment.

The picture of the *seamless tube* segment for the business year 2009/10 is sharply differentiated. Although the difficult situation with regard to both prices and volumes improved substantially in the course of the year, from today's vantage point, the sustainability of this trend has not yet been

secured. In the OCTG (Oil Country Tubular Goods) segment, whose main market is the USA, the trend in rig counts, the market's most important indicator, continues to be favorable and has resulted in a level of orders that is higher than expected. Demand for industrial tubes (mechanical engineering, automotive, boiler construction) was at a very low level in the early part of the business year, however, there was a subsequent slight rise in demand. Nevertheless, the average price level continues to be extremely modest; an improvement cannot be expected prior to the middle of the 2010 calendar year.

As in the previously described trends in the division's other segments, the *steel* segment showed a gradual improvement in utilization of capacity and profit; as of the beginning of the third quarter of the business year, it again became possible to fully ramp up production due to growing demand from both divisional processing companies and external customers.

### Development of the key figures

Although the Railway Systems Division's revenue and operating result did not attain last year's figures, given the economic crisis, they can be considered very favorable. After EUR 2,351.0 million last year, sales revenue

came to EUR 1,908.5 million, representing a decrease by 18.8%. Even though EBITDA fell by 20.7% from EUR 414.7 million to EUR 329.0 million and EBIT by 30.5% from EUR 324.7 million to EUR 225.6 million, it was possible to achieve two-digit profit margins. At 17.2%, the EBITDA margin was almost back to last year's level (17.6%) and at 11.8%, the EBIT margin was only slightly below last year's figure of 13.8%. However, this was possible only by way of an accelerated adjustment of the cost structure to the earnings structure, meaning a substantial reduction of the break-even point.

The development of the individual quarters of the business year 2009/10 impressively mirrors the Railway Systems Division's high degree of stability with regard to revenue and profit, even in an extremely difficult market environment. While in the first half of 2009/10, it was primarily the rail and turnout segments that bolstered the division's earnings due to the market environment and a high level of orders with attractive margins, a revitalization of the wire and seamless tube segments starting in the second half of 2009/10 was able to largely compensate the increasingly aggressive competition in the rail and turnout segments.

As of March 31, 2010, the Railway Systems Division had 7,863 employees; compared to the previous year (8,077) this corresponds to a 2.6% reduction.

### Quarterly development of the Railway Systems Division

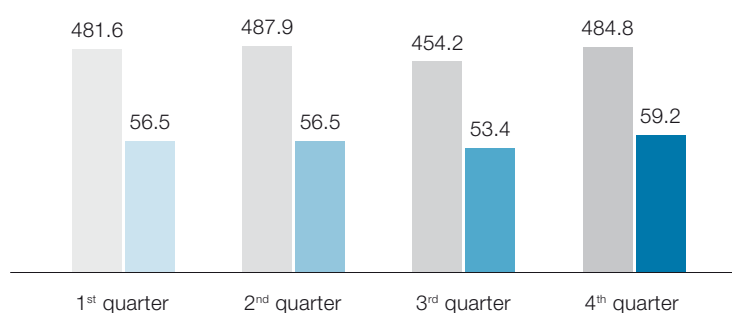
	1 <sup>st</sup> quarter 2009/10	2 <sup>nd</sup> quarter 2009/10	3 <sup>rd</sup> quarter 2009/10	4 <sup>th</sup> quarter 2009/10	BY 2009/10
Revenue	481.6	487.9	454.2	484.8	1,908.5
EBITDA	81.4	84.3	77.9	85.4	329.0
EBITDA margin	16.9%	17.3%	17.2%	17.6%	17.2%
EBIT	56.5	56.5	53.4	59.2	225.6
EBIT margin	11.7%	11.6%	11.8%	12.2%	11.8%
Employees (excl. temporary personnel and apprentices)	8,035	8,023	7,830	7,863	7,863

In millions of euros

### Quarterly development of the Railway Systems Division

In millions of euros  
Business year 2009/10

■ Revenue  
■ EBIT



# “Adapt to new realities”

*We cannot determine and predict the future, and we should regard with skepticism all those who claim they can. But it is our task to adapt the organization to the new realities, so that it can not only survive but also remain profitable in the face of all imaginable scenarios. One of the most important lessons that we have learnt from the crisis, after the many boom years, is that this demands hard work and continual improvement.*



