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# Corus - 2010

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An overview

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# Who are we ?



- Corus is Europe's second largest steel producer with main steelmaking operations in UK and the Netherlands.
- We spend over six billion pounds each year on goods and services to support its steelmaking, processing, and distribution operations world wide.
- We supply a variety of innovative solutions to a broad range of markets. These include construction, automotive, packaging, aerospace, energy and engineering industries.
- Corus is part of the Tata Steel Group, one of the world's top ten steel producers. With a combined presence in nearly 50 countries, the Group, which includes Corus, Tata Steel, Tata Steel Thailand and NatSteel Asia, has approximately 80,000 employees across five continents with a crude steel production capability of 28 million tonnes.



# Unaudited Consolidated Results (first nine months and for the third quarter of FY 2009/10)



## Group Performance Highlights:

- **Tata Steel Group** reported consolidated EBITDA of US\$ 731 Million for the quarter ended December 31, 2009.
- **Steel Deliveries:** Group deliveries during Q3 FY'10 at 6.212 million tonnes were almost unchanged from Q2 FY'10 (6.222 million tonnes).
- **Turnover (Net sales plus other operating income):** Consolidated turnover for the Group at US\$ 5,632 million during Q3 FY'10 was 3% higher than in Q2
- **EBITDA:** EBITDA for the Group increased by US\$ 645 million from US\$ 86 million during Q2 FY'10, an increase of around 750%.
- **PAT:** Profit After Tax (after minority interest and share of profit of associates) during Q3 FY'10 at US\$ 102 million increased by US\$ 684 million over Q2 FY'10



# Executive Comments



“Several achievements were particularly pleasing about Tata Steel Europe’s performance in Q3. Most importantly, our solid safety performance continued and the last six months of 2009 was the safest ever. As predicted in November, we sharply reversed the trend of previous quarters by returning to positive EBITDA through improved margins and lower costs. However, trading conditions in Europe remain tough and margin improvement programmes continue. The weakness in the construction sector is a challenge for all long products producers, while the recovery in strip product demand remains moderate and heavily influenced by European GDP growth, government stimulus programmes and automobile production.” *(Tata Steel Europe MD & CEO Mr. Kirby Adams)*

“This was the first reporting period in which our production and sales performance fully reflected our expanded capacity at Jamshedpur. We have recently been producing at beyond our new capacity level and are well placed to take advantage of the growth in Indian steel demand, which this year is predicted to be very robust at 8%. Our operations in South East Asia are also in a good position to benefit from the accelerating recovery in the rest of Asia.” *(Tata Steel MD Mr. Hemant Nerurkar)*

# Tata Steel India (operational achievements during the third quarter of the current financial year)



- Successful commissioning of the Top Gas Recovery Turbine at 'G' Blast furnace
- Hot metal production in December '09 was the highest ever at 0.651 million tonnes (equivalent to 7.81mtpa)
- Crude steel production in December '09 crossed the 0.6 million tonnes mark for the first time (which is equivalent to 7.2mtpa compared to the rated capacity of 6.8mtpa)
- Saleable steel production in December '09 was the highest ever at 0.59 million tonnes (equivalent to 7.1mtpa)
- December '09 production from LD converter No.1 was the highest ever at 0.27 million tonnes (equivalent to 3.26mtpa)
- October '09 production from LD converter No.2 and the Slab Caster was the highest ever at 0.34 million tonnes (equivalent to 4.03mtpa compared to the rated capacity of 3.5mtpa)
- December '09 production on the Hot Strip Mill was the highest ever at 0.34 million tonnes (equivalent to 4.067mtpa)
- October '09 production in New Bar Mill was the highest ever at 62,448 tonnes (equivalent to 0.74mtpa against the rated capacity of 0.6mtpa)

- During the quarter the company achieved the financial turnaround that had been predicted at the time of announcement of the half-yearly results. In addition to lower annual benchmark costs for certain raw materials, Tata Steel Europe benefited from bringing the No 4 Blast Furnace at Port Talbot back on stream, from de-mothballing the Llanwern Hot Strip Mill and from reduced losses at TCP. The company was thus able to raise its capacity utilisation for the quarter to more than 80%.
- The 'Weathering the Storm' and 'Fit for the Future' programmes also continued to deliver benefits. In the period April 2009 to December 2009, total savings amounted to more than £750 million, well on target to achieve the £1 billion target this fiscal year. These programmes were a key factor in the turnaround in financial performance during the quarter.
- In December 2009 Tata Steel Europe announced a €35 million investment in its rail production facility at Hayange in France after winning a major six-year contract with SNCF. The investment will enable Hayange to produce rails up to 108 metres in length.
- During the quarter, the decision was announced to partially mothball the Teesside Cast Products (TCP) facility as a direct result of the illegal withdrawal of business in April 2009 by a group of four companies representing almost 80% of the plant's sales. It has not been possible to secure sufficient short-term sales of slab so as to enable TCP to operate at other than a cash loss. The timing of the mothballing is dependent on the consumption of the remaining iron ore stockpiles and is expected to take place later this week. The assets belonging to TCP that will remain in operation will make the Tata Steel Group selfsufficient in coke and will open up the potential for third-party sales. The viability of this cokemaking operation is dependent on continuing attractive market conditions.

