

September 2, 2019

Tata Steel Europe announces outcome of sales process for non-core businesses

Tata Steel Europe has today (Monday, September 2) announced the outcome of a sales process for non-core business units.

The company announced in May 2018 (see [here](#)) the potential sale of five non-core businesses, enabling it to strengthen its focus on its strategic markets. Buyers have been found for Kalzip (see [here](#)) and Firststeel (see [here](#)), helping to secure 275 jobs.

One of the five non-core businesses was Cogent Electrical Steels, which is made up of:

1. Orb Electrical Steels, in Newport, South Wales
2. Cogent Power Inc, in Burlington, Canada
3. Surahammars Bruks AB, in Surahammar, Sweden.

Tata Steel has signed a sales and purchase agreement for Cogent Power Inc (CPI), with Japanese steel giant JFE Shoji Trade Corporation. CPI manufactures cores for electrical distribution transformers and employs nearly 300 people.

Furthermore Tata Steel has decided to retain Surahammars Bruks AB, which makes advanced steels for electric vehicles and employs around 100 people.

However, despite exploring all options, Tata Steel has been unable to find a way forward for Orb Electrical Steels and so proposes to close the site, with the potential loss of up to 380 jobs.

Henrik Adam, CEO of Tata Steel's European operations, said: "We have been able to secure the future for almost 400 colleagues in CPI and Surahammars Bruks. However, today's proposal will be sad news for colleagues at Orb in South Wales. This is necessary, enabling us to focus our resources, including investment, on our core business and markets, helping us build a long-term sustainable future in Europe."

The Orb Electrical Steels business has been loss-making for several years as it struggled to compete in the fast-moving market to supply steels used in electricity transformers in which customer requirements have out-stripped the site's capability. Converting the site to create steels for future electric vehicle production would cost in excess of £50 million in a highly competitive market where Tata Steel faces higher-volume competitors both in Europe and globally.

Henrik added: "Continuing to fund substantial losses at Orb Electrical Steels is not sustainable at a time when the European steel industry is facing considerable challenges. We saw no prospects of returning the Orb business to profitability in the coming years.

"I recognise how difficult this news will be for all those affected and we will work very hard to support them."

In addition, Tata Steel has been unable to find a buyer for Wolverhampton Engineering Steels Service Centre, in the UK, and proposes to close it, potentially affecting up to 26 jobs, including a sales office in Bolton.

Every effort will be made by Tata Steel to mitigate the impact on affected employees including offering alternative employment opportunities where possible at other Tata Steel sites. Consultations with affected employees and trade unions at both Orb and Wolverhampton will commence shortly. This process will include assessing ways to minimise the need for compulsory redundancies.

Tata Steel is the largest steelmaker in the UK employing more than 8,000 people, manufacturing advanced products for the likes of the automotive, construction and engineering industries. Tata Steel has invested around £2 billion in its UK business since acquiring Corus in 2007, including more than £100 million in the last year to support advanced steel manufacturing at a number of UK sites including an essential life extension project at one of the company's two UK blast furnaces.

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About Tata Steel's European operations

Tata Steel is one of Europe's leading steel producers, with steelmaking in the Netherlands and the UK, and manufacturing plants across Europe. The company supplies high-quality steel products to the most demanding markets, including construction and infrastructure, automotive, packaging and engineering. Tata Steel works with customers to develop new steel products which give them a competitive edge. The Tata Steel group is among the top global steel companies with an annual crude steel capacity of 33 million tonnes. It is one of the world's most geographically-diversified steel producers, with operations

and a commercial presence across the world. The group's turnover (excluding its South East Asia operations) in the year ending March 2019 was US \$22.67 billion.

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