

## Significant interest in voestalpine HBI from Texas

**In March the decision was taken to locate the voestalpine Group's direct reduction plant on the La Quinta Trade Gateway in San Patricio County, just outside the city of Corpus Christi, Texas, USA. The plant is designed for an annual capacity of two million tons of HBI (hot briquetted iron) and has direct deep-sea access to the Gulf of Mexico. There is significant interest from potential customers in the sponge iron produced at the plant. Now the first potential customer has signed a memorandum of understanding to purchase HBI. From 2016 onwards, Altos Hornos de Mexico (AHMSA), Mexico's largest steel manufacturer, will source several hundred thousand tons of high quality HBI from the new voestalpine location annually. Discussions are underway with a series of other interested parties, some of which are already at an advanced stage.**

voestalpine is investing around EUR 550 million in the new direct reduction plant in Texas. When fully operational the plant, with around 150 employees, will produce 2 million tons of highest quality HBI, a pre-material for steel production. Therefore it is all the more pleasing that, only two months after announcing this, the Group's largest foreign investment to date, it has been possible to sign a memorandum of understanding with the first customer, AHMSA, concerning a long-term delivery partnership. "We are delighted with this successful entry into the market and the quick agreement with the AHMSA Group. In so doing, we have achieved an important step in establishing a successful and sustainable business relationship," said Wolfgang Eder, Chairman of the Management Board of voestalpine AG. The Mexican steel manufacturer, based in Monclóva, near Monterrey, profits from the geographical proximity, and the high quality material is ideal for use in the electric arc furnace, newly installed as part of its major Fénix investment project.

Over the course of several joint meetings, AHMSA showed significant interest in the HBI produced by voestalpine. With the memorandum of understanding now signed, the Mexican steel company is securing long-term access to high quality pre-materials for its mill in Monclóva. The company has recently increased its existing crude steel capacities by around 40%. This allows the voestalpine Group, which itself will require around half of the plant's output for its own locations in Europe, to guarantee stable demand for a very substantial part of the remaining half, even before construction of the plant has begun. Deliveries are due to begin directly after the planned start of operations at the plant at the beginning of 2016.

Working with pre-concentrated iron ore (iron ore pellets), the direct reduction plant will produce high quality DRI/HBI ("sponge iron") of a quality comparable to the highest quality scrap or pig iron and therefore an excellent pre-material for the manufacture of crude steel. In contrast to using pure coke-based blast furnaces, the planned direct reduction plant will exclusively use the much more environmentally-friendly natural gas as the reducing agent.

### 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

## **voestalpine AG**

is one of the leading partners to the automotive and white goods industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in railway turnout 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.

### **Please direct your inquiries to**

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