Strategy growth of voestalpine: Downstream and international

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June 1st 2004

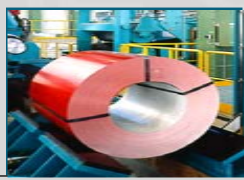
Company overview – Group structure

voestalpine

2002/03: Sales: 4,392 €m EBIT: 223 €m (5.1%)

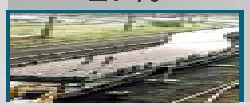
STEEL	RAILWAY SYSTEMS	motion	PROFILFORM

47%



STEEL

27%



RAILWAY SYSTEMS

16%

motion

10%

PROFILFORM

PROCESSING

Sales-Breakdown 2002/03

Target ⇨ Processing 60% sales

voestalpine

Group structure

voestalpine Group

voestalpine Stahl
- voestalpine Grobblech
- voestalpine Gießerei Linz
  - voestalpine Gießerei Traisen
- voestalpine Schmiede
- voestalpine Stahl Service Center
- voestalpine Stahlhandel
- Logistik Service
- voestalpine Mechatronics
- voestalpine Rohstoffhandel
- voestalpine Rohstoffbeschaffung

DIVISION STEEL

voestalpine motion
- Polynorm N.V.
- voestalpine Matzner
- voestalpine Europlatinen
  - Euroweld S.r.l. (67%)
- Rotec GmbH
  - Elmsteel Ltd.
  - Präzisrohrtechnik
- Turinauto S.p.A. (33,3 %)

DIVISION MOTION

voestalpine Krems
- Sadef N.V.
- Metsec plc.
- voestalpine Krems Finaltechnik
- Roll Forming Corporation
- voestalpine Profilform
- Präzisionsprofil

DIVISION PROFILFORM

voestalpine Bahnsysteme
- voestalpine Schienen
- TSTG Schienentechnik
- VAE
- voestalpine Klöckner Bahntechnil
- Railpro
- voestalpine Stahl Donawitz
- voestalpine Austria Drah
- voestalpine Tubulars (50%

DIVISION RAILWAYSYSTEMS

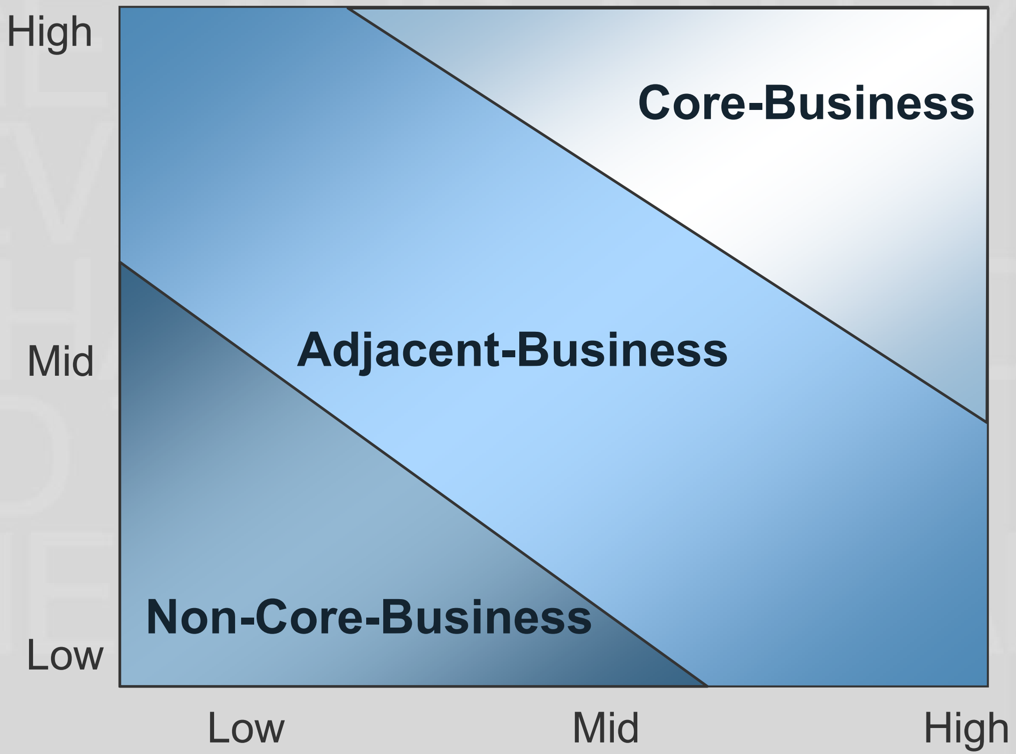
Strategy Guidelines

- The **voest**alpine group consists of the divisions Steel, Railwaysystems, Profilform and motion
- They occupy leading market and technology positions in their business areas
- By combining material and processing competencies we generate sustainable added value
- The group grows close to its core business along the value chain
- For our customers we further develop our problem solving and system competencies

