

voestalpine constructing direct reduction plant in Texas, USA

The decision on the location of the voestalpine Group's direct reduction plant in North America has been made. The plant will be constructed on the La Quinta Trade Gateway in San Patricio County, just outside the city of Corpus Christi, Texas, USA. The air permit application is currently being submitted to the federal and state environmental authorities. It is estimated that the process will take around 15 months. The planned facilities are designed for an annual capacity of around two million tons of HBI (hot briquetted iron) and DRI (direct reduced iron). The investment volume is around EUR 550 million and, once operational, the plant will staff around 150 employees. The plant is due to begin operations in early 2016.

"We examined a total of 17 sites in eight countries for this project, the largest foreign investment in the Group's history to date. In the end, Texas was the most convincing in terms of all the key criteria, including logistics, energy supply, a well-educated workforce, and the political environment," explained Wolfgang Eder, Chairman of the Management Board of voestalpine AG, and head of voestalpine's Steel Division. This will provide the Austrian steel production sites in Linz and Donawitz with access to cost-efficient and environmentally-friendly HBI and DRI pre-materials, ensuring their competitiveness over the long-term. The site is strategically located on Corpus Christi Bay, covers an area of almost two square kilometers (500 acres), and has direct access to the sea. The final, formal decision to implement the project is scheduled to take place before the summer, assuming that the detailed negotiations currently being undertaken with the local authorities have been successfully concluded by that time.

Direct reduction ensures the future of sites in Austria and creates options for growth

The planned direct reduction plant will produce high quality DRI and HBI ("sponge iron") from iron ore pellets. DRI and HBI is comparable to the highest quality scrap or pig iron, and therefore an excellent pre-material for the production of crude steel. In contrast to using pure coke-based blast furnaces, the planned direct reduction plant will exclusively use more environmentally-friendly natural gas as the reducing agent. In the USA the price of natural gas is around a quarter of that in Europe. The plant, with its 150 employees, is designed to produce two million tons of DRI/HBI annually, half of which will be shipped to the steel mills in Linz and Donawitz. The remaining half will serve as a strategic reserve and will initially be sold to partners interested in longer-term contracts. "In the USA, we can access energy cost efficiently and operate in a politically stable, predictable environment," explained Eder. "This investment also provides the voestalpine Group an additional growth option in North America over the long term," he added.

"Enormous efforts to reindustrialize the USA"

"Locally, the professional and open cooperation between all the parties has been exemplary," stressed Eder. "This is impressive evidence of the USA's efforts to rapidly and sustainably reindustrialize their economy. The fact that, as an industrial enterprise with a vision for the future, we were welcomed with open arms also played a role in deciding on this site," said Eder. "It would have been impossible to build a comparable plant in the European Union, not least because of a lack of competitiveness in terms of operating costs."

Direction reduction as an important step in achieving a low-carbon economy

Using natural gas instead of coke in the reduction process plays an important part in improving the CO₂ balance and is a fundamental step in achieving our own extremely challenging internal energy and climate goals. In preparation for the planned plant, voestalpine is currently in the process of submitting its air permit applications. "From the very beginning, we have had a close exchange of information with the federal and state agencies to ensure that we meet the strict US environmental specifications," stressed Eder. "We will also be investing in the exceptionally strict US environmental and safety standards and applying state-of-the-art processes for reducing emissions of pollutants, noise, and dust. This also includes dealing responsibly with the water supply, a scarce resource in Texas," said Eder. Environmental regulations in the USA are similarly stringent to those in Europe, however, relative to CO₂, "Texas is taking a different route."

voestalpine in the USA: 2,000 employees and EUR 850 million in revenue

During the business year 2011/12, the voestalpine Group was already generating 8% of its EUR 12.1 billion in total revenue at its 25 sites in North America. This corresponds to almost EUR 1 billion. In the USA alone, 2,000 employees generated revenue of almost EUR 850 million. The largest single company is voestalpine Nortrak, with its 940 employees and seven production and distribution sites, it is North America's market and technology leader in the switch technology segment. The Group is also strongly represented in the automotive, special steel, energy, and aviation sectors. The Metal Forming Division is currently investing around EUR 50 million in a plant for high-strength body-in-white components in Cartersville, Georgia. As part of its comprehensive globalization strategy, the voestalpine Group will continue to push expansion of its already strong local presence in the USA, a growth market. Incidentally, around 10% of voestalpine shares are held by North American investors.

The voestalpine Group

The voestalpine Group is a steelmaking, processing, and technology group that operates worldwide and manufactures, processes, and develops high-quality steel products. With 500 production and sales companies in more than 50 countries on five continents, the Group has been listed on the Vienna Stock Exchange since 1995. With its top-quality flat steel products, the Group is one of the leading partners to the automotive and household appliance industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in railway switch technology, special rails, tool steel, and special sections. In the 2011/12 business year, the voestalpine Group reported revenue of more than EUR 12 billion and an operating result (EBITDA) of EUR 1.3 billion. It staffs roughly 46,500 employees worldwide.

voestalpine AG

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