

Coronavirus pandemic has a significant economic impact on voestalpine and its customers

Short-time work in Austria and other European countries unavoidable

The coronavirus pandemic and its consequences are facing voestalpine with major economic challenges. As a result of massive reductions in capacity and current production shutdowns in the automotive, aerospace, mechanical engineering, and oil & natural gas industries, in just a few days demand in the key voestalpine customer segments has collapsed. In order meet the required level of flexibility over the next weeks and to secure jobs at the Group as far as possible during this difficult situation, currently short-time work is being registered in around 50 European Group companies (in Austria as well as in Germany, Belgium, and France).

The coronavirus and its direct consequences are having a severe impact on the global economy. Consequently, voestalpine will immediately fall back on the short-time work model in Austria, introduced by the Federal Government in response to the corona crisis and which enables a temporary reduction in normal working hours, for almost all the Group companies in Austria, and, depending upon the respective regulations, will take advantage of similar models being offered right across Europe. The actual extent of short-time work will become clear over the next weeks, and will be determined by the levels of capacity utilization in production. voestalpine will implement alternative measures as appropriate in countries where no such short-time work models are available. Several sites in countries including France, Italy, Peru, Brazil, and the USA have already been temporarily closed. The Management Board is using these measures to minimize the negative impact on employees and voestalpine as far as possible. From the current viewpoint, the impact on the results for the current business year 2019/2020 cannot be sufficiently determined.

“When our customers significantly reduce their level of demand, stop production, and supply chains temporarily come to a standstill, we need to react promptly,” explains Herbert Eibensteiner, Chairman of the Management Board of voestalpine AG. voestalpine is currently making major efforts to protect the health of those employees still working in production. “In these difficult times, my particular thanks goes to those who are still hard at work in production. They are making a vital contribution to maintaining our critical infrastructure at many plants. In other areas, too, the tireless efforts of many employees are proving vital in helping to keep our company going. Over the next months we will need to fight hard for every single job.”

Short-time work is a first step in mastering the economic crisis created by the coronavirus

The abrupt slump in customer demand is forcing the company to reduce production in specific areas. This includes reducing pig iron capacity at the site in Linz by around 20%, by temporarily shutting down a small blast furnace. “The coronavirus pandemic is facing voestalpine with its greatest economic challenge of the past decade. Registering for short-time work on a large scale across Europe is designed to achieve the clear objective of retaining our highly qualified employees within the Group. The Austrian Government’s new short-time work model is a positive and sensible measure in this respect. As an enterprise, it allows us to respond quickly and in a flexible manner to this unparalleled

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crisis,” says Eibensteiner. Short-time work has also been registered in Germany, Belgium, and France. Currently, no compulsory redundancies are planned in Austria. The numbers of leasing employees will continue to be reduced, and accumulated overtime and holidays cut back further.

Health is our number one priority

The greatest priority is being given to measures designed to protect the health of voestalpine employees currently working in production. In addition to strict hygiene regulations and maintaining a safe distance from others, measures such as changing shift models have been taken to significantly reduce the physical presence of employees in operationally critical areas. Where feasible, employees are working from home.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology group with a unique combination of materials 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 a leading partner of the automotive and consumer goods industries as well as of the aerospace and oil & gas industries. voestalpine is also the world market leader in complete railway systems as well as in tool steel and special sections. In the business year 2018/19, the Group generated revenue of EUR 13.6 billion, with an operating result (EBITDA) of EUR 1.6 billion; it had just under 52,000 employees worldwide.

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