

## **voestalpine entrusts construction of the direct reduction plant in Texas to Siemens and Midrex**

**After deciding to locate the plant on the La Quinta Trade Gateway in San Patricio County near Corpus Christi, Texas (USA) and signing the memorandum of understanding with its first customer, Mexican company AHMSA, voestalpine has taken another step toward the realization of the planned direct reduction plant. As the technology decision was made in favor of the MIDREX process, a supply agreement was signed yesterday evening with Siemens Industry Inc. and its consortium partner, Midrex Technologies Inc. This means that, contingent on the final official permits, the green light has been given for the construction of the new direct reduction plant.**

The plant on Corpus Christi Bay will be designed for an annual capacity of two million tons of high-quality HBI (Hot Briquetted Iron). The Siemens-Midrex consortium will provide engineering, the mechanical and electrical equipment, and consulting services for the plant. Total investment volume will come to around EUR 550 million and, in addition to the MIDREX facility, will include comprehensive infrastructure improvements for the project location, particularly the necessary harbor facilities. The launch of production is planned for early 2016; once it is up and running, the plant will have around 150 employees. "With Siemens and Midrex, we will have highly competent partners with a tried and tested technology at our side. By choosing a U.S. partner company, we are also making a significant contribution to the desired local value added," stated Wolfgang Eder, CEO and Chairman of the Management Board of voestalpine AG.

### **Top-tier technology for the voestalpine direct reduction plant**

The direct reduction plant with its state-of-the-art technology will provide the Austrian steel production sites in Linz and Donawitz with access to cost-effective and environmentally-friendly HBI, thus ensuring their competitiveness in the long term. The property covers an area of two square kilometers, is situated in a strategically advantageous position on Corpus Christi Bay, and has direct deep-sea access to the Gulf of Mexico.

The MIDREX facility will produce high-quality HBI ("sponge iron") from iron ore pellets, which is comparable to the highest quality scrap or pig iron and is therefore an excellent pre-material for the manufacture of crude steel. In contrast to using purely coke-based blast furnaces, the planned direct reduction plant will only use natural gas, which is much more environmentally friendly, as the reducing agent. The use of natural gas in the reduction process will help to significantly improve the carbon footprint of the voestalpine Group and will be an important step in the achievement of the Group's ambitious internal energy efficiency and climate protection objectives. The price of natural gas in the USA is about one quarter of the price in Europe. Around half of the planned two million tons of HBI will be supplied to the Austrian steel plants in Linz and Donawitz. The other half will be sold to partners interested in a supply over the long term.

voestalpine already announced in May of this year that it has signed a memorandum of understanding with the first of these partners regarding the sale of HBI. Starting in 2016, Altos Hornos de Mexico (AHMSA), a Mexican manufacturer of premium steel, will purchase several

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hundred thousand tons of high-quality HBI annually from the new voestalpine site. Negotiations are underway with numerous other interested parties, and some negotiations have already entered an advanced stage.

### **The voestalpine Group**

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With 500 group companies and locations in more than 50 countries and on all 5 continents, the Group has been listed on the Vienna Stock Exchange since 1995. With its top-quality products, the Group 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 2012/13, the voestalpine Group reported revenue of more than EUR 11.5 billion and an operating result (EBITDA) of EUR 1.45 billion. It staffs roughly 46,400 employees worldwide.

### **About Siemens**

Siemens Industry Sector is the world's leading supplier of innovative and environmentally friendly products, solutions and services for industrial customers. With end-to-end automation technology and industrial software, solid vertical-market expertise, and technology-based services, the sector enhances its customers' productivity, efficiency, and flexibility. With a global workforce of more than 100,000 employees, the Industry Sector comprises the Industry Automation, Drive Technologies and Customer Services Divisions as well as the Metals Technologies Business Unit. For more information, visit <http://www.usa.siemens.com/industry>.

### **About Midrex**

Midrex Technologies, Inc. is an international process engineering and technology company providing steelmakers with commercially proven solutions for greater profitability, and it has been the leading innovator and technology supplier for the direct reduction of iron ore for more than 40 years. The company offers eco-friendly technologies for ironmaking that provide high productivity, outstanding product quality, and cost competitiveness. Midrex has built its foundation upon the MIDREX® Direct Reduction Process that converts iron ore into high-purity direct reduced iron (DRI) for use in steelmaking, ironmaking, and foundry applications. Each year, MIDREX® Plants produce about 60 percent of the world's DRI. For more information visit [www.midrex.com](http://www.midrex.com).

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