

voestalpine invests more than a half billion euros in a direct reduction plant in the U.S.

After about a year of preparation, Wolfgang Eder, CEO of voestalpine, broke ground today for the construction of a direct reduction plant in Texas (USA). This EUR 550 million investment is the largest foreign investment in the history of the Austrian Group. The voestalpine Texas LLC plant is being constructed at the La Quinta Trade Gateway Terminal in close proximity to the City of Corpus Christi. Starting in 2016, the plant will produce two million tons of HBI (Hot Briquetted Iron) and DRI (Direct Reduced Iron) annually and will supply Austrian locations, such as Linz and Donawitz, with “sponge iron” as a premium raw material. With the new facility, voestalpine can significantly reduce production costs in Europe. The highly automated plant will create 150 jobs.

voestalpine, a steel-based technology and capital goods group headquartered in Linz, Austria, has pursued a consistent strategy of international growth and is constantly looking for new opportunities to establish sustainable cost and technology optimization models. “We investigated 17 locations in eight countries for this project. In the end, Texas was the most promising on all key criteria, such as logistics, energy supply, well-trained employees, and political environment,” said Wolfgang Eder, CEO of voestalpine AG and Head of voestalpine’s Steel Division on the decision to choose a location. The property is superbly located right on Corpus Christi Bay, covers an area of about two square kilometers, and provides direct sea access for large ships. “With our investment in Corpus Christi, we are significantly enhancing the efficiency of the use of raw materials by our company and at the same time demonstrating that this is possible while being responsible with the environment,” stated Eder. The Austrian plants in Linz and Donawitz will obtain access to high-quality, environmentally friendly primary materials (HBI and DRI), and the competitiveness of the European locations will thereby be ensured over the long term.

Direct reduction provides security for the Austrian sites and creates growth options

The direct reduction plant will use iron ore pellets to produce high-quality DRI/HBI (“sponge iron”) comparable to the highest quality scrap or pig iron, which is an excellent primary material for the production of crude steel. In contrast to the coke- and coal-based pure blast furnace route, only natural gas is used as a reduction agent in direct reduction, which is more environmentally friendly. The price of natural gas in the U.S. is about a half of what it is in Europe. The plant – with its 150 employees – will produce two million tons of DRI/HBI annually, of which about half will be shipped by sea to the steel plants in Linz and Donawitz. The other half will be used as a strategic reserve and sold to long-term partners. “We can supply ourselves with competitively priced energy in the U.S. in a politically stable, reliable environment,” stated Eder. “Moreover, this investment also creates an additional long-term growth option in North America for the voestalpine Group.” The construction of the plant is a heavy construction project in the truest sense. The EUR 550 million investment covers 20,000 tons of constructional steel and 13,000 tons of mechanical equipment. Construction of the plant will employ about 1,000 people for a period of one and a half years.

Direct reduction as an important step toward a “low-carbon economy”

The use of natural gas instead of coke and coal in the reduction process makes a significant contribution to improvement of the CO₂ balance and is an important step in achieving the very demanding internal energy and climate goals. “In the USA as well, we invest in higher than average environmental and safety standards as well as the consistent use of best available control technologies to minimize air, noise, and dust emissions. This also includes being careful with water, which is in short supply in Texas,” said Eder. In the USA, there are strict environmental requirements, as in Europe, but with CO₂ “Texas takes a different path.” A sophisticated logistics concept with round-trip shipping, which uses large eco-ships for transport, reduces costs to a minimum and further relieves the environment. The storage of primary materials in a completely enclosed environment eliminates dust emissions. A progressive seawater cooling system preserves scarce freshwater resources and adds to the sustainable design of the plant.

“The open and professional collaboration with all the participants on site is exemplary,” stresses Eder. “This impressively demonstrates the USA’s efforts at rapid and sustainable reindustrialization. The fact that we, as a future-oriented industrial company, were welcomed with open arms was a factor in selecting this location,” said Eder.

voestalpine in North America: 2,500 employees and revenues of EUR 1 billion (USD 1.3 billion)

In the business year 2012/13, the voestalpine Group generated 8 percent of its total revenues of EUR 11.5 billion (USD 15.8 billion) at its 68 locations in North America with about 2,500 employees – this corresponds to about EUR 1 billion (USD 1.3 billion). In the USA alone, 2,000 employees generated revenues of EUR 840 million (USD 1.1 billion). The largest single company, voestalpine Nortrak, with about 1,000 employees and seven production and distribution sites, is a market and technology leader in North America in the sector of railroad switch technology. The Group is also strongly represented in the automotive, stainless steel, energy, and aviation industries. The Metal Forming Division recently opened a plant for ultra-high strength body-in-white components in Cartersville/Georgia with an investment of EUR 50 million (USD 69 million). As part of its long-term globalization strategy, the voestalpine Group will rapidly expand its already strong local presence in the growth market of the United States in the coming years. In other respects, North American investors hold about 10% of voestalpine shares.

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 2012/13, the voestalpine Group reported revenue of EUR 11.5 billion and an operating result (EBITDA) of EUR 1.45 billion; it had around 46,400 employees worldwide.

voestalpine AG

Please direct your inquiries to

voestalpine AG
Peter Felsbach
Spokesman

voestalpine-Strasse 1
4020 Linz
Phone: +43/50304/15-2397
peter.felsbach@voestalpine.com
www.voestalpine.com

voestalpine

ONE STEP AHEAD.