Developing a downstream growth strategy

4C-Classification

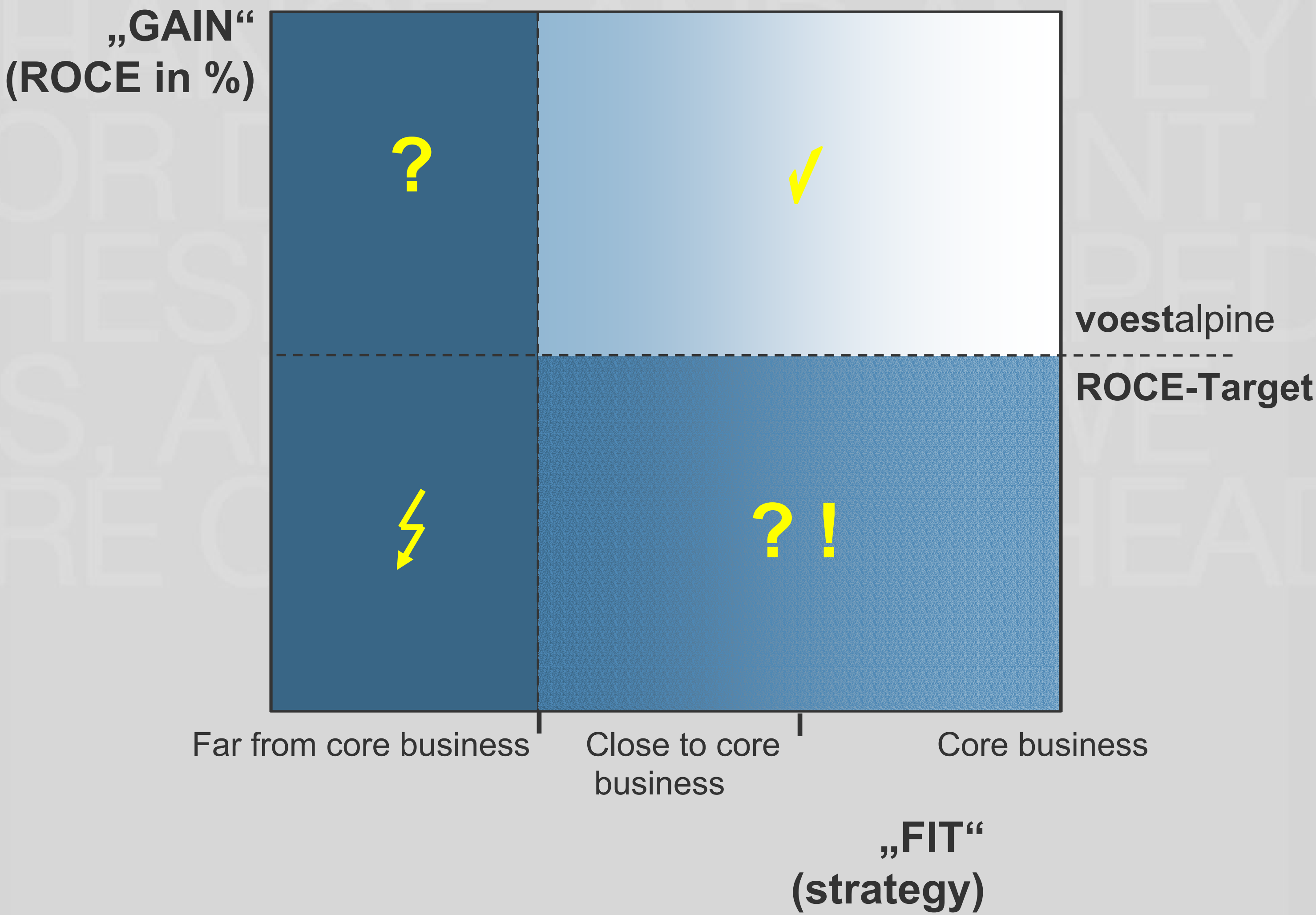
External Perspektive
"Customers“
"Competitors"



Internal Perspektive
"Costs“
"Competencies"

