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November 13, 2013

**Tata Steel maintains positive earnings momentum in the second quarter ended
September 30, 2013**

Tata Steel Group today declared its Consolidated Financial Results for the first half and second quarter ended September 30, 2013. The positive momentum in earnings continued even in a seasonally weak period as the Group net profits for the second quarter came in at ₹917 crores compared to the net loss of ₹364 crores in the previous year while the net profit for the first half of this year was ₹2,056 crores compared to ₹234 crores in the first half of last year. This turnaround was driven by the steady ramp-up of the Indian operations and improved performance at the European and South East Asian operations.

Group Performance Highlights:

- Group steel deliveries in H1 FY 2013-14 (H1 FY'14) increased to 12.56 million tonnes from 11.74 million tonnes in H1 FY 2012-13 (H1 FY'13). Deliveries in Q2 FY 2013-14 (Q2 FY'14) were 6.48 million tonnes compared to 6.08 million tonnes in Q1 FY 2013-14 (Q1 FY'14) and 6.07 million tonnes in Q2 FY 2012-13 (Q2 FY'13).
- Group consolidated turnover in H1 FY'14 was ₹69,450 crores versus ₹67,954 crores in H1 FY'13. Q2 FY'14 turnover increased to ₹36,645 crores from ₹32,805 crores in Q1 FY'14 and ₹34,133 crores in Q2 FY'13.
- H1 FY'14 Group EBITDA was ₹7,539 crores compared to ₹6,034 crores in H1 FY'13. Q2 FY'14 EBITDA increased to ₹3,784 crores from ₹3,755 crores in Q1 FY'14 and rose significantly from ₹2,453 crores in Q2 FY'13.
- Group Profit after Tax (after minority interest and share of profit of associates) in H1 FY'14 was ₹2,056 crores versus ₹234 crores in H1 FY'13. Profit after tax in Q2 FY'14 was ₹917 crores compared to ₹1,139 crores in Q1 FY'14 and a loss of ₹364 crores in Q2 FY'13.
- The Group's Basic and Diluted Earnings per share (EPS) for H1 FY'14 surged to ₹20.26 from ₹1.48 in H1 FY'13. EPS in Q2 FY'14 came in at ₹8.98 compared to ₹11.28 in Q1 FY'14 and a loss of ₹4.21 in Q2 FY'13.
- Cash and cash equivalents as on September 30, 2013 were ₹12,779 crores and net debt was ₹64,334 crores. Total liquidity including undrawn credit lines was ₹17,500 crores.



India

The Indian operations continued the steady ramp-up of its expanded capacity despite the seasonally weak quarter, exacerbated by heavy monsoons and weaker economic conditions.

- Flat Products, Merchant Mill and New Bar Mill achieved their best ever half yearly production. The rolling facilities associated with the 3mtpa brownfield expansion at Jamshedpur were ramped up to full capacity towards the end of the quarter.
- Tata Steel was adjudged the Best Performing Integrated Steel Plant in the country for 2011-12 by the Prime Minister's trophy assessment team. At the same time, eleven employees of Tata Steel were conferred with the prestigious Prime Minister's Shram Awards for the year 2012 by the Government of India.
- Deliveries increased by 22% to 4.04 million tonnes in H1 FY'14 from 3.32 million tonnes in H1 FY'13 with the ramp-up of the expansion in Jamshedpur. Q2 FY'14 deliveries were 2.04 million tonnes versus 2 million tonnes in Q1 FY'14 and 1.73 million tonnes in Q2 FY'13.
- Sales of Flat Products were 5% higher than the previous quarter and 40% higher compared to H1 FY'13 with strong sales across product and customer categories. In the Long Products segment, the company increased the sale of value added products despite the slowdown across end-user sectors.
- Turnover in H1 FY'14 was ₹19,376 crores compared to ₹18,059 crores in H1 FY'13. Q2 FY'14 turnover increased to ₹9,921 crores from ₹9,455 crores in the previous quarter and ₹9,151 crores in Q2 FY'13.
- H1 FY'14 EBITDA was ₹6,099 crores, up by 12% from ₹5,459 crores in H1 FY'13. Q2 FY'14 EBITDA was higher at ₹3,202 crores compared to ₹2,897 crores in Q1 FY'14 and ₹2,669 crores in Q2 FY'13. The EBITDA margin increased to 32% in Q2 FY'14 from 31% in the last quarter and 29% in Q2 FY'13.
- Profit after tax in H1 FY'14 was ₹2,915 crores, an 8% increase from ₹2,707 crores in H1 FY'13. Q2 FY'14 Profit was ₹1,559 crores; higher than ₹1,356 crores in Q1 FY'14 and ₹1,351 crores in Q2 FY'13.
- Basic EPS in H1 FY'14 increased by 8% to ₹29.11 from ₹26.95 in H1 FY'13. EPS in Q2 FY'14 was ₹15.59, an improvement compared to ₹13.51 in Q1 FY'14 and ₹13.44 in Q2 FY'13.

Europe

Operating performance in Europe continued to improve. Stabilising operations led to the highest like-for-like quarterly production for five years. EBITDA fell on a sequential basis as margins were squeezed in the second quarter.

