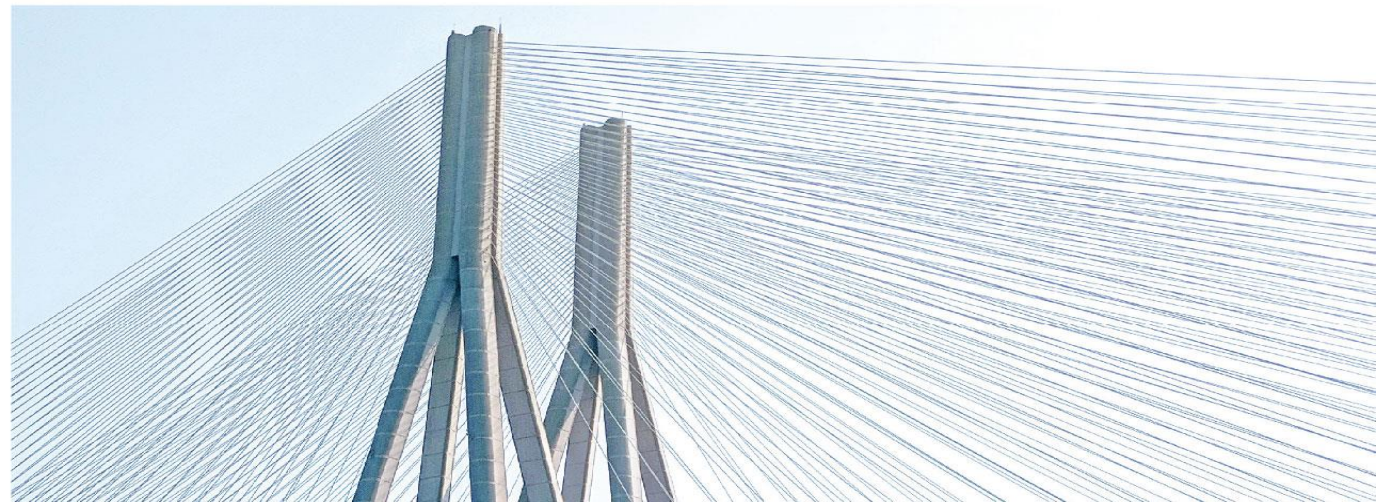




# Results Presentation

Financial quarter and nine month ended December 31, 2019

February 07, 2020



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## Safe harbor statement

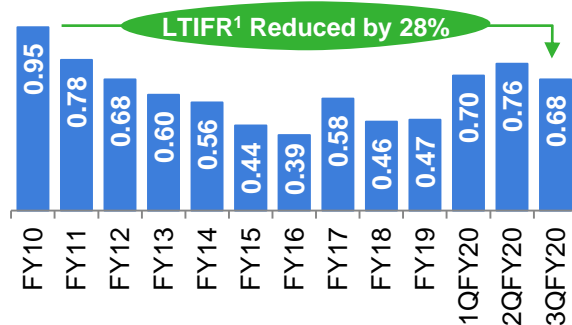
*Statements in this presentation describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could 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.*

# Committed towards excellence in Safety, Health & Sustainability



## SAFETY

- More than 44,000 contract employees trained and certified in various safety skills
- Identified about 2,400 Commonly Accepted Unsafe Practices during the campaign out of which 70% were eliminated
- To improve safety behavior on roads, video analytic system has been installed at TSJ on pilot basis



## HEALTH

- Organized awareness campaigns on 'Diabetes Prevention' and 'Noise & Dust Hazard' across Tata Steel – participation by more than 6,000 employees and contract employees
- Eight ergonomics control measures implemented for reduction of ergo risk factors

**51%**

High risk cases<sup>2</sup> transformed into moderate/low risk at Tata Steel India

## SUSTAINABILITY

- Tata Steel has been identified as a global leader for engaging with its suppliers on climate change; awarded a position on the Supplier Engagement Leaderboard by CDP
- Tata Steel Europe won Excellence in Life Cycle Assessment award at WSA's 10<sup>th</sup> Steelie awards
- Global Wires India received the Greenco Gold Rating from CII Green Business Centre for Environment Excellence

**25%**

Reduction over FY19 in specific water consumption at TSJ to 2.44 m<sup>3</sup>/tcs in 3QFY20