Quelle: Bain & Company

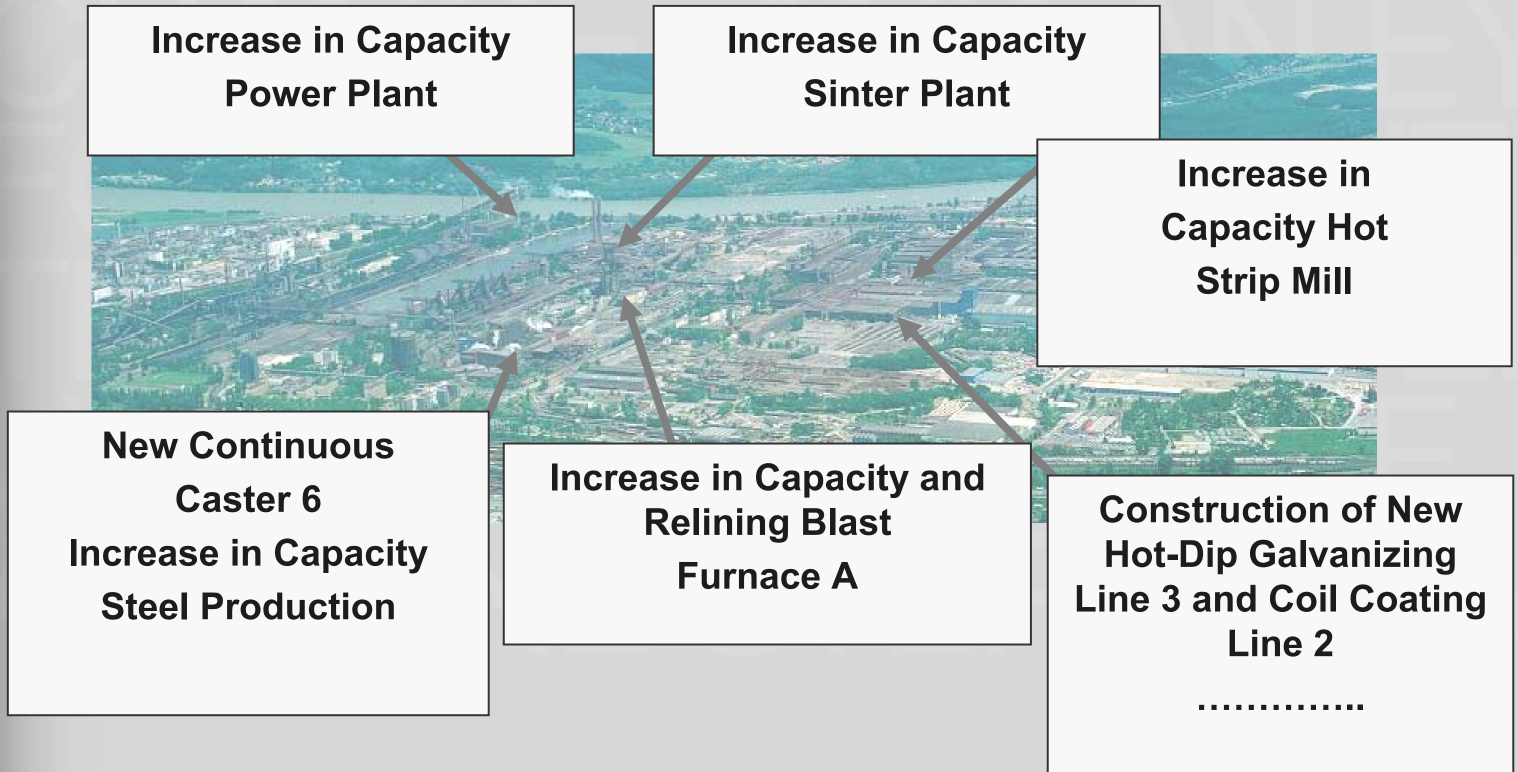
Developing a downstream growth strategy



Perequisites for a downstream strategy in the steel industry

- A strategically and operationally sound high quality steel business and the commitment to sustain and further develop this position
- Strong cash flows and credibility of company to finance growth
- Downstream growth needs to be as close as possible to core business
- Clear vision and commitment to transform the company
- Focus on synergies between core and downstream businesses to create value

Division Steel: Project "Linz 2010"



- Center of Competence for European automotive industry
  - Creation of one of Europe's largest steelmaking plants
    - Investment total: € 2 billion by 2010
    - Financed from the cash flow of Division Steel

Division Steel - Automotive Industry 2002/2003

- **Top supplier to European automotive industry**
  - Top supplier to Audi, BMW, D.C., Peugeot
  - Among top 3 suppliers to Fiat, Opel, Skoda
  - Supplier of the year award from General Motors (1992), Mercedes (1993, 1994), Audi (1989, 1993, 1996, 1997, 1998, 1999 and 2000) Ford Q1 Award
  - Quality management according to ISO 9001/2000 and ISO TS 16949