# BOS gas recovery: Port Talbot



Our integrated steelworks are already very efficient, with typical CO<sub>2</sub> emissions from steelmaking now around 50% lower, per tonne of steel, than 40 years ago.

Among the specific goals we have set ourselves is to reduce our carbon dioxide (CO<sub>2</sub>) emissions to less than 1.7 tonnes per tonne of liquid steel by 2012.

Our long-term climate change vision goes further, setting a target to reduce CO<sub>2</sub> emissions to less than 1.5 tonnes for every tonne of liquid steel produced by 2020.

In February 2008, Corus announced a £60 million (US\$85.8m) investment in energy management technology at Port Talbot steelworks in Wales. This investment will substantially reduce CO<sub>2</sub> emissions through the re-use of gases generated at the BOS plant.

The recovered BOS gas will generate an extra 15MW of power – 10% of the facility's total electricity needs. This in turn will allow the higher quality coke oven gas to be utilised more effectively in the hot strip mill, reducing natural gas consumption at the mill by approximately 60%.

This substantial investment, due to be commissioned at the start of 2010, is designed to reduce CO<sub>2</sub> emissions from Port Talbot steelworks by 297,000 tonnes per year. The project will reduce our total European operations carbon footprint by 1%, which is equivalent to the national emission reduction target for Wales.



# New BOS ladle in IJmuiden



- Construction of a new basic oxygen steelmaking (BOS) ladle furnace at IJmuiden steelworks in the Netherlands began in June 2008. The investment will increase production by 260,000 tonnes per annum while maximising the utilisation of steel scrap per tonne of 'hot metal' – thereby reducing the resultant CO<sub>2</sub> intensity per tonne of liquid steel produced.
- A Memorandum of Understanding has also been signed between Tata Power, Tata Steel and Tata Steel Europe for the construction of a new captive power plant at IJmuiden. The plant will utilise process gases and energy efficient technologies, allowing it to respond quickly to changes in demand and thereby reducing the need to flare waste gases. The amount of CO<sub>2</sub> emitted per unit of electricity.

# Corus and Salzgitter cooperate on new steel product with outstanding properties (18 Feb 2009)



- Corus and Salzgitter announce today their successful cooperation in the product development of High Strength and Ductility (HSD®) steels. The new HSD® grade will be developed for a variety of applications, in particular for components with complex geometrical structures combined with high-strength requirements.
- Corus and Salzgitter have been working together since 2005 on identifying opportunities for the application of High Strength and Ductility (HSD®) steels in selected market sectors.
- The new HSD® grade will be developed for several applications, including sophisticated components for mechanical engineering applications. In the Automotive sector substantial benefits can be achieved in mass reduction, improved crash resistance and by providing the automotive engineer with enhanced design freedom. This will also enhance future designs, such as electrical and hybrid architectures.
- Board Salzgitter AG, stated: “Salzgitter is looking forward to continuing its very effective and synergy-creating cooperation with Corus in the development of these outstanding innovative steel grades. Salzgitter plans to produce these HSD® steels using the Belt Strip Casting Technology to be erected for the production of these grades at our Peine works.”
- Executive Director Corus Strip Products Division, said: “Corus welcomes this great opportunity to work further with Salzgitter on the development of this new and innovative product range. HSD® steels represent a new era in material application for the automotive industry and will significantly contribute to the ever-increasing requirements of our customers.