# Profilform Division

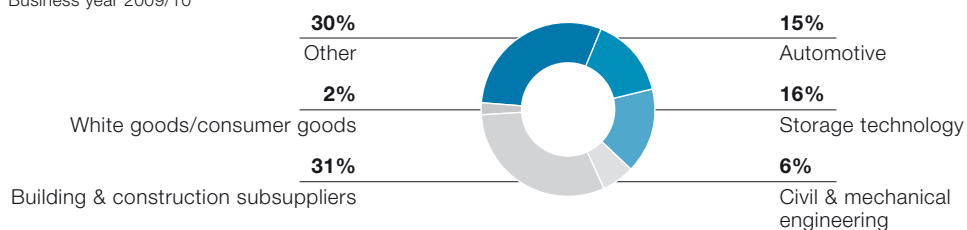
## Key figures of the Profilform Division

In millions of euros

	2008/09	2009/10	Change in %
Revenue	1,147.1	724.0	-36.9
EBITDA	163.8	63.6	-61.2
EBITDA margin	14.3%	8.8%	
EBIT	132.4	31.9	-75.9
EBIT margin	11.5%	4.4%	
Employees (excl. temporary personnel and apprentices)	3,512	3,087	-12.1

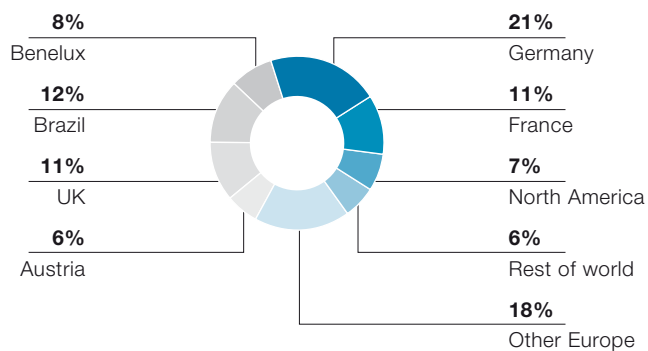
## Customers of the Profilform Division

As percentage of divisional revenue  
Business year 2009/10



## Markets of the Profilform Division

As percentage of divisional revenue  
Business year 2009/10



## Market environment and business development

The early part of the business year 2009/10 was still adversely impacted to a significant degree by continuing weak demand that was carried over from the previous business year. However, after the summer of 2009, which was still strongly marked by long-term plant closures, reduced working hours, and personnel reductions in the major customer industries, demand began to increasingly stabilize, gradually gaining sustainability and strength and finally reaching a satisfactory level in the fourth quarter of the business year 2009/10.

The economic development of the most relevant customer industries for the Profilform Division was sharply differentiated. While the *energy generation* sector, and here particularly the solar energy segment, experienced very strong growth, demand from the *construction and construction supply industries* remained disappointing. The production figures in the *logistics* segment ex-

hibited sustained positive development, with the tubes and sections and storage technology segments profiting equally from this trend. Demand continued to be very subdued in the *commercial vehicle* sector, which was hit hardest by the global economic crisis in terms of volumes. It was not until the last quarter of the business year that demand in this sector showed slight signs of recovery, although, of course, the starting point of this trend reversal was 60 to 70% below the pre-crisis level.

Observed regionally, business performance was stable in the USA, while Brazil has been recording significantly increasing volumes since the end of 2009 with very favorable prospects for the future. From the fall of 2009 on, Europe saw a stabilization and a moderate uptick in business, although Great Britain and Russia continue to face a weak economy, especially in the construction sector.

## Development of the key figures

Due to the global economic crisis, both volumes and prices in the business year 2009/10 lagged considerably behind those of the previous year so that revenue and operating result are correspondingly down.

In the comparison of all Group divisions, at 36.9%, the Profilform Division recorded the largest drop in revenue, falling from EUR 1,147.1 million to EUR 724.0 million. The operating result plunged even further, as it was additionally impacted by significant non-recurring adverse effects within the scope of restructuring measures due to unsatisfactory capacity utilization. EBITDA fell by 61.2% from EUR 163.8 million to EUR 63.6 million, while the operating result (EBIT) plummeted by 75.9% from EUR 132.4 million to EUR 31.9 million. The EBITDA margin in the business year 2009/10 was at 8.8% (previous year: 14.3%), under 10% for the first time in many years; the EBIT margin dropped from 11.5% to 4.4%.

Nevertheless, it must be noted that the success of the implemented crisis measures is reflected impressively in the quarter-to-quarter development of results. The break-even point was substantially reduced during the business year 2009/10 and that, together with increasingly more stable demand, it was possible to considerably improve the results. So a minimally negative operating result was recorded only for the first quarter of 2009/10. By the last quarter of the business year 2009/10, the Profilform Division was again able to post a two-digit operational margin at 10.1%.