Division Steel – White Goods Industry, Service Centre and Trade

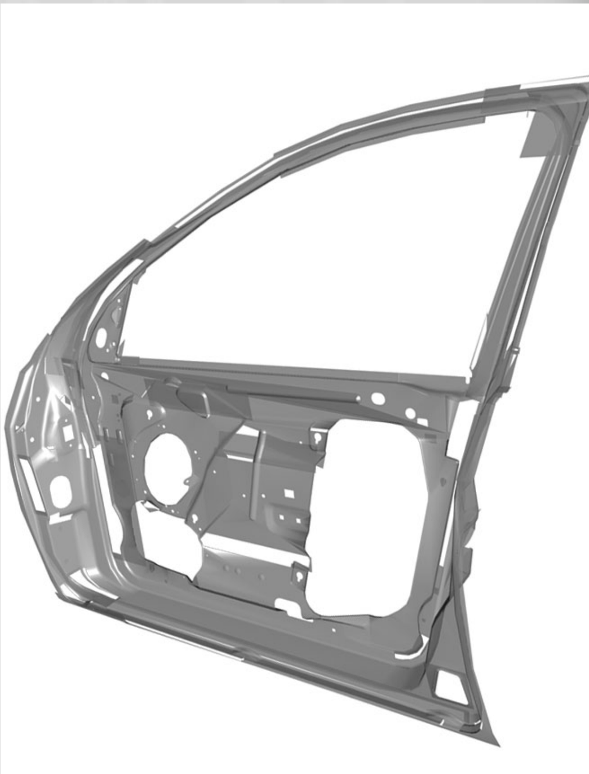
Top supplier to European household appliance industry

- Market share amounts to approximately 20%
- Among the 2 top suppliers to Whirlpool and Electrolux
- Among the 3 top suppliers to Bosch/Siemens/Hausgeräte
- Top supplier to Gorenje and Liebherr

voestalpine – division motion

... networking the expertise of leading automotive subcontractors in the main business segment (body-in-white) along the entire process chain

- Design and engineering
- Material know-how (steel, aluminum, plastic)
- Tool manufacture
- Preprocessing of starting material
- Metal working (pressing)
- Assembling



... with the aim of providing innovative solutions for the customer

From the Idea to the Body-in-White

Development
Prototype Construction

voestalpine MATZNER GMBH & CO KG

Assembly

polynorm

TURINAUTO S.p.A. Rivalta - Torino - ITALIA

Material Know-how

voestalpine STAHL GMBH

Manufacture of Components

polynorm

voestalpine ROTEC GMBH

TURINAUTO S.p.A. Rivalta - Torino - ITALIA

Preprocessing

voestalpine PROFILFORM

voestalpine EUROPLATINEN GMBH

Tool Manufacture

polynorm grau

voestalpine MATZNER GMBH & CO KG

From Railmaker …

- **Rail making** (**voest**alpine Schienen and TSTG): Extensive product-mix and technological leadership
- **Switch making** (VAE): Global presence (21 production centres worldwide)
- **Engineering services** (**voest**alpine Klöckner Bahntechnik, Railpro): Service provider

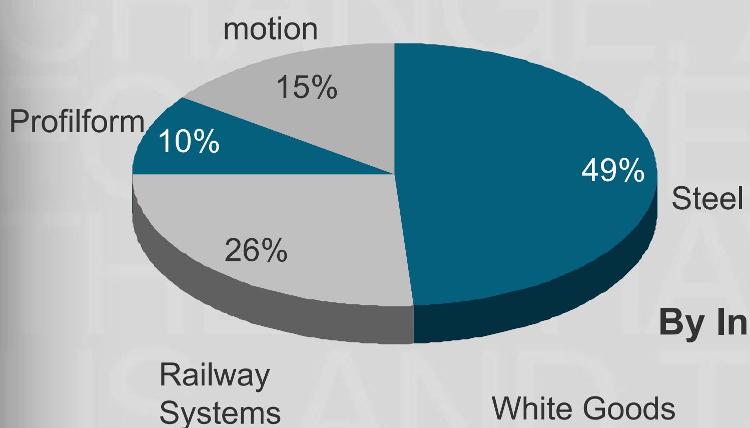
... to General Contractor for Rail Tracks