# Corus pilot plant could dramatically reduce steel industry emissions (27 Nov 2009)



- Corus is to test a potentially ground-breaking new iron-making technology in a pilot plant project at its IJmuiden steelworks in the Netherlands.
- Called “Hisarna”, the technology has the potential to reduce emissions of carbon dioxide in the blast furnace steelmaking route by more than 50%.
- The €20 million project is one of the initiatives that has sprung up under the auspices of ULCOS (Ultra-Low CO2 Steelmaking), a consortium of European steelmakers that has drawn up the world’s most advanced programme to reduce the steel industry’s carbon footprint.
- The Dutch Cabinet of Ministers approved on November 27 a €5 million contribution to the project. The rest of the investment will come from European Commission research funds and from the ULCOS consortium partners.
- The 60Kt/pa Hisarna pilot plant will harness a new process that makes possible the production of liquid iron from virgin raw materials in just a single step, eliminating two of the three production steps required in blast furnace iron making. Hisarna opens the prospect of a 20% improvement in steel industry energy efficiency. Commissioning of the pilot plant is foreseen at the end of 2010, after which an intensive test programme will be carried out, supported by all ULCOS partners.
- Two technologies have been combined to develop Hisarna. The melting of fine ores in a cyclone has been developed by Corus in IJmuiden. This cyclone will be directly linked to the final process step where the hot metal is formed, this second step is the Hismelt process.

# Corus Wins Prestigious Order

(23 Mar 2010)



- Corus has secured a letter of award for a prestigious pipeline order from Total E&P UK Ltd worth nearly £200 million.
- The order, for the Laggan-Tormore offshore gas field development in the region West of the Shetlands, will see over 150,000 tonnes of pipeline, around 500km in length, being produced at Corus' Hartlepool site. The pipe to be supplied will be 18" and 30" in diameter and will meet an arduous specification required for such harsh offshore environments.
- Managing Director of Corus Tubes said: "Corus is delighted to have been awarded this prestigious pipeline order. The pipe will be manufactured at the company's Hartlepool site through 2010 and into 2011, securing both existing and additional employment for the area.
- Congratulating Corus Tubes, Corus CEO Kirby Adams said: "I am delighted that Corus' world-class large-diameter Hartlepool pipe facility has been recognised through the awarding of this order. The securing of jobs and the creation of new ones at Hartlepool are particularly welcome."



# Corus markets new innovative grade of steel – HyPerform (01/04/10)



- Corus is first to market with an innovative, new grade of steel, Dual Phase (DP) 800HyPerform® – an advanced high-strength steel designed specifically with the needs of the automotive industry in mind.
- DP800HyPerform® has been specifically developed (in close cooperation with a number of automotive OEMs) for use in making lightweight automotive parts such as structural members and reinforcements that must be highly crash-resistant. The steels' minimum ultimate tensile strength is 780 MPa, similar to that of Corus's existing DP800 grade. The difference is that DP800HyPerform® offers extra ductility, resulting in good formability in combination with good weldability. This makes it particularly well suited for complex shaped stamped parts. It is available as hot dipped galvanised material and fulfils all typical automotive processing requirements.
- The improved formability of this high-strength steel results in higher processing yield and enables part consolidation, allowing for smarter and lighter design of crash and structural members. In addition, DP800HyPerform® has a hot dipped galvanised zinc coating, which incurs a lower cost than electrolytically galvanised zinc coating that is required for TRIP steels, for example.
- During the development of DP800HyPerform®, Corus developed a new metallurgical process to enable the combination of favourable properties. DP800HyPerform is a Dual Phase steel with improved formability, and is a compromise between the standard DP800 steels and TRIP steels in terms of forming properties. It is easily weldable (similar to DP welding behaviour) and is less expensive than TRIP steels.

# Enhanced material model helps manufacturers see the Lite (Jan 2009)



- Corus has announced 'Vegter Lite', an enhanced version of its original Vegter material model released in 2006. The new version is based on a reduced set of test data requirements but with the same levels of simulation accuracy. The result is faster forming simulation solve times, improved usability of the tool and thereby shorter product development time for users.
- Released as a module inside ESI's forming simulation software PAM-STAMP™ and as an option of AUTOSTAMP™, the Corus Vegter series of data models significantly improve the accuracy of forming simulation used to validate pressing operations of vehicle body components.
- Corus Vegter Lite has been designed to generate even faster forming strain simulations and support a 'right first time' approach for the production of stamped panels. As well as helping to reduce customer product development lead times and costs, this new variation of the Vegter simulation model allows customers to ensure a more consistent quality of complex formed body panels at the vehicle development phase, leading to high confidence in subsequent volume production.
- Commenting on the added benefits to customers of using Vegter Lite, Carel ten Horn, Corus RD&T, IJmuiden, said: "The Vegter Lite model development has reduced the number of physical test results used to create the data for the model from nine to just four. Importantly, not only have we been able to eliminate some of the most costly test work essential for the model to work, but user-friendliness has been improved at the same time."
- Vegter Lite, which is unique in the marketplace for digital simulation material models, directly responds to customer demands for affordable and straightforward strain prediction.