- Production in Q2 FY'14 increased to 3.86 million tonnes from 3.74 million tonnes in the previous quarter. Q2 FY'14 production was 16% higher than the 3.34 million tonnes produced in Q2 FY'13.
- Deliveries totalled 6.6 million tonnes in H1 FY'14, compared to 6.63 million tonnes in H1 FY'13. Q2 FY'14 deliveries increased by 10% to 3.46 million tonnes from 3.14 million tonnes in Q1 FY'14 and by 1% from 3.42 million tonnes in Q2 FY'13.



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- Sales of differentiated products rose by 13% in H1 FY'14 compared to the previous year, highlighting the success of our strategy in a fiercely competitive market.
- Turnover in H1 FY'14 was ₹39,581 crores versus ₹40,720 crores in the previous year reflecting the decline in average selling prices. Q2 FY'14 turnover increased to ₹21,149 crores from ₹18,432 crores in Q1 FY'14 and ₹20,314 crores in Q2 FY'13.
- H1 FY'14 EBITDA was ₹1,331 crores, a significant improvement from ₹580 crores in H1 FY'13. Q2 FY'14 EBITDA was ₹554 crores compared to ₹777 crores in the previous quarter and the EBITDA loss of ₹40 crores in Q2 FY'13. The improvement over the previous year arose from the revival of production following the reopening of the Port Talbot blast furnace and from the continuing efforts to reduce costs and make the European operation an all-weather business.
- The quarter also marked some important customer wins and product innovations. The Company secured orders for the supply of high-quality rail for a new high-speed line linking the two holy cities of Mecca and Medina in Saudi Arabia. Tata Steel's UK operations have started supplying several grades of stronger steel that help to further reduce vehicle weight and thereby increase vehicles' fuel efficiency.

South East Asia

The South East Asian operations were partly affected by a furnace shutdown in Singapore, which came back into operation from August. Volumes improved significantly at both NatSteel and the Thai operations.

- H1 FY'14 deliveries totalled 1.82 million tonnes, a 22% increase over the 1.49 million tonnes in H1 FY'13. Q2 FY'14 deliveries were 0.96 million tonnes, up from 0.86 million tonnes in Q1 FY'14 and 0.77 million tonnes in Q2 FY'13.
- Turnover in H1 FY'14 was ₹8,086 crores compared to ₹6,878 crores in H1 FY'13. Q2 FY'14 turnover was ₹4,179 crores versus ₹3,908 crores in Q1 FY'14 and ₹3,506 crores in Q2 FY'13.
- EBITDA almost doubled to ₹222 crores in H1 FY'14 from ₹115 crores in H1 FY'13. Q2 FY'14 EBITDA was ₹129 crores, up from ₹93 crores in Q1 FY'14 and ₹20 crores in Q2 FY'13.

Financial Performance Analysis:

Consolidated financial results summary (under Indian GAAP) for the half year and second quarter ended 30 September 2013

All figures in ₹ Crore, unless specified

H1 FY'14	H1 FY'13	HIGHLIGHTS	Q2 FY'14	Q1 FY'14	Q2 FY'13
12.56	11.74	Steel Deliveries (million tons)	6.48	6.08	6.07
69,450	67,954	Turnover	36,645	32,805	34,133
7,539	6,034	EBITDA	3,784	3,755	2,453
2,847	2,643	Depreciation	1,444	1,403	1,335
1,855	1,640	Net Finance Charges	976	879	864
2,892	1,663	PBT	1,398	1,494	247
2,056	234	Profit after Taxes, Minority Interest and Share of Associates	917	1,139	-364



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Executive Comment

Mr T V Narendran, Managing Director of Tata Steel India and South East Asia, said: “Overall market conditions weakened during the last quarter, exacerbated by heavy monsoons and the credit slowdown affecting our customers. Despite these difficult conditions, we were able to increase deliveries by 18% over last year and increase market share on the back of strong customer relationships, our superior product portfolio and the strength of our distribution network. The rolling facilities of the brownfield expansion at Jamshedpur ramped up to full capacity towards the end of the second quarter. Our greenfield project in Odisha continues to make good progress though there have been some weather related disruptions due to the Phailin cyclone and the subsequent floods. The South East Asian operations have stabilised and should deliver strong performance over coming quarters.”

Dr Karl-Ulrich Köhler, MD & CEO of Tata Steel in Europe, said: “The improvement in production continued into the second quarter as our operations stabilised following the restart of the Port Talbot blast furnace. This fed through to a stronger financial performance in the first half, despite margins being squeezed in the September quarter. The investments in our asset base are proving their worth in what continues to be a challenging market. We are focused on maintaining our momentum and will continue to strengthen partnerships with customers by offering them more premium products and services.”

Mr Koushik Chatterjee, Group Executive Director (Finance and Corporate), said: “The Tata Steel Group continued to maintain its earnings momentum in spite of seasonal weakness in Europe. The year-on-year improvement is evident with a 300 basis points increase in the Group EBIDTA compared to the corresponding quarter of the previous year. The Group cash flows from operations for the quarter were also very strong as we continued to focus on internal initiatives including working capital and spend management. Capital expenditure on the greenfield capacity in Odisha remains the key priority for the Group’s capital deployment and we have spent around ₹4,500 crores in the first half on this project. We continue to maintain adequate liquidity levels backed by project financing for the planned capex and track the currency movements to calibrate our hedging policy accordingly.”

Disclaimer

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



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