Sections & Tubes – Worldwide Growth

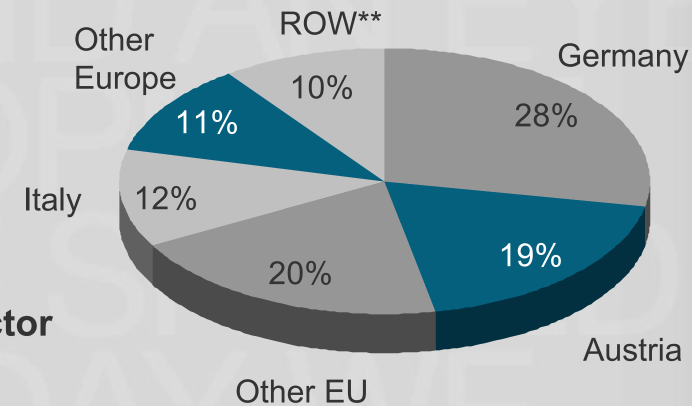
voestalpine **KREMS** „The tube & section powerhouse“	Austria	Strategy, finance, managerial skills, system & components
SADEF „The solution provider“	Belgium	Rollforming technology, services
METSEC „The building components company“	UK	Building components
RFC „The solution provider for USA“	USA	Rollforming technology, services
voestalpine **Präzisionsprofil** „The profil-boutique“	Germany	Fine rollforming
voestalpine **Profilform** „The JUNIOR-building company“	Czech Republic	Building components for reform countries
voestalpine **KREMS FINALTECHNIK** „The fine projects company“	Austria	Project in storage technology

