



# Eighth European Meeting EFES Brussels, 18 May 2009

## Employee Participation voestalpine AG

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# Employee Participation voestalpine AG

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# voestalpine AG

Group	Revenue	EBIT		Employees
<b>FY 2007/08</b>	<b>€10.48 bn</b>	<b>€1.15 bn</b>		<b>41,500</b>
				
<b>Steel</b>	<b>Special Steel</b>	<b>Railway Systems</b>	<b>Profilform</b>	<b>Automotive</b>

## European top player

Top 3 European supplier of high-quality steel strip and heavy plate for the most demanding applications

## Worldwide leadership

Worldwide leadership in tool steel. Leading position in precision strip steel, special forgings and welding technology

## Worldwide leadership

European market leader for rails and processed wire, world market leader for turnouts

## European leadership

European market leader in special sections and custom rollforming

## European top player

Growing toward top 3 position in European automobile component supplier industry

**Headquarters in Linz / Austria; presence in almost 60 countries and on every continent, with some 300 production and sales companies; half of the employees in Austria**

**voestalpine**

ONE STEP AHEAD.



# Employee Participation:

## Strategic Basics

# aim of the Employee Participation

- **contribution to secure the development of the company**

  - **“Strategic Ownership“**

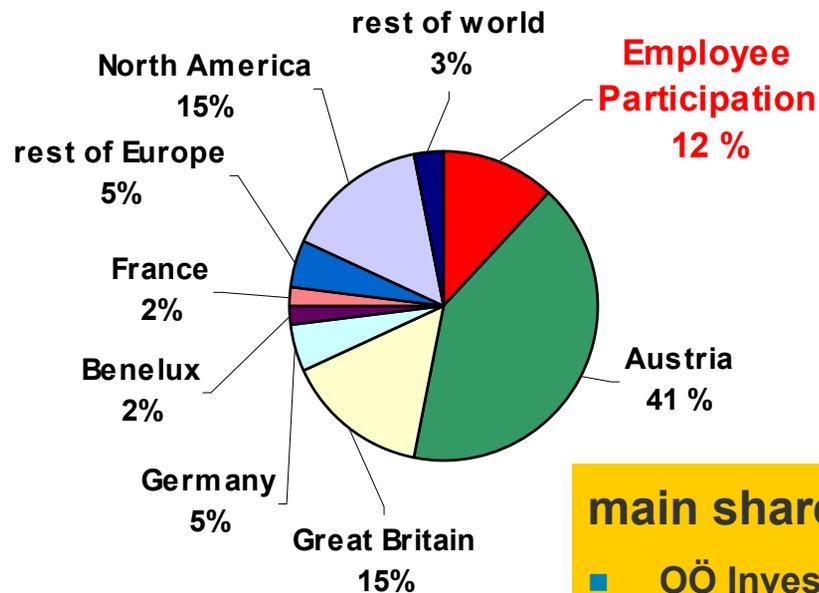
    - to defend against unrequested ownership restructuring, stability for future development
    - to participate in decision making, in case of fundamental questions of the company, with more than 10% of shares

- **possibility for individual profit for the employees**

  - Bonus-Shares from the employer
  - take part in an increase of share-price
  - use of tax advantages
  - receive yearly dividends

- **identification with the company, motivation for employees**

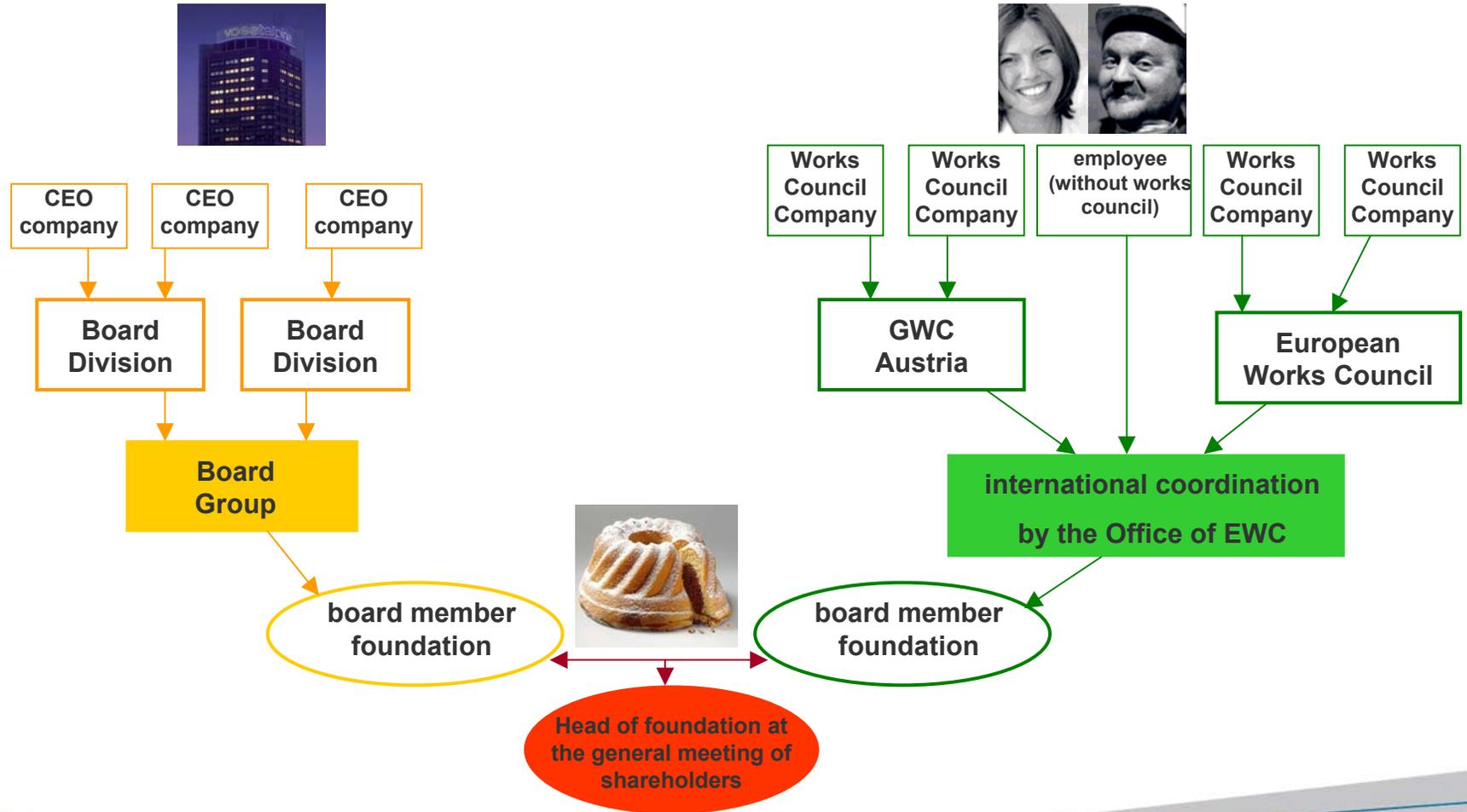
# shareholder structure (April 2009)