TSJ: Tata Steel Jamshedpur; TSK: Tata Steel Kalinganagar; Tata Steel India: TSJ + TSK

1. LTIFR: Lost Time Injury Frequency Rate per million man hours worked; for Tata Steel Group

2. High risk cases across Tata Steel India as per the health index; Health Index measurement based on BMI, cholesterol, blood pressure and sugar

# Engaging with neighbouring communities and improving their life quality

TSL Standalone spent more than Rs.1,100 crores in India over last 5 years

## Education

- 1000 Schools Projects –1,370 schools and over 1,00,000 children supported in Odisha and Jharkhand
- 30 Model schools – 22 schools completed, 19 handed over
- Pre-Metric coaching support – 5,187 children supported
- Jyoti Fellowship – 993 meritorious SC/ST students awarded

## Livelihood

- Installation and repair of hand tube wells and deep bore wells – 68,000 people provided access to drinking water
- Self Help Groups – Over 12,750 women empowered
- Awareness programs on ‘Persons with Disability’ – 1,500 people touched

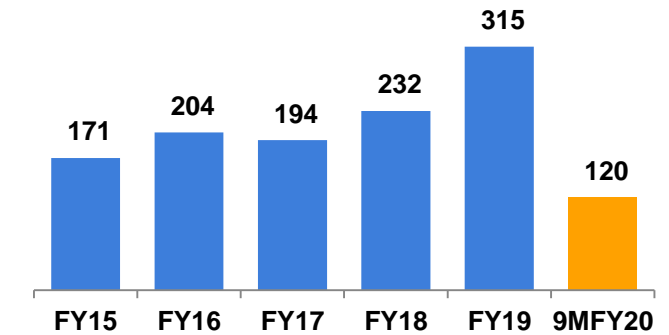
## Health & Sanitation

- Health care clinics, mobile medical units and health camps – over 4,60,000 patient footfalls recorded
- Regional Initiative for Safe Sexual Health by Today’s Adolescents (RISHTA) –14,588 adolescents covered
- Partnership with Sankara Nethralaya’s Mobile Eye Surgical Units and others – 1,674 cataract surgeries facilitated
- Mother & Child Health Services – 6,421 benefitted

## Europe

- More than 100 children took part in a Tata- Kids of Steel football clinic in the Netherlands to improve their football skills and physical condition
- ‘Girls into STEM’ - a two day event hosted by Tata Steel in South Wales encouraging young girls to think about careers in Scientific, Technical, Engineering or Mathematical (STEM) field

TSL Standalone – CSR Spend (Rs. crores)



# Key performance highlights and updates



## Group performance

- Consolidated EBITDA was Rs.3,659 crores, EBITDA margin of 10.3%, EBITDA per ton of Rs.5,003/t
- India<sup>1</sup> operations contributed 66% out of consolidated deliveries of 7.31 mn tons
- TSE<sup>2</sup> performance was adversely affected by market conditions with realisations dropping by £75/t
- Working capital release of more than Rs.6,000 crores across geographies



## India business

- Delivered 17%QoQ volume growth despite 3%QoQ decline in domestic demand with strong growth across business verticals
- Tata Steel BSL and Tata Steel Long Products deliver significant operational improvement
- India<sup>1</sup> EBITDA was Rs.4,111 crores, EBITDA margin of 19.3%, EBITDA per ton of Rs.8,484/t



## Financial Health

- Net Debt reduced by Rs.2,324 crores during the quarter
- Repaid US\$500mn ABJA 2020 bonds in January 2020
- Refinanced €1.75bn bank debt of TSE<sup>2</sup> on more flexible terms and better pricing
- Liquidity position robust at Rs.14,027 crores

Recalibrating operations to market conditions

1. India includes Tata Steel Standalone Limited, Tata Steel BSL Limited (TSBSL) and Tata Steel Long Products Limited (TSLP) on proforma basis without inter-company eliminations; Tata Steel BSL financials are consolidated from 18th May, 2018; Steel business of Usha Martin Limited has been consolidated with Tata Steel Long Products from 09<sup>th</sup> April, 2019