The division had 3,087 employees as of March 31, 2010, representing a reduction of 425 employees or 12.1% over the previous year (3,512). This decline was the result of personnel adjustments made due to the steep drop in demand.

### Quarterly development of the Profilform Division

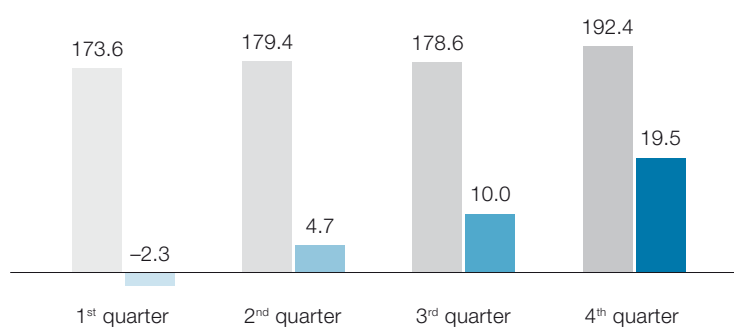
	1 <sup>st</sup> quarter 2009/10	2 <sup>nd</sup> quarter 2009/10	3 <sup>rd</sup> quarter 2009/10	4 <sup>th</sup> quarter 2009/10	BY 2009/10
Revenue	173.6	179.4	178.6	192.4	724.0
EBITDA	5.7	12.7	17.8	27.4	63.6
EBITDA margin	3.3%	7.1%	10.0%	14.2%	8.8%
EBIT	-2.3	4.7	10.0	19.5	31.9
EBIT margin	-1.3%	2.6%	5.6%	10.1%	4.4%
Employees (excl. temporary personnel and apprentices)	3,319	3,159	3,108	3,087	3,087

In millions of euros

### Quarterly development of the Profilform Division

In millions of euros  
Business year 2009/10

■ Revenue  
■ EBIT





# “New cooperation for future markets”

*The crisis has enabled changes that would previously have been impossible. This applies not only to areas such as costs, efficiency or organization, but also in the positive sense to a new kind of cooperation, when it comes to innovations for our “future markets.” I have been pleasantly surprised by the dynamism and commitment with which projects are jointly advanced across divisional borders, and this makes me very confident about our abilities to meet future challenges.*

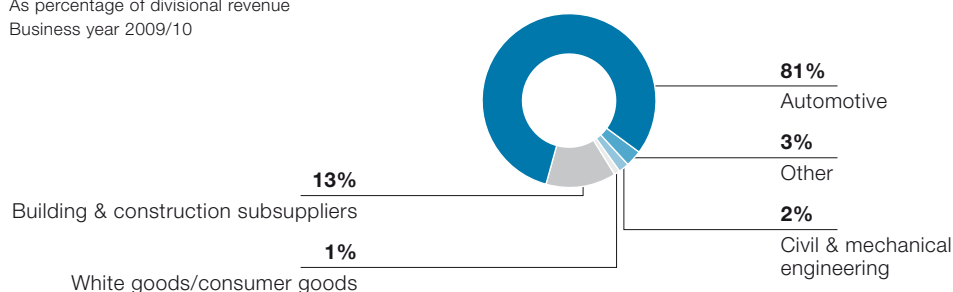
# Automotive Division

## Key figures of the Automotive Division<sup>1</sup>

In millions of euros	2008/09	2009/10	Change in %
<sup>1</sup> Retroactive adjustment pursuant to IFRS 5— Reinclusion of the division's plastics operations and of Amstutz Levin & Cie under continued operations.			
Revenue	988.6	835.4	-15.5
EBITDA	72.2	73.8	2.2
EBITDA margin	7.3%	8.8%	
EBIT	0.6	18.0	
EBIT margin	0.1%	2.2%	
Employees (excl. temporary personnel and apprentices)	4,870	4,551	-6.6

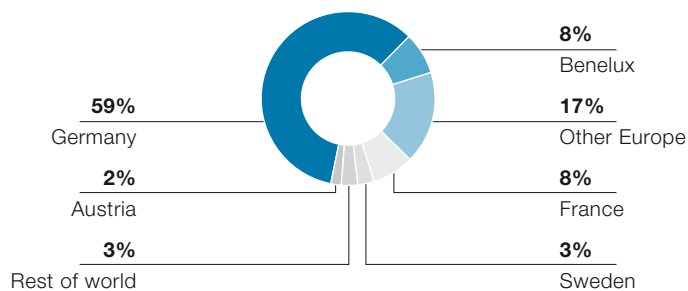
## Customers of the Automotive Division

As percentage of divisional revenue  
Business year 2009/10



## Markets of the Automotive Division

As percentage of divisional revenue  
Business year 2009/10



## Market environment and business development

At the beginning of the business year 2009/10, the situation of the international automobile industry was, quite simply put, dramatic. Demand was crumbling across the board and a massive reduction of inventory levels throughout the entire process chain resulted in the most extensive production cutbacks in the history of the industry. At this point in time, European production was more than 30% below its level prior to the crisis.