## main share owners

- OÖ Invest GmbH & Co OEG (Raiffeisen) > 15 %
- Employee Participation ~ 12 %
- Oberbank AG > 5 %

# decision making for general meeting of shareholders





# Employee Participation:

# Austrian Model

employees' shares  
April 2009:  
approx. 12,5 % voting rights

# Austrian Model (1)

## ■ start

- begin of the Employee Participation in November 2000

## ■ members

- all of the approx. 21.500 Austrian employees participate in the model

## ■ volume April 2009

- approx. 21.5 m shares (partly credit financed by the foundation)
- approx. 12.5 % of the shares of the Group

## ■ bundling of share rights, sustainability

- with a trust agreement the employee gives the share rights (right for voting) to the “voestalpine Mitarbeiterbeteiligung Privatstiftung” for as long they are employed within the group

# Austrian Model (2)

## ■ finance

- Within collective bargaining agreements a part of the yearly wage increase has been taken six times to assemble the Employee Participation. Extended to the fixed part of the employees wages (currently 3,25%), employees get shares continuously.
- individual bonus:
  - a slightly higher wage increase than normal within the Group: hence a part of the payment of shares is covered by the employer
  - Austrian tax legislation promotes share transfer to employees: shares up to a figure of € 1,460 are free of taxes and social security contributions
- The employees get a yearly bonus, if the economic situation of the company is good. A part of this payment is given in the form of shares.



# Employee Participation:

# International Model

# International Model (1)

- **central, standardized design**
  - Group Board offers a standardized international model
  - central administration by the Austrian Mitarbeiterbeteiligung Privatstiftung
- **discounted purchase of shares**
  - Bonus Shares follow investment (1 Bonus Share for 3 shares of self-investment)
  - yearly contribution range from € 300 to € 2.500
- **voting rights, bundling period**
  - transfer of the voting rights to Austrian Mitarbeiterbeteiligung Privatstiftung
  - bundling period of 5 years
- **start of the International Model, FY 2009/2010**
  - planned: “Pilot-Companies” in 4 European countries during this year
  - start: 3 companies in Germany and United Kingdom April 2009

# International Model (2)

## experience of concept and implementation of the model

- **national differences in**
  - tax benefits for share plans (conditions for use...)
  - labour law (need for agreements...)
  - capital market law (legal obligations...)
- **national set of regulations for ESOP's**
  - obligations (UK: Trust...) and restrictions (D, B: no commutation of salary...)
- **lack of experts (!!)**
  - little information about national possibilities for share plans (including international consulting firms!)

# International Model (3)

- **no consideration of bundling of voting rights in national plans**
  - problems with some definitions in national systems for promotion ESOP's
  - problems with international bundling of voting rights (trust agreements...)
- **cost intensive**
  - concept: national consultants,...
  - implementation: information booklets, road shows for employees,...
  - administration: continuous efforts
- **information activities**
  - discussion with all stakeholders in the subsidiaries ...
  - information for employees: booklets, flyers,....

**nevertheless: onwards and upwards...**



## Employee Participation:

# Employee Share Ownership in Times of Crisis

# consequences of financial crisis

## general remarks:

- **Employee Participation is not the “primary” item of daily business within the Group and also not in political discussion...**
- **less confidence in shares and stock market in general...**
- **less money for extra investment...**
- **in times of redundancies (and short-time working) offers for price reduced purchase of shares are probably contradictory for some employees...**

# remarks on the consequences of financial crisis

## development within the voestalpine Group:

- **Austria – Enlargement of the Employee Participation:**
  - despite onset financial crisis all 50 subsidiaries (Management and Works Councils) signed a new stage of expansion in November 2008
  - the foundation purchased 3.3 m shares with credit for later transfer to employees
- **Austria – additional share purchase by the employees (without price benefits)**
  - increase in employees purchasing additional shares via foundation
- **United Kingdom, Germany – start of the International Model April 09**
  - despite the crisis voestalpine is starting the international model in 3 companies
  - approx. 1,100 employees are invited: 25% participation on average



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**EMPLOYEE PARTICIPATION**  
INTERNATIONAL

voestalpine Mitarbeiterbeteiligung Privatstiftung

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