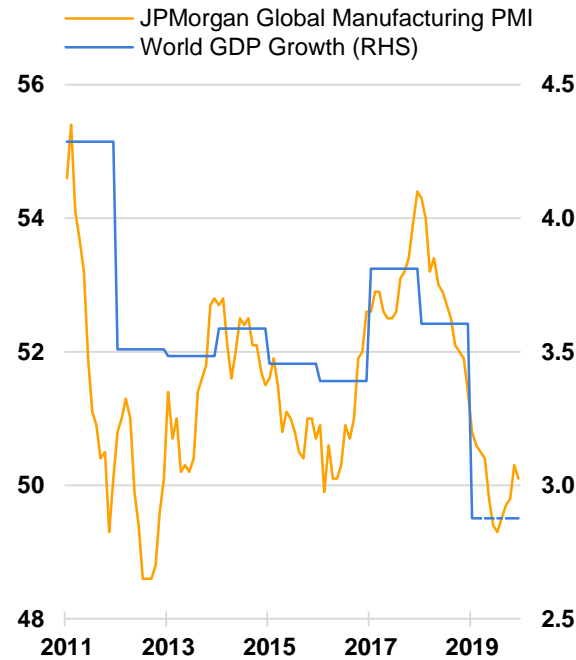
2. TSE: Tata Steel Europe

# Global macro and business environment

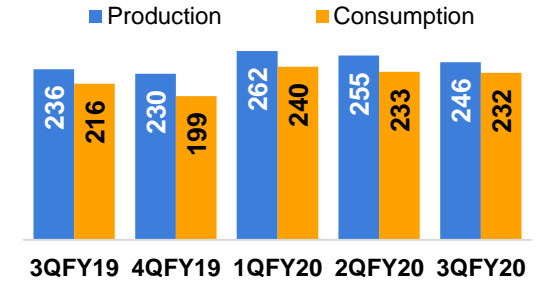
- Global GDP growth further slowed down in 3QFY20 amidst heightened concerns over US-China trade war
- World –ex China steel production declined by 5.1%YoY in 3QFY20; Chinese production went up by 4.8%YoY.
- Chinese apparent steel consumption remained steady, inventories were lower than previous year and monthly steel exports stabilized below 5 mn tons
- Asian steel spot spreads improved from mid-November with increase in Chinese and Asian steel prices; further supported by softening HCC prices

Full benefit of improved spreads is yet to flow through P&L

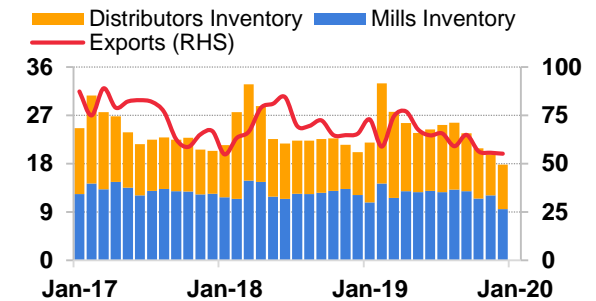
### World GDP growth (% YoY) and global manufacturing PMI



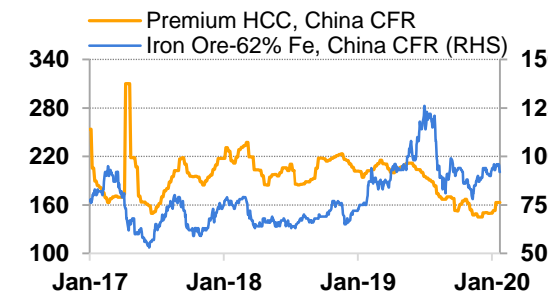
### China crude steel production and domestic consumption<sup>1</sup> (mn tons)



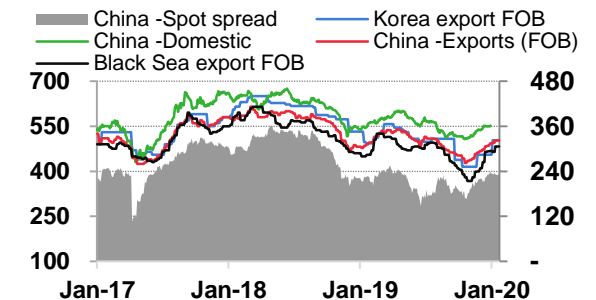
### China steel inventory and annualised exports (mn tons)



