

15 October 2014

## **Tata Steel's European business signs Memorandum of Understanding regarding its Long Products Europe business**

Tata Steel has today announced the signing of a Memorandum of Understanding with Klesch Group to undertake detailed due diligence and negotiations for the potential sale of its Long Products Europe business and associated distribution activities.

The memorandum covers several UK-based assets including Tata Steel's Scunthorpe steelworks, mills in Teesside, Dalzell and Clydebridge in Scotland, an engineering workshop in Workington and a rail consultancy in York, as well as other operations in France and Germany [*see to Notes to editors for list of sites*]. About 6,500 people are employed at Long Products Europe and its distribution facilities. Tata Steel employs 30,500 people across Europe, including 17,500 in the UK.

Karl Koehler, Chief Executive of Tata Steel's European operations, said: "We will now move into detailed due diligence and negotiations, though no assurance can be given about the outcome. We will regularly engage with our employees and other stakeholders throughout this process, and we will consult with the trade union representatives and works councils."

Explaining the context and rationale for this decision, Mr Koehler said: "We are making huge strides on our strategic journey to become a premium, customer-centred steel company thanks to investment in equipment, technology and customers, together with the substantial contributions from our employees.

"We've improved the competitiveness of Tata Steel's European operations, including Long Products Europe which now supplies more of the innovative steel rail, rod, plate, sections and special profile products demanded by customers.

“Accelerating the pace of innovation on advanced steel solutions, helping our customers succeed in their markets and creating a sustainable asset base requires significant capital and expertise.

“We have therefore decided to concentrate our resources mainly on our strip products activities, where we have greater cross-European production and technological synergies.

“We want to build a sustainable business in the UK and further develop our mainland Europe business and we are committed to providing the necessary leadership and financial resources to achieve that.”

The European steel industry is emerging from one of the most challenging economic periods in its history. Tata Steel has invested £1.2 billion in its UK operations and trained 1,200 UK apprentices and graduates since acquiring Corus in 2007.

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**Notes to editors:**

**Tata Steel's Long Products Europe** business is made up of the following facilities:

- Scunthorpe integrated steelworks
- Teesside Beam Mill, Lackenby
- Special Profiles, Skinningrove & Darlington
- Dalzell Plate Mill, Scotland
- Clydebridge, Scotland
- Immingham Bulk Terminal (port terminal)
- Hayange Rail Mill, north east France
- Engineering workshop, Workington
- Rail consultancy, York

The associated **distribution sites** which are part of the potential sale are located in:

- Teesside
- Scunthorpe (two locations)
- Newcastle
- Edinburgh, Scotland
- Dundee
- Mosstodloch, Scotland
- Hull
- Wolverhampton
- Dartford
- Brandon
- Newton Abbot
- Stoke
- Lisburn, Northern Ireland
- Dublin, Ireland
- Cork, Ireland
- Mülheim, Germany
- Zwickau, Germany
- Hamburg, Germany
- Stuttgart, Germany

**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 products and services to the most demanding markets, including construction, automotive, packaging, rail, lifting & excavating, energy

& power and aerospace. The combined Tata Steel group is one of the world's largest steel producers, with a steel capacity of 29 million tonnes and 80,000 employees across four continents.

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