



voestalpine – Expansion in North America

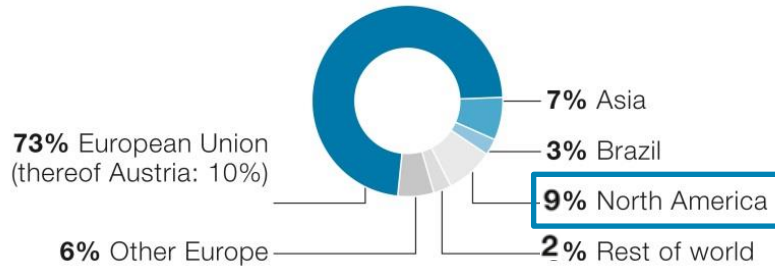
**Press conference with Wolfgang Eder, CEO of
voestalpine AG**

Vienna, April 21, 2016

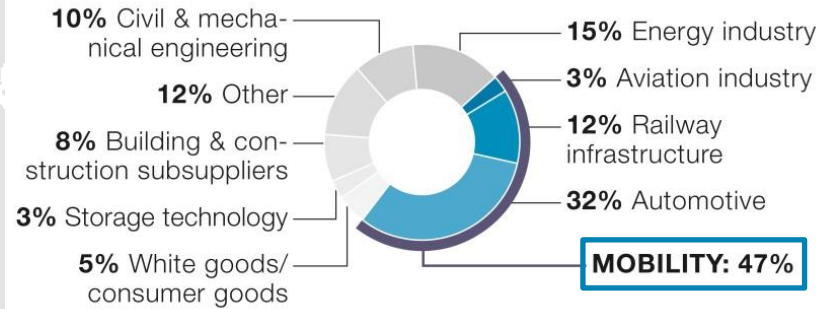
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Revenue 2014/15 by regions and industries

Revenue by **regions** (Business year 2014/15)



Revenue by **industries** (Business year 2014/15)



Revenue

EUR 11.2 bn

EBITDA

EUR ~1.5 bn

Employees (FTE)

~47,500
(50% outside Austria)

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voestalpine Group Strategy 2020

Focus on mobility and internationalization

Value-added growth

- Differentiation through innovation in sophisticated customer segments
- Focus on the growth sector mobility (automotive, aerospace, railway)
- Market, quality, and technology leadership
- Increasing share of revenue generated outside Europe to >40%

Target revenue: EUR ~15 bn

Target EBIT margin (Ø): 9%

Target EBITDA margin (Ø): 14%

Target ROCE (Ø): 15%

Goals in the NAFTA region

- Share of revenue: 9% → 20% (BY 2014/15: EUR 980 million; BY 2020/21: EUR 3 billion)
- Growth primarily through HBI and investments in key technologies



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in North America

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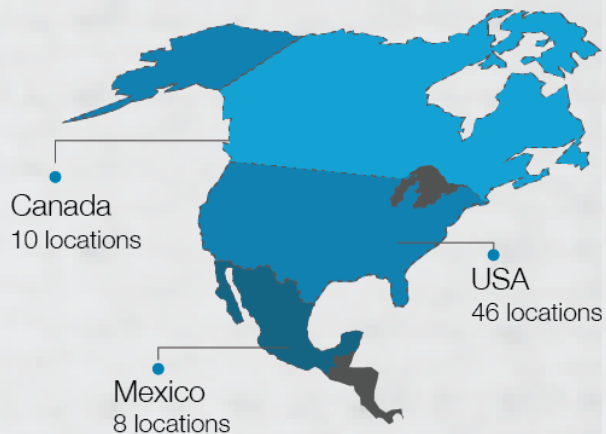
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ONE STEP AHEAD.