### Iron ore and Coking coal prices (\$/t)



### Global HRC prices and Gross spot HRC spread (\$/t)

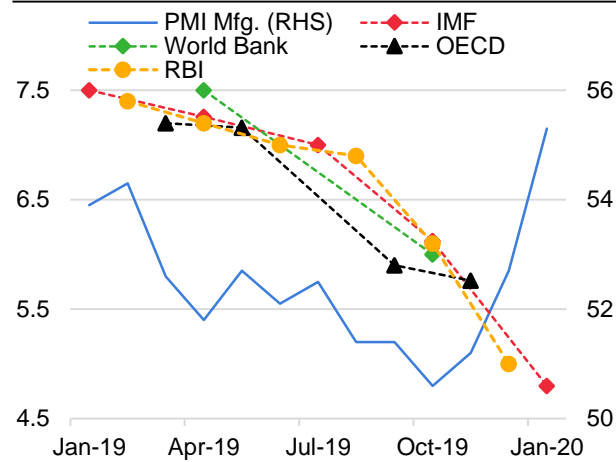


Sources: World Steel Association, Platts, IMF, Bloomberg, SteelMint, JP Morgan and Morgan Stanley; China export HRC - China Weekly Hot Rolled Steel 3mm Export Price Shanghai, North Europe HRC - PLATTS, China Domestic HRC - China Domestic Hot Rolled Steel Sheet Spot Average Price, China HRC spot spreads =China HRC exports FOB – (1.65x Iron Ore Fe 62% China CFR+ 0.7x Premium Hard Coking Coal China CFR); 1. Post adjustment for Inventory at Mills and distributors

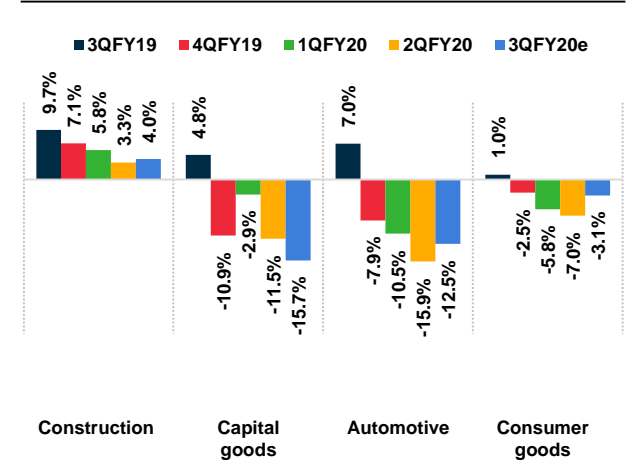
# India macro and business environment

- Indian economy remained weak in 3QFY20; all the key agencies have been trimming India GDP growth estimates for FY20
- Automotive, capital goods as well as consumer goods sector continue to decline on YoY basis; activities in construction sector improved marginally post prolonged and heavy monsoon
- Domestic steel consumption decelerated amid tepid domestic demand
- Steel prices reached a nadir in October 2019 before improving from November onwards

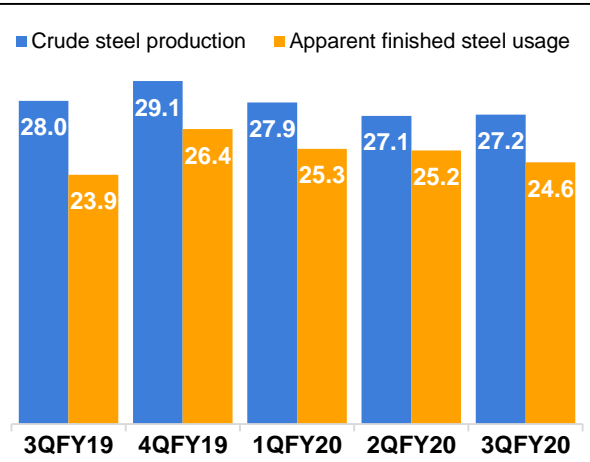
Manufacturing PMI and FY20 GDP growth estimates over the last year



