

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 16, 2020

November 17 initiated a number of changes in the Ostrava steelworks. LIBERTY Ostrava commemorates the journey to free enterprise

After the Velvet Revolution in 1989 when the Ostrava steelworks were renamed Nová huť, national enterprise, fundamental changes took place in the company along with the liberalization of the Czech economy. The aim of the changes was to set up a new system of operation and create a new economic policy of the company. This meant above all personnel, organizational and economic transformation.

Personnel and organizational changes

Radical personnel and organizational changes took place with the participation of representatives of the Civic Forum (CF), which engaged in the company until the end of 1990. These aimed to remove everything that hindered free enterprise activities.

The then managing director of the steelworks, Michal Hocko, resigned at the request of CF and Svatopluk Velkoborský, head of the Rolling Mills, was entrusted with the management of the company. The so-called Cadre Department was the first to be cancelled and all the personnel materials began to be handed over to the workers concerned. At that time, more than 23,000 people worked in the steelworks and most of the people came to pick up their files. Independent trade unions were formed. Their main task was to represent workers in defending their interests. Until then, the activities of the trade union were associated only with the settlement of injuries, the provision of recreation and the organization of sport and cultural events. During 1990, 157 Cubans left the company following a decision by the Cuban government.

Rehabilitation commission

One of the most sensitive problems of the post-November period was the restoration of a good reputation to the unjustly prosecuted. A rehabilitation commission was therefore set up in the company, which examined hundreds of cases where workers were punished for their political views between 1968 and 1970. Sanctions included, for example, ban of promotion, removal from the job performed and also dismissal. Therefore, a method was sought to redress the grievances. Some plants rehabilitated all the affected workers, others only those who were dismissed. The dismissed received verbal and / or written apologies and those who remained employees of the steelworks at all times were reinstated to positions from which they were once removed for their political views. Some rehabilitations were also dealt with by the court according to the adopted legislation.

Economic changes

The first year after the November revolution, the steelworks had to adapt its business to the new market conditions. The aim was to create new financial resources that covered contributions to the

LIBERTY OSTRAVA a.s.

Vratimovská 689

702 02

Ostrava-Kunčice

Česká republika / Czech Republic

MEMBER OF



state budget and at the same time its own needs for the operation of the entire company. Instead of the amount of production in tonnes, profit-making became the decisive criterion. The driver in steel production became the requirements of customers, which determined the level of production. Political changes also reflected in the change in the orientation of foreign trade. Extensive repairs and modernizations of the upstream facilities were carried out, which meant reduced production of coke, hot metal, steel and hot-rolled products, as well as increase in costs, which affected the company's financial situation.

A difficult period occurred for the operation of Nová huť as in the second half of 1990 the banks stopped providing loans for overdue receivables, which resulted in customers running into payment difficulties. Due to a lack of funds, the company could not pay suppliers for raw materials and other necessary resources for work, and thus their supplies were limited.

Today the company is an integrated steel business with an annual production capacity of 3.6 million tonnes of steel and annual output of c. 2 million tonnes, which is used mainly in construction, machinery and oil and gas industries. The Ostrava steelworks are one of the leading steel producers in the Czech Republic, a domestic leader in the production of tubes and road barriers and the only producer of hot-rolled flat products. In addition to the Czech market, it supplies its products to more than 40 other countries around the world. An important milestone in history was 2003 when the company was acquired by Lakshmi Mittal's group. In July 2019, the steelworks became part of the LIBERTY Steel Group, belonging to the Sanjeev Gupta family's GFG Alliance and changed its name to LIBERTY Ostrava. LIBERTY Steel Group now plans to invest a total of 750 million euro in the development of the Ostrava steelworks over the course of ten years. The transformation of the mill will include the modernization of the steel shop and also an extensive modernization of the rolling mills, which will increase the quality of the steel produced and expand the product portfolio with other products with high added value.

Further information from:

Barbora Černá Dvořáková Head of Communications LIBERTY Ostrava	+420 606 774 346	barbora.cerna- dvorakova@libertysteelgroup.com
Paddy Toyne-Sewell Head of Communications – Europe GFG Alliance	+44 (0) 7767 498 195	Patrick.toyne-sewell@gfgalliance.com

Note to Editors:

GFG Alliance is a collection of global businesses and investments owned by Sanjeev Gupta and his family. The Alliance is structured into three core industrial pillars; LIBERTY Steel Group, ALVANCE Aluminium Group and SIMEC Energy Group, independent of each other yet united through shared values and a purpose to create a sustainable future for industry and society. GFG Alliance employs 35,000 people, across 10 countries and has revenues of USD \$20bn. GFG Alliance is a leader in sustainable industry with a mission to become Carbon Neutral by 2030 (CN30).

LIBERTY Ostrava is an integrated steel business with an annual production capacity of approximately 3.6 million tonnes per annum serving construction, machinery and oil & gas industries. The company is a domestic leader in the manufacture of road barriers and tubes. In addition to the Czech market, it supplies its products to more than 40 countries around the world. Together with its subsidiaries in Ostrava, the company has 6,000 employees. The company manufactures its products with a minimum possible environmental footprint.

www.libertyostrava.cz

www.libertysteelgroup.com

www.gfgalliance.com

LIBERTY OSTRAVA a.s.

Vratimovská 689

702 02

Ostrava-Kunčice

Česká republika / Czech Republic

MEMBER OF