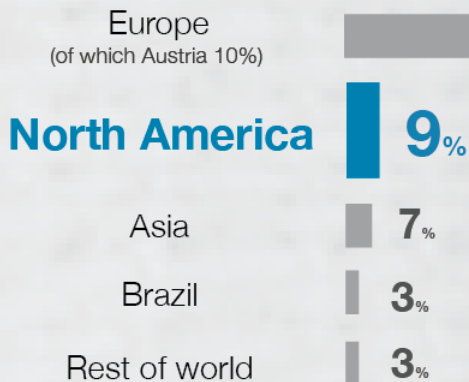
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Presence in North America

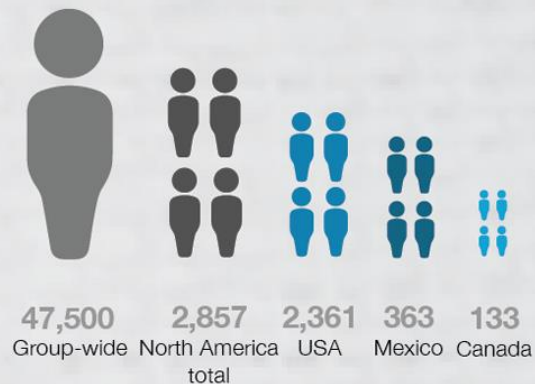
64 locations / **28** companies
in NAFTA region*



Group's revenue
(BY 2014/15)



Employees
(BY 2014/15)



~ 13% of voestalpine shares are held by North American investors

* All figures for North America refer to the NAFTA countries USA, Mexico, and Canada.

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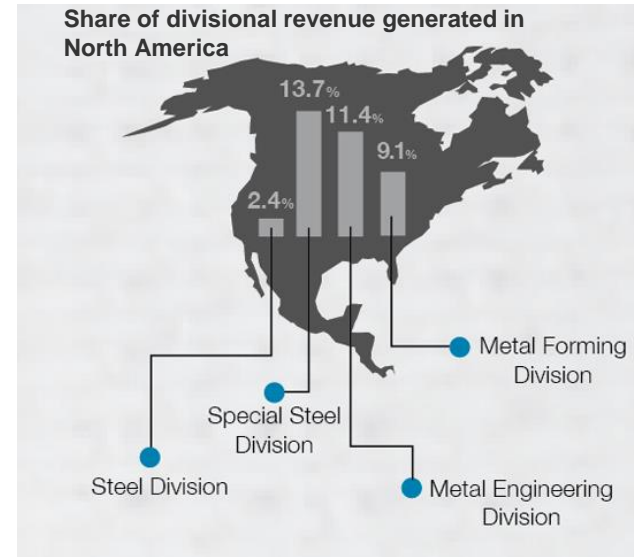
ONE STEP AHEAD.

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Presence in North America



voestalpine Group revenue by submarkets and divisions in North America



Top 3 industries in terms of revenue: Energy: 37% Railway: 23% Automotive: 11%

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Division highlights in North America (I)

Metal Forming Division

- voestalpine Automotive Body Parts Inc., Cartersville
 - 1st Production site for ultra-high-strength lightweight body parts in the NAFTA region
 - Investment volume: EUR 60 million
 - 1st construction phase: completion and commissioning in 2014
 - 2nd construction phase: completion and commissioning of the 1st phs-ultraform line in June 2016
 - 3rd construction phase (provisionally final expansion): completion in 2018
 - Currently around 70 employees – by 2018 approx. 220 employees
 - Customers: European premium OEMs; goal: additional American OEMs
 - 2020 target revenue: > EUR 100 million



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Division highlights in North America (II)

Metal Engineering Division

- voestalpine Nortrak Inc. (currently the largest voestalpine company in North America)
 - Around 1,000 employees, 7 production sites, revenue 2014/15: EUR 220 million
 - Market leader for trackwork components & turnout systems
 - Investments of > EUR 35 million in the past 5 years
 - Currently orders in San Francisco, Los Angeles, Seattle, Toronto, etc.
- voestalpine Bohler Welding USA, Inc. (leading provider of welding consumables)

Special Steel Division

- Expanding coating activities
 - Site opening at Queretaro, Mexico (May 2016): strengthening market position in automotive sector
- **Aerospace strategy:** extension of warehousing capacity in Texas, Washington, California





HBI Update

Direct reduction plant in Texas starting test phase

Direct reduction plant in Texas

Project status

■ Key facts

- Basic investment: EUR 550 million
- Capacity: 2 million tonnes of HBI from 2017/18
- Jobs: 150 → staffing almost complete
- Largest foreign investment by an Austrian company in the USA
- Regional value creation of around USD 600 million over the next 10 years
- Largest plant of its type in the world

