

PRESS RELEASE

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Start of construction for voestalpine greentec steel in Linz

Only a few weeks after the official start of construction at the voestalpine site in Donawitz, the traditional groundbreaking ceremony for greentec steel takes place today at the Group's headquarters in Linz. In the first step of the phased approach, one electric arc furnace (EAF) will be built at each of the sites in Linz and Donawitz. Integrating the two green electricity-powered EAFs into steel production makes it possible to electrify energy-intensive processes, thus reducing CO₂ emissions by around 30% from 2027. This corresponds to an annual saving of almost 4 million tons of CO₂ or 5% of domestic emissions. That makes greentec steel Austria's largest climate protection program.

Starting in 2030, the plan is to replace two more blast furnaces in Linz and Donawitz and invest in an additional EAF in Linz. To achieve the net zero target by 2050, the Group is researching into several new processes and investing in pilot projects which explore new pathways in steel production. "The two groundbreaking ceremonies in Linz and Donawitz are more than just a symbolic act and the start of a construction project. They are the visible cornerstone for voestalpine's green future and an important milestone for climate protection in Austria," says Herbert Eibensteiner, CEO of voestalpine AG. The investment volume for both projects amounts to EUR 1.5 billion, of which Linz accounts for around EUR 1 billion.

Construction of the EAF in Linz starts in 2024, with commissioning scheduled to follow three years later. Once fully operational, the EAF will produce around 1.6 million tons of CO₂-reduced steel annually. To maintain high product quality, the EAF uses a mix of scrap, liquid pig iron, and HBI (hot briquetted iron). "The basic requirement for operating the EAFs is sufficient availability of green electricity at competitive prices. Even more important is providing an efficient and integrated network infrastructure," says Hubert Zajicek, Member of the Management Board of voestalpine AG and Head of the Steel Division based in Linz.

Major construction progress in Linz

Construction involves a total of 20 projects spread across the entire premises, both above and below ground: the highest construction point lies at around 60 meters; the lowest is 25 meters below ground. Preparations at the construction site include installing a new raw materials supply system with a belt conveyor which runs over a distance of 750 meters, relocating various storage buildings, constructing new roads, and making various adaptations to the steel mill. The contract for construction of the EAF will be awarded in January 2024. In the coming months, the new belt conveyor will be completed and the new raw materials supply system commissioned. Subsequently, the old raw materials supply system and some ancillary equipment can be dismantled to make room for the EAF. Starting at the end of 2024, the hall housing the EAF will be built, as well as a so-called microtunnel for the new 220kV power line that will supply the EAF with green electricity from 2027. The tunnel, with a diameter of about 2 meters, will be dug at a depth of about 25 meters and run between the substation and the EAF. The

specific challenge here is that the tunnel would heat up to about 280°C unless cooled, and so must be flooded with groundwater for cooling. A team of around 250 employees is charged with realizing the major construction project. More than 230 external companies, including 60 local firms, have already been contracted as part of the construction.

Significant economic effects in Upper Austria and throughout the country

Construction of the two EAFs in Donawitz and Linz will trigger significant economic effects, as shown in a study by the industrial science institute IWI in September 2023. The investments at both sites will generate value in Austria to the tune of EUR 767 million during the construction phase alone. This includes all the products and services linked directly and indirectly to, and triggered by, the investment. In addition, around 9,000 jobs will be secured in Austria during the construction period.

The investment of around EUR 1 billion at the Linz site creates added value in Austria of EUR 530 million, of which up to EUR 367 million are attributable to Upper Austria. The investment in Linz will secure around 6,200 jobs in Austria during the construction phase, including up to 3,800 jobs in Upper Austria.

Steel Division

As a global manufacturer of high-quality steel products, the voestalpine Group's Steel Division assumes a driving role in shaping a clean and livable future. The Steel Division has set benchmarks in the current steel production route and is pursuing an ambitious step-by-step plan to achieve climate-neutral steel production with its greentec steel. As a first step, the Steel Division offers a CO₂-reduced greentec steel version of each flat steel product. It is also working on the implementation of climate-friendly production technologies based on green electricity and hydrogen. The Steel Division is the first point of contact for major automotive manufacturers and suppliers worldwide when it comes to high-quality steel strip. It is also a prominent partner to the European housing and machinery industries. The Division manufactures heavy plates and cast products for applications subject to the most difficult conditions in the energy industry and provides customized solutions for the expansion of renewable energy. In the business year 2022/23, the Steel Division generated revenue of EUR 6.7 billion, reported an operating result (EBITDA) of EUR 1.1 billion, and had around 10,600 employees worldwide.

The voestalpine Group

voestalpine is a globally leading steel and technology group with a unique combination of materials 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 premium products and system solutions, voestalpine is a leading partner to the automotive and consumer goods industries, as well as to the aerospace and oil & natural gas industries. The company is also the global market leader in railway systems, tool steel, and special sections. voestalpine is committed to the global climate goals and has a clear plan for decarbonizing steel production with its greentec steel program. In the business year 2022/23, the Group generated revenue of EUR 18.2 billion, with an operating result (EBITDA) of EUR 2.5 billion; it has around 51,200 employees worldwide.

voestalpine AG

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