It was not until the comprehensive government-backed incentive programs to revitalize the automotive market were put into place that this trend could be curbed on the Western European markets, particularly Germany, France, and Italy. Initially, it was primarily the high-volume manufacturers and their sub-compact and compact car seg-

ments that benefited from these incentives. Among the premium manufacturers, it was mainly the sales numbers of the smaller models that picked up; the mid-sized, executive, and luxury classes did not show signs of recovery until the fall of 2009.

The beginning upward trend was mirrored in an upturn in production, keeping production going until right before Christmas 2009, just like before the economic crisis. Currently, European automobile production has settled at just above 80% of the pre-crisis level; in Europe, however, developments are strongly diverging. While automobile sales in Western Europe during the first calendar quarter of 2010 rose by 11% compared to the previous year, sales in the Eastern European countries during the same period declined by about 18%.

## Development of the key figures

At EUR 835.4 million, revenues were 15.5% below the previous year's figure (EUR 988.6 million). In percentages, this figure corresponds to the smallest decline in revenue of all five divisions. Following a very difficult first half of the year, a significant economic recovery in the second six months was primarily the result of the government incentive programs.

Furthermore, the Automotive Division was even able to increase its operating result for the business year 2009/10 as compared to the previous year, boosting EBITDA slightly by 2.2% from EUR 72.2 million to EUR 73.8 million, while the EBITDA margin rose from 7.3% to 8.8%. The above average increase of EBIT from EUR 0.6 million to EUR 18.0 million (at an EBIT margin that rose from 0.1% to 2.2%) is largely the result of the consistently implemented measures taken in the fall of 2008 immediately after the onset of the economic crisis to adjust the cost structure as effectively as possible to the diminished order and revenue trends.

The plastics operations of the Automotive Division and the French company Amstutz Levin & Cie are included in the revenue and

operating result key figures for the business year 2009/10 and in the retroactively adjusted comparative figures of the previous year; as it was not possible to realize their divestment at reasonable terms—a step that was planned three years ago—due primarily to the crisis, as of the business year 2009/10, these segments were again included under "continued operations." (Details in this regard can be found in the "Acquisitions and divestments" section of this Annual Report.)

The distinctly noticeable revival of demand starting in the fall of 2009, as well as the consistent continuation of crisis management measures to adjust the cost structure to the earnings structure were mirrored in how the revenue and operating result figures developed during the quarter. While the operating result for the first half of the business year 2009/10 was still slightly down, clearly positive operating results were posted starting in the second half of the year.

As of March 31, 2010, the division had 4,551 employees. This represents a decline of 6.6% compared to the previous year (4,870) due to the economic situation.

### Quarterly development of the Automotive Division<sup>1</sup>

	1 <sup>st</sup> quarter 2009/10	2 <sup>nd</sup> quarter 2009/10	3 <sup>rd</sup> quarter 2009/10	4 <sup>th</sup> quarter 2009/10	BY 2009/10
Revenue	195.1	193.4	213.1	233.8	835.4
EBITDA	12.7	12.1	21.3	27.7	73.8
EBITDA margin	6.5%	6.3%	10.0%	11.8%	8.8%
EBIT	-2.1	-0.5	7.1	13.5	18.0
EBIT margin	-1.1%	-0.3%	3.3%	5.8%	2.2%
Employees (excl. temporary personnel and apprentices)	4,696	4,591	4,520	4,551	4,551

<sup>1</sup> Retroactive adjustment pursuant to IFRS 5—Reinclusion of the division's plastics operations and of Amstutz Levin & Cie under continued operations.

In millions of euros

### Quarterly development of the Automotive Division<sup>1</sup>

In millions of euros  
Business year 2009/10

■ Revenue  
■ EBIT

<sup>1</sup> Retroactive adjustment pursuant to IFRS 5—Reinclusion of the division's plastics operations and of Amstutz Levin & Cie under continued operations.

