

PRESS RELEASE

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Decision, Section 232: Maximum 3 percent of voestalpine Group revenue impacted

Prior to the expiry of the temporary exemption, the US administration yesterday announced its final decision regarding steel imports from EU countries pursuant to Section 232. The punitive tariffs of 25 percent on steel products and 10 percent on aluminum products from European countries that were announced at the beginning of March come into force immediately.

“It is regrettable that the intensive negotiations with the EU to date have not led the American President change his position. From today’s perspective, it is difficult to assess the long-term effects on the global economic structure and free trade. As a company, we have prepared for all eventualities and take due note of the US administration’s decision. The fact is that maximally around 3 percent of current voestalpine Group revenue could be affected by US tariffs, so that, even in extreme circumstances, the economic risk for voestalpine remains very manageable,” states Wolfgang Eder, CEO of voestalpine AG. “The EU is now called upon to quickly take measures to protect European manufacturers from dumping-like imports from other regions of the world as a result of the increasing isolation of the US market,” Eder continues.

voestalpine began thoroughly exploring the potential consequences of such measures on its business in the USA and its relationships with the USA some time ago. Over a year ago, the Group established a “Taskforce USA” currently consisting of eleven employees from the USA and Austria to monitor developments in the United States.

voestalpine activities at a total of 49 locations in the USA contribute significantly to value creation in their respective regions. The Group has specifically invested USD 1.4 billion in the production of high-tech products in the country in recent years, creating around 3,000 highly skilled local jobs which make a sustained and positive impact. As a result, the company generates around two thirds of its US revenue of around EUR 1.2 billion (2017) as a local manufacturer in the USA, and therefore these operations will not be directly affected by the planned measures. The extent to which the remaining revenue will be impacted by the import restrictions has been undergoing detailed examination for some time, while at the same time alternative options are also being considered.

In addition, over the past months voestalpine companies which will be directly impacted by the tariffs have already submitted extensive applications for exemptions from the punitive tariffs on their products. As far as we know, to date the US administration has not processed any of these applications, either from voestalpine, our partners, or customers.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of materials and processing expertise. This global Group comprises about 500 Group companies and locations in more than 50 countries on all five continents. It has been listed on the Vienna Stock Exchange since 1995. With its top-quality products and system solutions using steel and other metals, the voestalpine Group is one of the leading partners of the automotive and consumer goods industries in Europe as well as the aerospace and oil & natural gas industries worldwide. voestalpine is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2016/17, the Group generated revenue of EUR 11.3 billion, with an operating result (EBITDA) of EUR 1.54 billion; it had about 50,000 employees worldwide.

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