Sales Breakdown 2003/04

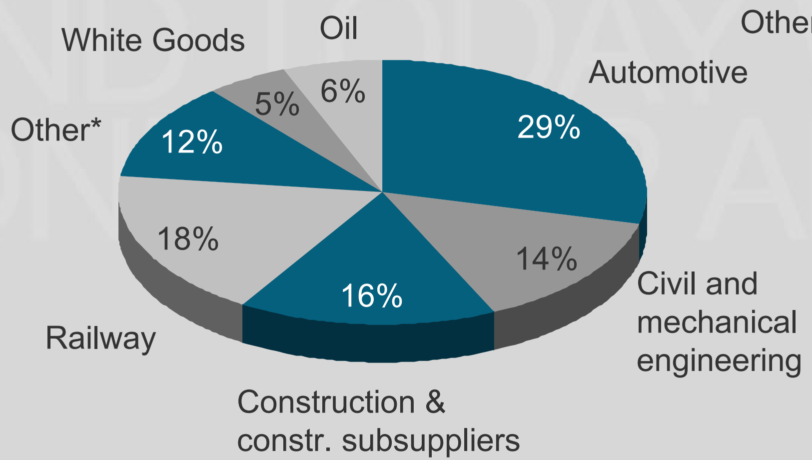
By voestalpine Divisions



By Region



By Industry Sector



European Union 79%
Europe 90%

