

16 July 2015

Tata Steel Europe announces further refocusing of speciality and bar business on high-value markets

Tata Steel Europe today announced the next stage in its plans to refocus its speciality and bar business on high-value markets such as aerospace.

The proposed changes would result in a reduction in employee numbers, mainly at its Rotherham-based bar business. This has been underperforming in the face of commodity-grade steel being imported to the UK due to the strong pound and high electricity costs which are more than double those of key European competitors (*see notes to editors).

Tata Steel Europe has identified 720 positions which will potentially become redundant. However, the company will work closely with those at risk and their trade union representatives to redeploy employees and minimise the number of compulsory redundancies.

Karl Koehler, Chief Executive of Tata Steel's European operations, said: "We have invested more than £20 million in recent years in our speciality steels business. These investments have created a stronger and more technically advanced platform from which we can meet the needs of our customers, with an improved range and quality of products and services.

"However, energy is one of our largest costs at our speciality and bar business and we are disadvantaged by the UK's cripplingly high electricity costs. And while the UK Government announced helpful measures to reduce the impact of its high energy taxes a few years ago, these measures still haven't been introduced.

"We want to play our role in reinvigorating the UK's manufacturing industry, but increasing imports and high energy costs have further undermined the competitiveness of foundations industries.



"Now is the time for government to act. Foundation industries like ours urgently need a competitive business environment and a government willing to strengthen UK manufacturing supply chains. This would ensure the UK remains an attractive place to invest.

"I realise how distressing this news will be for all those affected, but I am also extremely aware of our responsibility towards the ongoing survival of this business which will continue to employ about 1,500 people in South Yorkshire."

Mark Broxholme, Managing Director of Tata Steel's speciality and bar business, said: "We have to recognise that economic circumstances continue to undermine the work Tata Steel has done to build a sustainable business here.

"We started the journey of refocusing our speciality business in 2009 on making and supplying high quality safety-critical steel to the world's most demanding applications. That work has led to significant investments in our capability to make high-value steels for the aerospace and other demanding markets. Today, we are the world's third largest supplier of aerospace steels and we want to build on this.

"Today's announcement about reshaping the bar business is the next stage in that journey and would give it the best chance to succeed in these fiercely-competitive markets.

"The consultation process begins today with our employees and their trade union representatives. Of course, we will seek to minimise the impact of this restructuring on our employees."

Recent investments by Tata Steel Europe in its speciality steels business include five new remelting furnaces capable of producing the advanced materials demanded by customers. Mr Broxholme added: "We want to continue the investment in this business to improve the range of high-value products and services for our target markets."

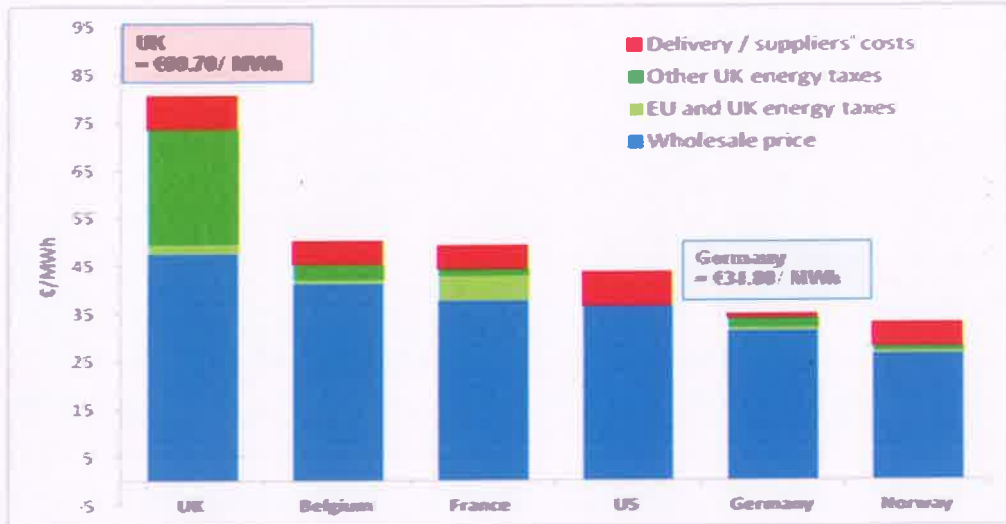
Tata Steel Europe's subsidiary UK Steel Enterprise will look at how it can provide more support to the local communities affected by today's announcement and help stimulate new job creation in those areas. Over the last four decades the organisation has helped to regenerate local economies with £85m of support and created 75,000 new jobs across the UK.

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Notes to editors

The following chart was compiled by Tata Steel using market data and through internal analysis.

Current electricity prices for large energy users



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About Tata Steel's European operations

Tata Steel is Europe's second largest steel producer, with steelmaking in the UK and Netherlands, and manufacturing plants across Europe. The company supplies high-quality steel products to the most demanding markets, including construction, automotive, packaging, rail, lifting & excavating, energy and aerospace. Tata Steel works with customers to develop new steel products that give them a competitive edge. The combined Tata Steel group is one of the world's largest steel producers, with a steel capacity of nearly 30 million tonnes and 80,000 employees across five continents.

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