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24 February 2011

Tata Steel signs definitive agreement with SSI for sale of TCP

Tata Steel UK Limited (Tata Steel) has today signed a definitive sale agreement to sell certain assets of Teesside Cast Products (TCP) to Sahaviriya Steel Industries UK Limited (SSI), a subsidiary of Thailand's largest steel producer, in a deal valuing the business at \$469 million.

The agreement is the most significant achievement in the 22 months since Tata Steel began an exhaustive search for an alternative future for TCP, after the illegal withdrawal by a consortium of offtakers from a 10-year supply agreement. The next step will be the completion of the transaction, which will take place by the end of March.

Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: "I am very encouraged that after all our efforts we have been able to reach this agreement, which is good news for the highly skilled and dedicated Teesside workforce.

"I commend SSI, the government and the trade unions for their roles in bringing about this agreement, and in particular the people of Teesside for the spirit and fortitude they have shown throughout the last, difficult two years.

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“I should point out that Tata Steel intends to retain a major presence in Teesside. After the successful completion of this transaction, Tata Steel will remain one of the largest private-sector employers in the area with more than 1,800 employees.”

Mr Win Viriyaprapaikit, President of SSI, said: “This is a historic moment for both Teesside and SSI, one that would not have been possible without the local community’s passion for steel-making and the help of the UK Government. We look forward to resuming production of the top quality slab for which the plant is renowned as soon as possible.

“Owning Teesside Cast Products will enable us to achieve our long-standing ambition of becoming a fully integrated steel producer. This transaction will give us a strong platform for future growth, increase our resilience to industry cycles and give us opportunities to diversify into new markets and products.”

The UK Business Secretary, Vince Cable MP, said: “This deal is very good news for workers at the Teesside plant and the region. I welcome the return of steelmaking to this historic steel site later this year. Coming just over a year after the plant was mothballed, it is a tribute to both companies involved – Tata Steel and SSI.

“Both parties have worked hard since August to reach a successful outcome on what has been a complex negotiation. This is a significant inward investment by SSI which will help to sustain the 700 jobs at the plant and create new ones at the site and the wider local economy.”

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The assets covered by the sale include the Redcar Blast Furnace, the Redcar and South Bank coke ovens, TCP's power generation facilities and sinter plant, and the Lackenby steelmaking and casting facilities.

The deal will also result in Tata Steel and SSI entering into a joint venture to operate Redcar Wharf (TCP's bulk terminal), giving Tata Steel the flexibility to use Teesside to serve its other steelmaking operations, while also meeting SSI's requirements on Teesside.

Tata Steel will continue to operate two large-diameter tube mills in Hartlepool, the Skinningrove special sections mill, Teesside Beam Mill and Teesside Technology Centre.

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About Tata Steel in Europe

The European operations of Tata Steel (formerly known as Corus) comprise Europe's second largest steel producer. With main steelmaking operations in the UK and the Netherlands, the company supplies steel and related services to the construction, automotive, packaging, material handling and other demanding markets worldwide.

Tata Steel is one of the world's top ten steel producers. The combined group has an aggregate crude steel capacity of more than 28 million tonnes and approximately 80,000 employees across four continents.

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