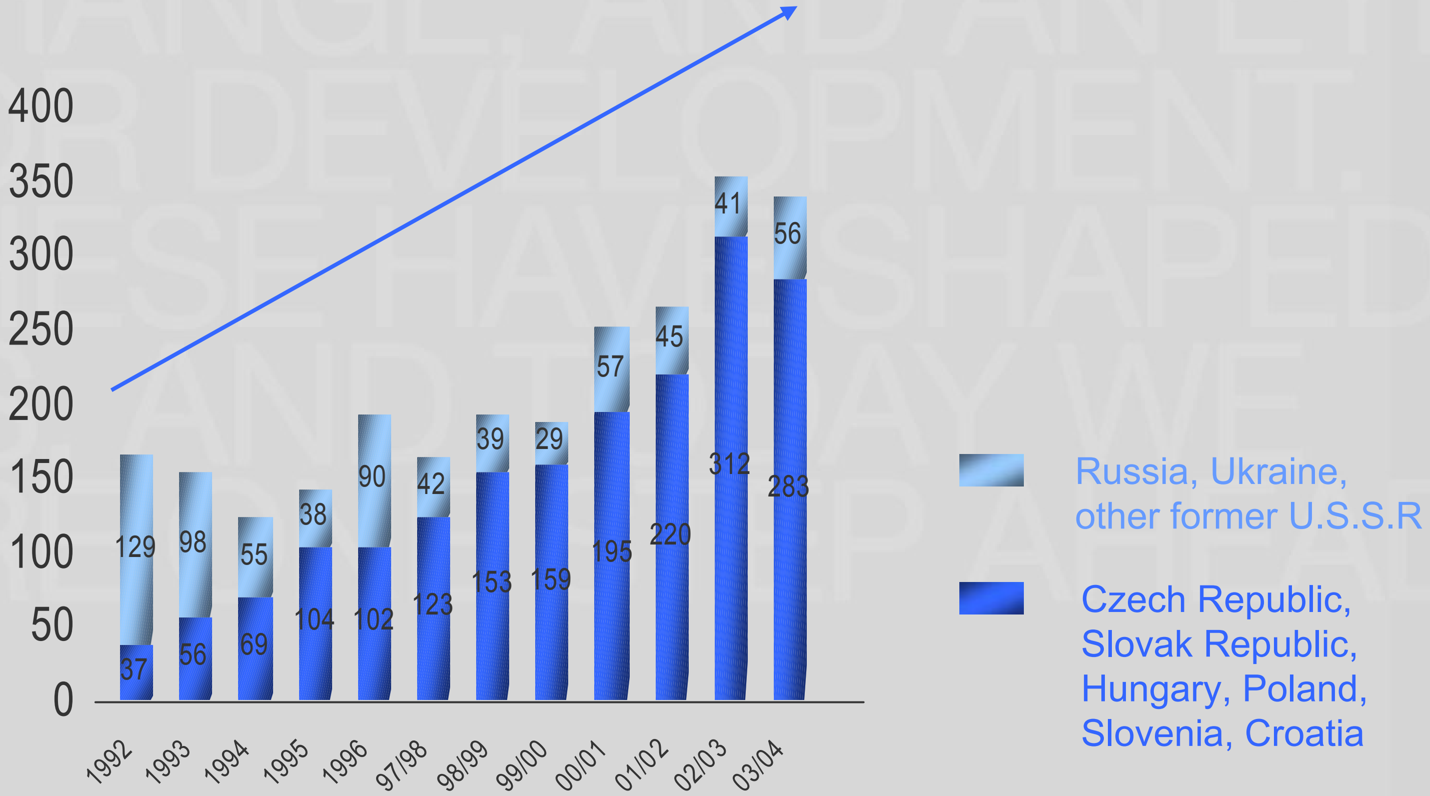
* incl. Transport & Storage

** rest of world

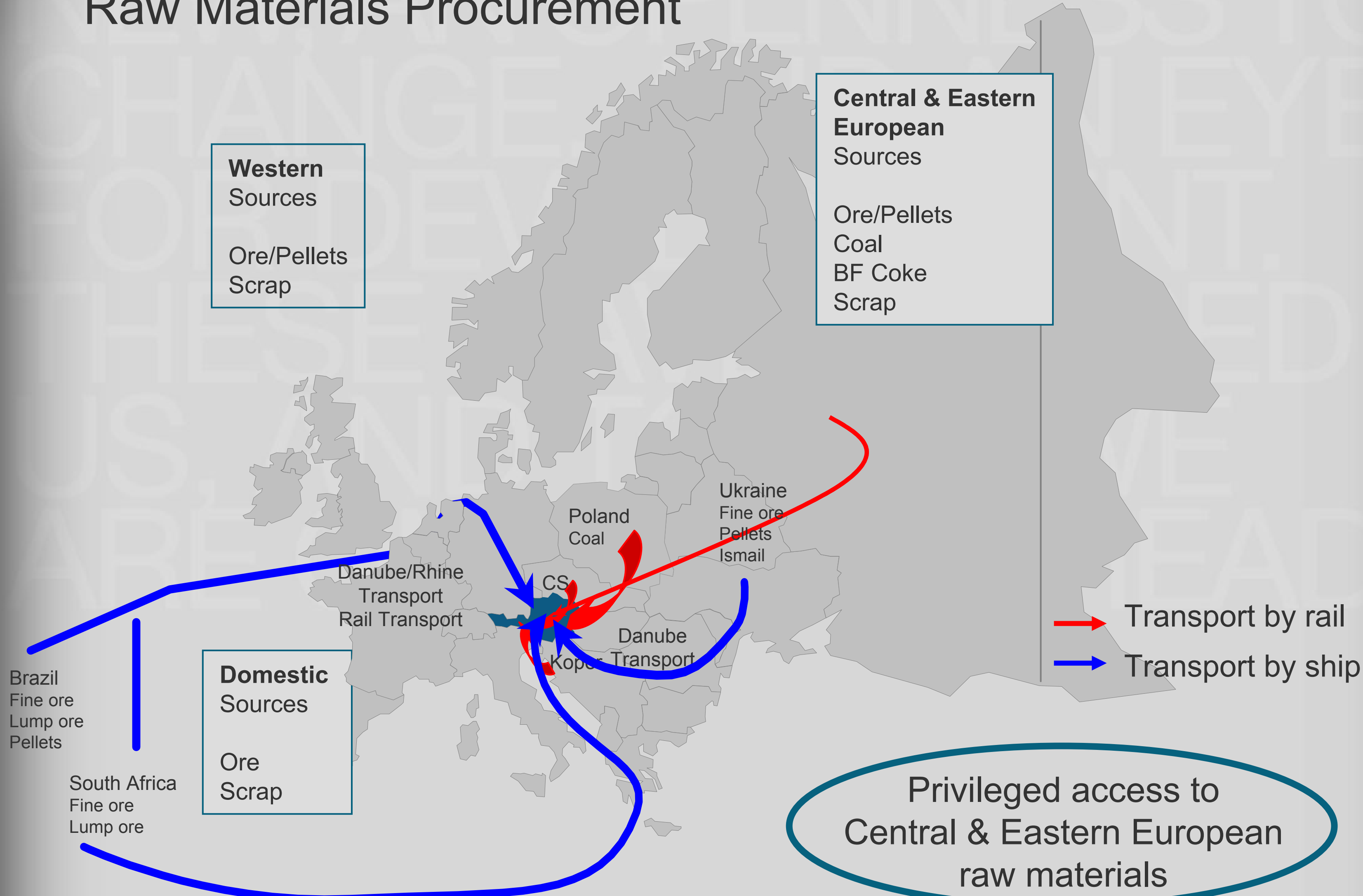
Moscow Metals Summit
1 June – 2 June 2004, Moscow

