

voestalpine Invests in Linz – in Spite of Economic Crisis

- **Investment program ‘L6’ – increase of annual crude steel production to 6 million tonnes – safeguards Linz location.**
- **Continuation of ‘L6’ in spite of economic crisis, with implementation spread over a slightly longer period than originally planned.**
- **Expansion of steel plant capacity, small blast furnaces relined, reconstruction of power plant block 07 and galvanizing line 5 now complete.**
- **Expansion of power plant increases self-sufficiency in energy in the Linz location to 90 per cent.**

In spite of the worldwide economic crisis characterizing the 2009/10 business year, voestalpine Stahl GmbH continued its EUR 700 million investment program ‘L6’ – even if some investments had to be postponed. Approximately one half of all the ‘L6’ program projects, comprising the extension of the annual crude steel production from 5.5 to approximately 6 million tonnes were implemented in spite of the crisis. After seven years’ operation, the two small blast furnaces 5 and 6 underwent a major overhaul, parallel the capacity of the steel plant was extended to its target capacity of 6 million tonnes. With a new power plant block, own power generation was significantly boosted, increasing self-sufficiency in electricity in the Linz site to 90 per cent. In addition, galvanizing line 5 increases the capacity for galvanized sheet. During the last ten years, total investments at the Linz location, comprising the three major investment programs ‘Linz 2010’ Part 1 + 2 and ‘L6’, together with ordinary investment, amounted to approximately EUR 3 billion.

Relining of the blast furnace 5 took place from December 2009 to the middle of March 2010. This meant that, for the first time in the history of voestalpine, a major repair was carried out during the winter months, with temperatures down to -14°C. For this reason, the construction site inside the furnace had to be heated. In addition to furnace 5, furnace 6 was already relined in 2009 and has now been in operation again since September 2009. The two small furnaces now offer a total annual capacity of approximately 1.6 million tonnes of crude steel, which is about half the capacity of the large blast furnace A. Total investments for rebuilding the small furnaces amounted to around EUR 30 million.

Replacing the converters in the LD steel plant 3 was carried out in three phases, each lasting 1.5 months, between Spring 2009 and Winter 2010. With the steel plant continuing its operation during the replacement works, this process can be compared to the replacement of a car engine's cylinder, with the engine running at the same time. In order to increase the annual capacity to 6 million tonnes, the new converters have a tap weight of 177 tonnes each, compared with their former 158 tonnes for each converter. Total investments for replacing the three LD converters amounted to around EUR 40 million.

The new hot dip galvanizing line 5 constitutes the last investment project from the investment program 'Linz 2010', which has now been completed with the commissioning of this plant. This plant focuses on the production of steel sheet with superior surface quality and the coating of new high-strength steels for the automotive, construction and home appliance industries. As a special feature, this new galvanizing line offers not only a coating capability using zinc but also one for both zinc-iron and zinc-aluminium-magnesium. The capacity of the plant is approximately 400,000 tonnes per annum. Total investment for galvanizing line 5 has been approximately EUR 140 million.

The largest investment completed during the past business year has been the construction of the new power plant block 07, amounting to a total investment of EUR 160 million. This new construction project became necessary, due to the production of 6 million tonnes crude steel resulting in a much higher generation of gas which will be used in the company's own power plant for generating electricity. The generating equipment in the power plant is supplied with gas from both the coking plant and from the pig iron and crude steel production. In exceptional situations, the power plant can also be run on natural gas. With the new power plant block 07 in operation, external sourcing of electricity can be reduced significantly. In future, voestalpine will generate 90 per cent of the electricity requirement for the Linz site in its own power stations. The power plant block 07 offers a capacity of 164 megawatts. The total installed capacity at the voestalpine power station in Linz is more than 300 megawatts, corresponding to the energy consumed by 300,000 average households.

About voestalpine Group

voestalpine is an industry leader in customized high-quality and high-tech steel products and solutions. The group is represented worldwide by more than 360 production and sales companies in more than 60 countries throughout the world. voestalpine is worldwide number one in switch technology and special steel (such as tool steel) and a leading partner in the energy sector with high-quality heavy plates and seamless tubes. The group is market leader in Europe in high-quality steel strip, rails, special tubes and high-quality wire and a leading European supplier of high-quality automotive components.

In the 2008/09 business year voestalpine Group had annual sales of 11.6 billion euros and employs 39,000 people around the globe.

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