

voestalpine direct reduction plant in Texas fully operational since April 1, 2017

The completion and opening of the direct reduction plant in Corpus Christi, Texas, last year marked a milestone for the voestalpine Group in its task of securing pre-materials on a long-term basis. After finishing the six-month run-up phase, together with successful completion of all the performance tests, the plant became fully operational on April 1, 2017. As a result, starting in the business year 2017/18, the most advanced and largest plant of its kind in the world will produce two million tonnes of high-quality HBI (hot briquetted iron, or sponge iron) annually—a sophisticated pre-material used in steel production. After concluding the commissioning phase, the final project costs are now known, and amount to USD 1.012 billion. The plant has already achieved a positive result in its first month of full operation.

The new direct reduction plant in Corpus Christi produced the first tonnes of high-quality sponge iron on September 28, 2016, with the start of test operations. Many customers in the NAFTA region and Europe, as well as voestalpine's Austrian sites in Linz and Donawitz, have already started receiving shipments of the pre-material from Texas in late 2016. On April 1, 2017, the plant shifted to regular production, and recorded a positive result even in its first month of operation, both in terms of profit from operations (EBIT), and operating result (EBITDA).

The overall project costs determined in the 2016/17 Annual Report amount to USD 1.012 billion. This is only slightly above the interim figure of around USD 990 million published in January 2017. The increase is the result of finishing work at the plant. As originally planned, the overwhelming majority of the investment required for the project has already been included in the financial statements for the past three business years (2013/14, 2014/15, and 2015/16). Only a relatively modest investment sum was carried over into the most recent business year 2016/17 (ending March 31, 2017).

The total costs for the project, calculated and accounted for in US dollars, were estimated at USD 742 million at the start of the project in 2012. As repeatedly explained on past occasions, the increase in investment expenditure is essentially due to delays caused by a longer period of critical weather conditions during the first phase of the project, significant cost inflation as a result of the unforeseen construction boom in the Corpus Christi area starting 2014, as well as additional investments, technical optimization, and environmental measures (warehouse design, noise control). Over the last months of the run-up phase, further efficiency-raising measures have also been taken with respect to infrastructure and materials handling technology.

Ultimately, the state-of-the-art plant in Texas paves the way for voestalpine to secure steel production at its Austrian sites, and to reduce CO₂-emissions in the steel production process. As a Group primarily specialized in manufacturing high-tech steel products, the Steel Division's new plant represents a significant reduction in energy input in future, site-specific reduction in CO₂-emissions of up to 5%, and a wider and more flexible raw materials basis through the addition of versatile, high-quality HBI.

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The voestalpine Group

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of material and processing expertise. voestalpine, which operates globally, has around 500 Group companies and locations in more than 50 countries on all five continents. It has been listed on the Vienna Stock Exchange since 1995. With its top-quality products and system solutions using steel and other metals, it 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 2015/16, the Group generated revenue of EUR 11.1 billion, with an operating result (EBITDA) of EUR 1.6 billion; it has around 48,500 employees worldwide, who are collectively a major shareholder in the company with a stake of 14.5 percent.

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