voestalpine

Sales in Central & Eastern Europe (€m)



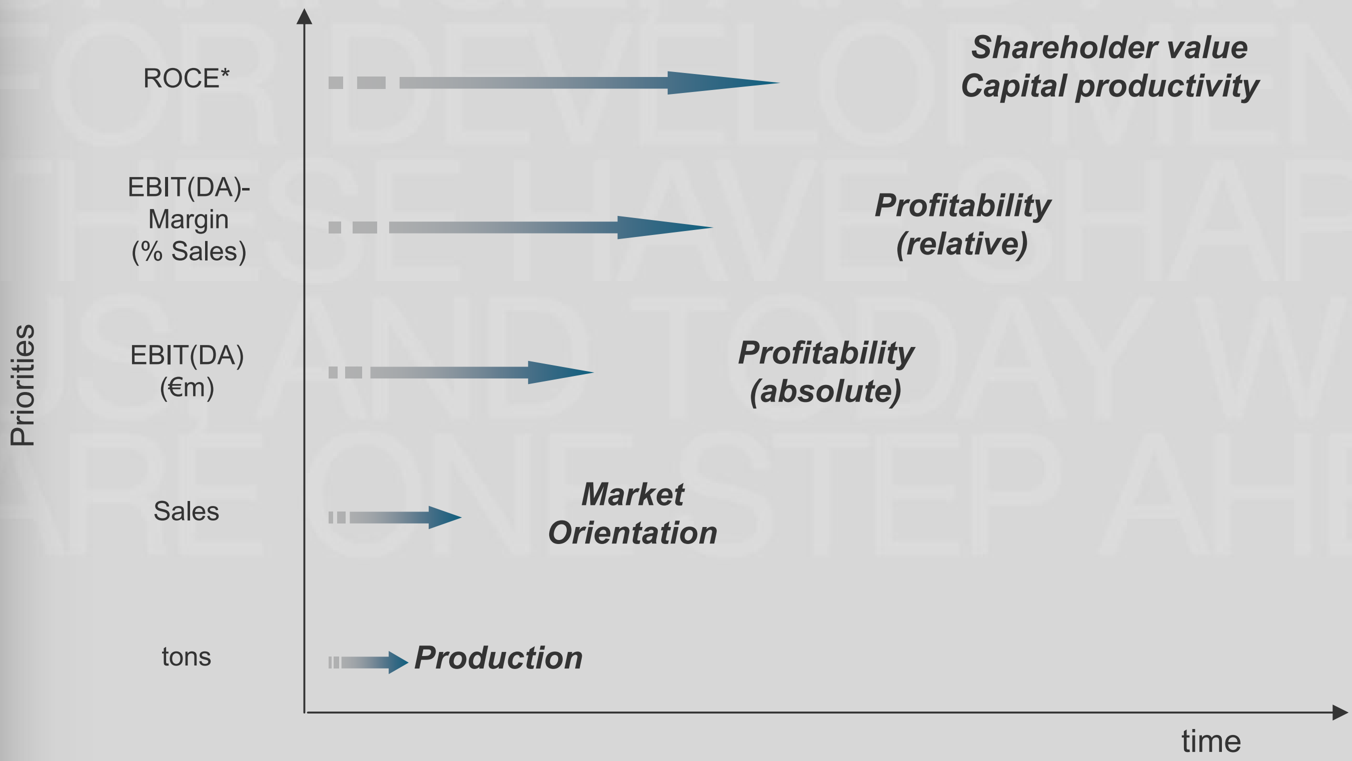
Raw Materials Procurement



Privileged access to Central & Eastern European raw materials

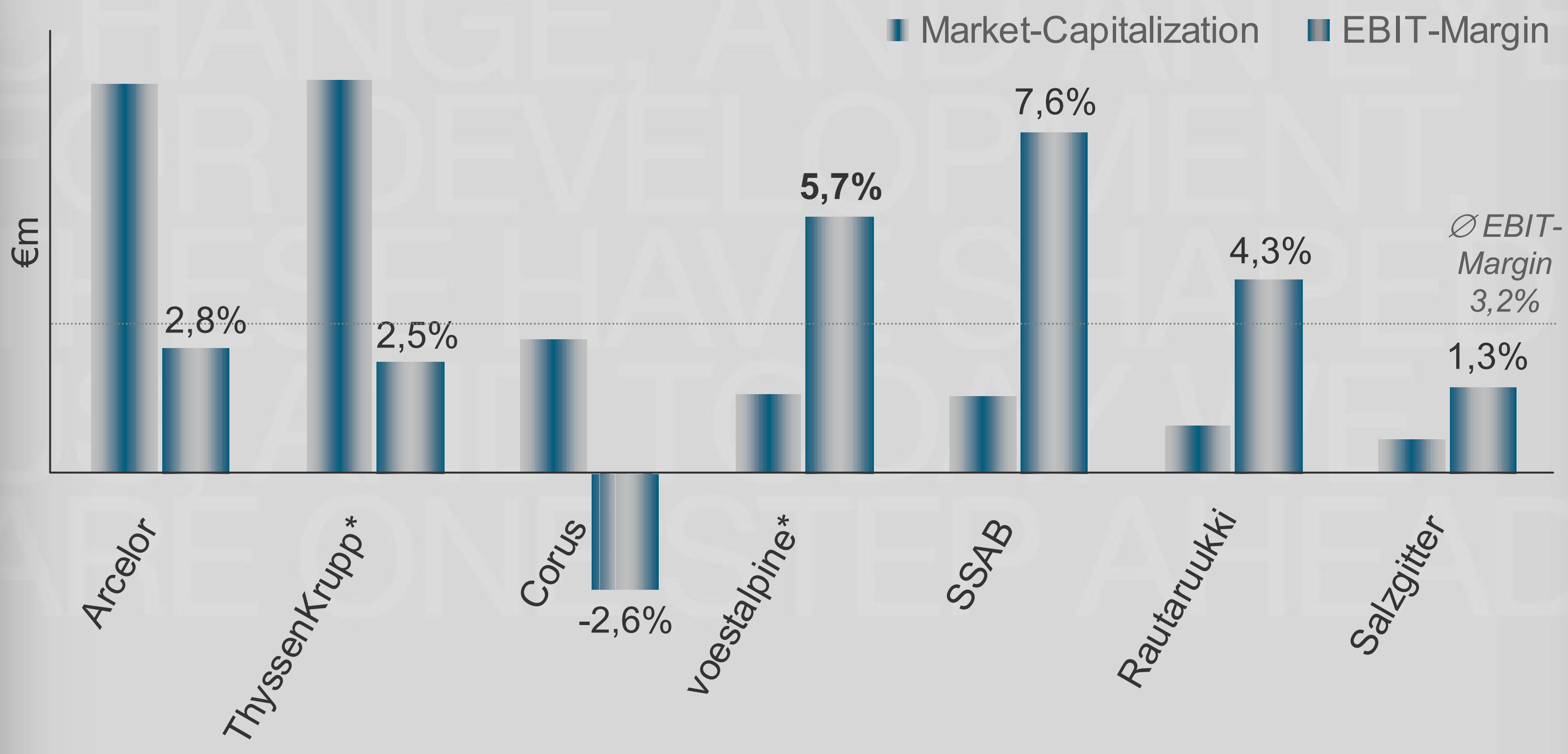
LESSONS voestalpine LEARNED

Changing Priorities



* ROCE = Return on Capital Employed

European Steel Companies in 2003



Quelle: company publication

* adjusted to calendar year 2003

Financial overview

		2001/02	2002/03	**2003/04**
Sales	€m	3.353,7	4.391,9	
EBITDA	€m	402,3	516,1	
% of Sales		*12,0*	*11,8*	
EBIT	€m	159,5	223,0	
% of Sales		*4,8*	*5,1*	
Net Profit	€m	54,9	78,0	
Equity	€m	1.563,7	1.785,9	
ROCE		*6,1*	*7,1*	
Investment	€m	605,8	622,8	
Employees		17.129	22.737	
Dividend	€	1,20	1,20	