■ Construction almost complete

- 137-meter-high reduction tower and port complete
- Currently final assembly of sensitive plant components (piping and electrical assembly, installing materials-handling equipment)
- First plant sections successfully undergoing testing
- Plant startup scheduled for summer 2016



1

Raw material iron ore pellets

Iron ore pellets – the raw material – are fed into the reactor

2

Natural gas is converted into reducing gas

Natural gas is converted into reducing gas and then injected

Reducing gas circulates in a closed system and is recycled

3

The direct reduction process

Hot reducing gas flows through the iron ore, from the bottom to the top, according to the counterflow principle

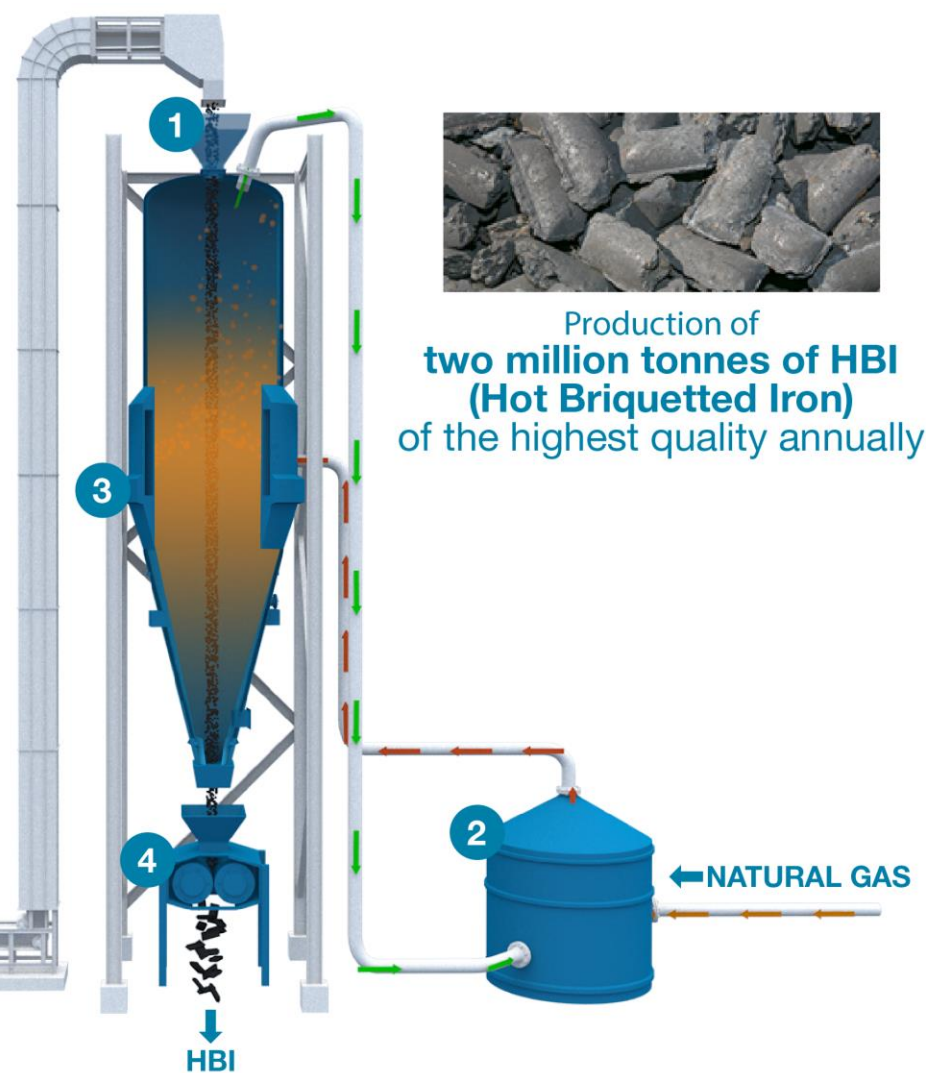
Oxygen content is reduced = "sponge iron" is produced

4

Pressed into briquettes

HBI = Hot Briquetted Iron

PELLETS →



Production of
two million tonnes of HBI
(Hot Briquetted Iron)
of the highest quality annually

2

← NATURAL GAS

4

HBI



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