

## **PRESS RELEASE**

March 22, 2023

### **voestalpine Supervisory Board approves EUR 1.5 billion for further decarbonization**

**A year ago, the Supervisory Board of voestalpine AG gave the green light to conduct the preliminary work for climate friendly steel production in Austria. This is now at an advanced stage. Now the next approval stage has been reached. An investment of around 1.5 billion euros is being made into constructing one electric arc furnace at each of the two sites, Linz and Donawitz. As part of its “greentec steel” plan, the plant and supplier decision will be made in 2023, construction will start in 2024, and commissioning of the two units will take place in 2027. This will allow the Group to reduce its CO<sub>2</sub> emissions by up to 30 percent from 2027. The exact start of implementation depends on clarifying unresolved funding issues in Austria.**

With this Supervisory Board decision, voestalpine is continuing to steadily implement its plan to achieve the global climate goals. The necessary preparatory work is already in full swing, and construction of the two electric arc furnaces (EAF) is scheduled to start next year. This would allow the Group to replace two blast furnaces with two EAFs by 2027, reducing its CO<sub>2</sub> emissions by up to 30%. “greentec steel is Austria’s largest climate protection program. It will allow us to save five percent of Austria’s entire annual CO<sub>2</sub> emissions from 2027. We need to start this year if we are to meet our target of commissioning the two new electric arc furnaces in Linz and Donawitz in 2027,” stresses Herbert Eibensteiner, CEO of voestalpine AG. Key requirements for this next major step are sufficient availability of green electricity at competitive prices, and clarification of unresolved funding issues.

“The Supervisory Board has closely examined the voestalpine decarbonization plan presented by the Management Board, and unanimously gave it their enthusiastic approval. This investment will secure the future of our two steel production sites in Linz and Donawitz over the long term, and with it the future of our Group,” says Dr. Wolfgang Eder, Chairman of the Supervisory Board.

### **2.5 million tons of CO<sub>2</sub>-reduced steel annually from 2027**

Compared to the current two-stage LD blast furnace route (“Linz-Donawitz process”), in which liquid pig iron is produced in the blast furnace before being processed into crude steel in the LD steel plant, an EAF uses green electricity to produce crude steel in a single step. It uses scrap, liquid pig iron, and HBI (hot briquetted iron), with the mix adjusted according to the quality requirements. voestalpine sources most of the HBI it requires from the direct reduction plant in Texas, USA; this plant has been majority-owned by a global steel manufacturer since 2022, with voestalpine holding a 20 percent stake in the facility. “With this stake in the plant, last year we signed a long-term supply contract for 420,000 tonnes of HBI annually. Having a secure supply of HBI and scrap as raw materials is a major competitive advantage for voestalpine,” says Eibensteiner.

The two electric arc furnaces allow voestalpine to produce around 2.5 million tons of CO<sub>2</sub>-reduced steel from 2027: 1.6 million tons in Linz and 850,000 tons in Donawitz. From 2030, voestalpine plans to replace another blast furnace at each of the sites in Linz and Donawitz. Financing for the

## voestalpine AG

preparatory work is already covered by the approved investment sum, but the core units are still subject to approval.

### Green hydrogen as a key technology for CO<sub>2</sub>-neutral steel production

The Group is already researching into several new processes to achieve its goal of CO<sub>2</sub> neutrality by 2050, and investing in pilot projects which explore new pathways in steel production. These include research projects such as the H2FUTURE hydrogen pilot facility at the premises in Linz for manufacturing and using “green” hydrogen on an industrial scale, and the testing facility in Donawitz for CO<sub>2</sub>-neutral steel production using hydrogen plasma to reduce iron ore. Further research projects are dedicated to the storage and reuse of unavoidable residual emissions.

### The voestalpine Group

voestalpine is a globally leading steel and 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 premium products and system solutions, voestalpine is a leading partner to the automotive and consumer goods industries, as well as to the aerospace and oil & natural gas industries. The company is also the global market leader in railway systems, tool steel, and special sections. voestalpine is committed to the global climate goals and has a clear plan for decarbonizing steel production with its greentec steel program. In the business year 2021/22, the Group generated revenue of EUR 14.9 billion, with an operating result (EBITDA) of EUR 2.3 billion; it has around 50,200 employees worldwide.

### Please direct your inquiries to

voestalpine AG  
Mag. Peter Felsbach, MAS  
Head of Group Communications | Spokesman

voestalpine-Strasse 1  
4020 Linz, Austria  
T. +43/50304/15-2090  
peter.felsbach@voestalpine.com  
[www.voestalpine.com](http://www.voestalpine.com)