

Mumbai, August 12, 2021

Tata Steel reports highest ever quarterly consolidated EBITDA; Net debt to EBITDA improves to 1.59x¹

Highlights:

- Consolidated EBITDA increased 13.3%QoQ and 25.7x YoY to Rs.16,185 crores with improved realization across key entities.
- Consolidated Profit after tax improved 36.4%QoQ to Rs.9,768 crores.
- Consolidated Free Cash Flow was Rs.3,553 crores during 1QFY22 despite working capital absorbing Rs.8,272 crores.
- The company spent Rs.2,011 crores on capex during the quarter; work on the Pellet plant, the Cold Roll Mill complex and the 5 MTPA expansion at Kalinganagar is ongoing.
- Gross debt decreased to Rs.84,237 crores with debt repayment of Rs,5,894 crores. Net debt declined to Rs. 73,973 crores. Net debt to EBITDA improved to 1.59x¹; Net debt to equity improved to 0.91x.
- India² operations –
 - Crude steel production increased by 54.8% on YoY basis, however, declined 2.6%QoQ to 4.63 mn tons; impacted by the supply of over 47,800 tons of liquid medical oxygen to hospitals during the quarter amidst the 2nd wave of COVID-19 pandemic.
 - Overall deliveries increased by 41.7% on YoY basis, however, declined 11%QoQ to 4.15 mn tons due to partial lockdowns announced by some of the states and temporary shutdowns in few steel consuming sectors amidst the 2nd wave of COVID-19 pandemic. To compensate for the softness in domestic demand, exports were increased to 16% of the total sales in 1QFY22.
 - Achieved highest ever quarterly EBITDA of Rs.13,946 crores with 13.4%QoQ and 9.6x YoY growth. Achieved highest ever PAT of Rs.9,593 crores.
 - Tata Steel Standalone also registered highest ever quarterly EBITDA at Rs.10,274 crores with 11.6%QoQ and 8x YoY growth in 1QFY22.
 - Tata Steel BSL registered its highest ever quarterly EBITDA of Rs.3,118 crores. Tata Steel Long Products also registered its highest ever quarterly EBITDA of Rs.554 crores.
- Steel deliveries at Tata Steel Europe increased by 17.4%YoY to 2.33 mn tons in 1QFY22. EBITDA improved sharply to £150 million in 1QFY22.

Financial Highlights:

Key profit & Loss account items (All figures are in Rs. Crores unless stated otherwise)	India ²			Consolidated		
	1QFY22	4QFY21	1QFY21	1QFY22	4QFY21	1QFY21 ³
Production (mn ton) ⁴	4.63	4.75	2.99	7.88	8.02	5.54
Deliveries (mn ton)	4.15	4.67	2.93	7.11	7.83	5.34
Turnover	30,344	30,070	12,689	53,372	49,977	25,475
Reported EBITDA	13,946	12,295	1,455	16,185	14,290	630
Adjusted EBITDA ⁵	13,617	12,295	1,455	15,892	13,933	1,071
Reported EBITDA (Rs. Per ton)	33,604	26,309	4,969	22,779	18,253	1,181
PBT before exceptional items	11,753	9,803	(1,286)	12,259	10,348	(3,439)
Exceptional Items (gain)/loss	(153)	(949)	(2,059)	182	991	(58)
Reported Profit after Tax	9,593	8,846	411	9,768	7,162	(4,648)

1. On trailing 12 month basis; 2. India includes Tata Steel Standalone, Tata Steel BSL Ltd. and Tata Steel Long Products Ltd. on proforma basis without inter-company eliminations; 3. 1QFY21 figures have been restated consequent to the re-classification of South East Asia operations from "Held for Sale" to "Continuing Operations" during 4QFY21; 4. Production numbers for consolidated financials are calculated using crude steel for India, liquid steel for Europe and saleable steel for SEA; 5. Adjusted for fair value changes on account of FX rate movement on loan given to T Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at TS Global Holdings

