

voestalpine expands in China with a new plant in the special steel segment

The technology and capital goods group voestalpine is again driving forward its activities in the promising Asian market. The Special Steel Division, the Group's special steel sector, yesterday signed a Letter of Intent to cooperate with Chinese foundry Kocel Machinery Co., LTD. Over the next few years voestalpine will invest around EUR 140 million, constructing a new plant which will produce premium special steel products for the Chinese market. Construction is scheduled to start in 2015, and the new company will create 400 jobs.

The voestalpine Group is expanding its special steel activities in the promising Chinese market, targeting the Chinese premium market with its EUR 140 million investment in Yinchuan (Ningxia province). Working together with local company Kocel Machinery Co., LTD, the new special steel plant is scheduled for completion by the end of 2017. It will produce highest-quality tool steels and forged materials for the automotive, consumer goods, and mechanical engineering industries. "This investment is another important step in fulfilling our internationalization strategy. We can set new standards in China with our know-how, particularly in the premium special steel segment, and extend our leadership position in the high-alloyed tool steel sector further," explains Franz Rotter, Member of the Management Board of voestalpine AG and Head of the Special Steel Division.

In future, the new Chinese plant will produce between 50,000 and 70,000 tons of high-quality special steel products each year when operating at full capacity. voestalpine partner Kocel Machinery Co., LTD, is part of the international Kocel Group, and with a staff of 1,000 employees it generates annual revenue of around EUR 55 million in China, the USA, and Europe. The company is specialized in iron and steel casting for the mining and power generation machine sectors, and has been a production partner in China to voestalpine Gießerei Linz GmbH, for many years.

China as a growth market: around 15 new voestalpine plants by 2020

In the business year 2013/14, the voestalpine Group generated around EUR 750 million (7% of Group revenue) in Asia. It is intended to almost triple revenue by the end of 2020, to around EUR 2 billion annually. voestalpine plans to invest between EUR 400 and 500 million in the region. The major customer segments are mobility (railway infrastructure & turnout technology, automotive components) and energy (turbines and components for power plants). The Group has 22 locations and companies in China alone, employing a staff of almost 2,200. It plans to build around 15 new plants in the People's Republic between 2013 and 2020.

Special Steel Division

The voestalpine Special Steel Division is focused on technologically sophisticated materials and customer-specific services. It is a global market leader for tool steel and one of the leading providers of high-speed steel and special forgings. The most important customer segments are the automotive, energy (both production and oil/natural gas exploration), and mechanical engineering industries as well as the consumer goods and aerospace industries. In the business year 2013/14, the division reported revenue of more than EUR 2.6 billion, of which around 40% was generated

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outside of Europe, and an operating result (EBITDA) of EUR 360 million. It has around 12,900 employees worldwide.

The voestalpine Group

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With around 500 Group companies and locations in more than 50 countries and on all five 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 2013/14, the voestalpine Group reported revenue of EUR 11.2 billion and an operating result (EBITDA) of EUR 1.4 billion; it has around 48,100 employees worldwide.

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