

USD 600 million order as basis for new voestalpine plant in Mexico

voestalpine as a technology partner to the automotive industry enters the next stage of its internationalization with continued expansion in the NAFTA region, as well as in Europe and Asia. The deciding factor was an order worth almost USD 600 million in the automotive sector which the Group has recently signed with a premium manufacturer. Over EUR 30 million will now be invested in the construction and extension of sites in Mexico, Germany, Romania, and China in order to fulfil this order, leading to the creation of 165 new jobs. The majority of the investment volume is allocated to Mexico's booming automotive market where a new components manufacturing plant will be built in Aguascalientes. The automotive parts produced at the new and expanded voestalpine sites in future will be used in the construction of a total of more than a million cars.

This major automotive order marks an important step for the voestalpine Group's Metal Forming Division expanding its activities in the mobility segment which is scheduled to account for around 50 percent of Group revenue by 2020. This year has already seen advancements at production sites for ultra high-strength, corrosion-resistant lightweight parts in the USA and Germany, and now expansion continues in the NAFTA region, this time in Mexico. "With its exceptionally dynamic development, Mexico has huge potential as an automotive location. In accordance with our strategy of internationalization, and as technology leader in the premium automotive components sector, we plan to leverage this potential over the long term by extending our local production capacities. With the huge involvement of primarily European automotive manufacturers, even the current political developments in the neighboring USA will have no impact on this progress," says Wolfgang Eder, Chairman of the Management Board of voestalpine AG. According to recent studies, Mexico is currently the world's seventh largest automotive producer with plans to advance to fifth place by 2020. Over the past year around 3.4 million vehicles rolled off the production lines in Mexico; this figure is scheduled to rise to over 5 million within the next four years.

Automotive plant creates 80 jobs in Mexico

The majority of the investment volume needed to fulfil the new order—around EUR 15 million—will go towards establishing a new production facility for high-quality automotive components in Aguascalientes, Mexico. Here an existing 5,000 m² hall will be equipped with six assembly lines to produce components such as ultra high-strength body-in-white and structural parts, creating 80 new jobs. The first complex assemblies for cars, including cross-members, roof frames, and components for the rear apron, will leave the new plant from fall 2017 onwards. The plant is scheduled for full operation in July 2018. "After the smooth entry into the Mexican market for automotive components through the acquisition of Summo Corp. this summer, the current expansion is the logical next step in this southernmost NAFTA country," explains Peter Schwab, Member of the Management Board of voestalpine AG and Head of the Metal Forming Division.

In the business year 2015/16 the eight existing voestalpine locations in Mexico contributed EUR 62 million to the EUR 1.2 billion of revenue generated in the NAFTA region; this figure is scheduled to grow to around EUR 3 billion by 2020. voestalpine currently has a workforce of 343 employees in Mexico and is primarily active in the railway systems, automotive, and consumer

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goods industries, as well as in the special steel sector where it offers special coating technologies. Summo, a state-of-the-art producer of automotive safety components with around 300 employees in Mexico and Canada, is a recent acquisition.

Major order also heralds further expansion in Europe

The voestalpine Group is also investing over EUR 14 million in expanding existing automotive plants in Germany and Romania. A total of nine assembly lines will be installed at voestalpine Automotive Components Dettingen GmbH in Germany, which is responsible for managing the new order at the various sites, and in Arad, Romania. This will create a total of 55 new jobs. The assembly lines are scheduled to be fully operational by January 2018. "This order demonstrates that our consistent strategy of internationalization also strengthens the sites in Europe, thereby securing jobs over the long-term," explains Schwab. Germany is the largest single market for the voestalpine Group and plays a key role, not least for the automotive activities of the Metal Forming Division which has eight companies active in this segment in the country.

New location also in China

Another part of this major new order will be processed in China. voestalpine Automotive Components Langfang near Beijing is a new site in the People's Republic, another growth market for voestalpine. Here, too, several assembly lines will be installed in a leased hall. The first deliveries should leave the production site by the end of May 2017, with the plant fully operational by November 2018. Thirty new employees at the site will ensure just-in-time delivery in the region. In addition to the existing locations in Suzhou and Shenyang, this is the Metal Forming Division's third automotive site in China.

Metal Forming Division

The Metal Forming Division of the voestalpine AG achieved a total sales volume during 2015/16 of EUR 2.2 billion and an operating result (EBITDA) of around EUR 290 million. Based in Krems an der Donau, the division employs around 11,000 staff members and does business with almost all European car manufacturers. Within the Group, it constitutes the center of competence for highly refined sections, tubes, and precision steel strip products as well as ready-to-install components made of pressed, stamped, and roll-formed parts in steel and in aluminum, with a focus on the automotive industry. Its combination of material expertise and processing competence is unparalleled throughout the industry, and its global presence makes the division the preferred partner to customers who are looking for innovativeness and quality.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of material and processing expertise. voestalpine, which operates globally, has around 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, it is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2015/16, the Group generated revenue of EUR 11.1 billion, with an operating result (EBITDA) of EUR 1.6 billion; it has around

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48,500 employees worldwide, who are collectively a major shareholder in the company with a stake of 14.5 percent.

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