Management Comments:**Mr. T V Narendran, Chief Executive Officer & Managing Director:**

“Over the last 15 months, the global economy has been recovering driven by policy support and progressive vaccination which has led to improvement in business and customer confidence. However, Indian markets were adversely impacted again during the last quarter due to the 2nd wave of COVID-19 which impacted our steel production as well as deliveries. Demand has begun recovering in India, though domestic steel prices continue to be at a steep discount to China import parity prices. We continue to focus on our objective to attain and retain market leadership in chosen segments by building strong customer relationships, superior distribution network, rolling out brands and developing new products & solutions in steel and new materials.

We are also focused on value accretive growth. Our 5 MTPA TSK phase II expansion is progressing well. It will drive product mix enrichment and cost reduction, further strengthening our competitive position. We have accelerated capex allocation for the 6 MTPA Pellet plant and the CRM complex, both are expected to be commissioned by 1st half of 2022.”

Mr. Koushik Chatterjee, Executive Director and Chief Financial Officer:

“Our consolidated financial performance for the quarter was exceptionally strong on the back of strong underlying business performance and buoyant market conditions. The company has achieved highest ever quarterly consolidated EBITDA of Rs.16,185 crores, and a Profit after tax of Rs 9,768 crores which is higher than the full year PAT of Financial Year 2021. While the India business has recorded an EBITDA of Rs.13,946 crores, our European business also had an improved quarter, and the impact of rising spreads are expected to positively benefit in the coming quarters.

Despite the increase in working capital due to higher prices of both steel and raw material, the company generated consolidated free cash flow of over Rs.3,500 crores during this quarter and made debt repayments of Rs.5,894 crores. We are committed to deleverage further and expect to bring down the debt significantly by the end of the current financial year. We continue to prioritize capex spend on ongoing projects and strategically essential investments.

The financial metrics of the company have strengthened further; Net Debt to Equity is less than 1x while Net Debt to EBITDA is now down to 1.59x. We are happy to note that Standard & Poor's has recently upgraded the credit rating by one notch to BB Stable. The group liquidity position remains strong at Rs.20,695 crores, including Rs.10,264 crores of cash and cash equivalents.”

Disclaimer:

Statements in this press release describing the Company's performance may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in or due to the environment, Government regulations, laws, statutes, judicial pronouncements and/ or other incidental factors.

About Tata Steel

Tata Steel group is among the top global steel companies with an annual steel production capacity of 34 million tonnes per annum. It is one of the world's most geographically diversified steel producers, with operations and commercial presence across the world. The group recorded a consolidated turnover of US \$21.06 billion in the financial year ending March 31, 2021.

A Great Place to Work-Certified™ organisation, Tata Steel Ltd., together with its subsidiaries, associates, and joint ventures, is spread across five continents with an employee base of over 65,000.

Tata Steel has been a part of the DJSI Emerging Markets Index since 2012 and has been consistently ranked amongst top 5

steel companies in the DJSI Corporate Sustainability Assessment since 2016. Besides being a member of ResponsibleSteel™ and worldsteel's Climate Action Programme, Tata Steel has won several awards and recognitions including the World Economic Forum's Global Lighthouse recognition for its Jamshedpur, Kalinganagar and IJmuiden Plants, and Prime Minister's Trophy for the best performing integrated steel plant for 2016-17. The Company, ranked as India's most valuable Metals & Mining brand by Brand Finance, featured amongst CII Top 25 innovative Indian Companies in 2020, received rating of 'A-' (leadership band) from CDP for its Climate Change disclosure and Supply Chain disclosure, Steel Sustainability Champion 2020 recognition from worldsteel, 'Most Ethical Company' award 2021 from Ethisphere Institute, Best Risk Management Framework & Systems Award (2020) from CNBC TV-18, and Award for Excellence in Financial Reporting FY20 from ICAI, among several others.

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