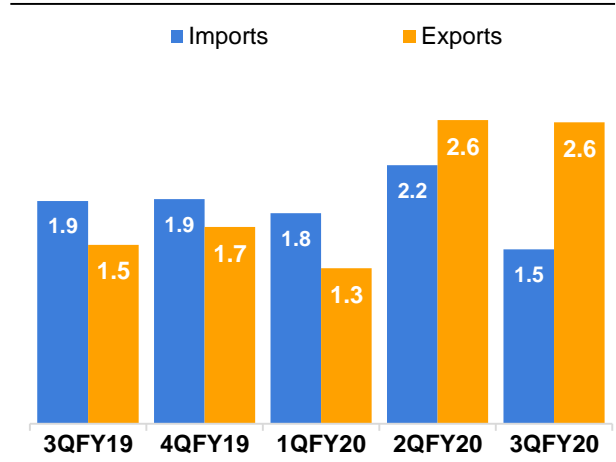
Key sectors growth\* (% Change, YoY)



India steel production and consumption (mn tons)



India steel imports and exports (mn tons)



Steel prices increased from mid November

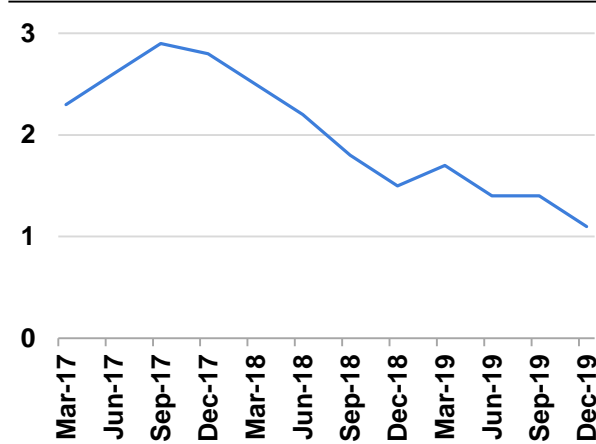
Source: Bloomberg, RBI, OECD, World Bank, IMF, SIAM, Joint plant committee, MOSPI, World Steel Association

\*Growth of key steel consuming sector is calculated by removing sub-segments which do not consume steel

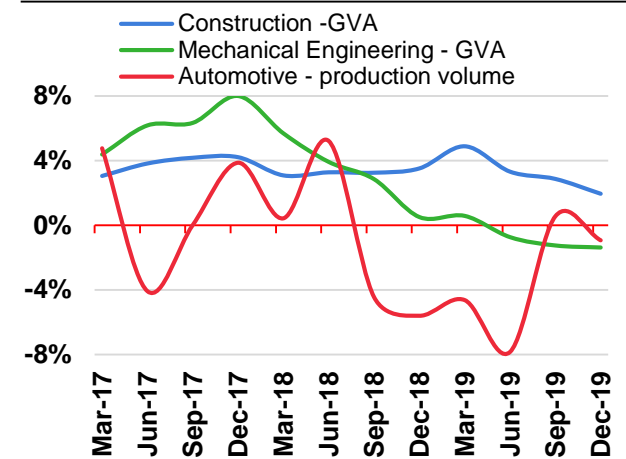
# Europe macro and business environment

- European Union GDP grew by 1.1%YoY in 3QFY20 while expanded marginally on QoQ basis
- Manufacturing sector remains in slump with weakened exports and investments
- Steel demand continues to decline with de-growth in key consuming sectors like Auto and Mechanical Engineering; real steel consumption have been estimated to decrease by 1.1%YoY in 2019
- Steel imports in EU remains at the elevated level
- Gross spot spreads declined by ~\$40/t to ~\$200/t in Dec'19 compared with Sep'19 as steel prices fell by \$45/t

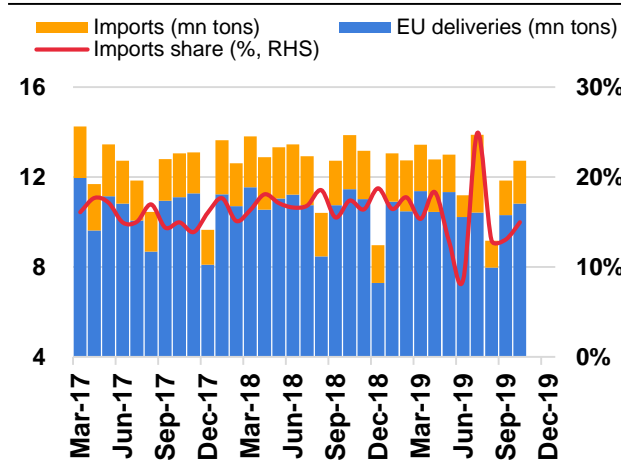
EU GDP (% YoY)



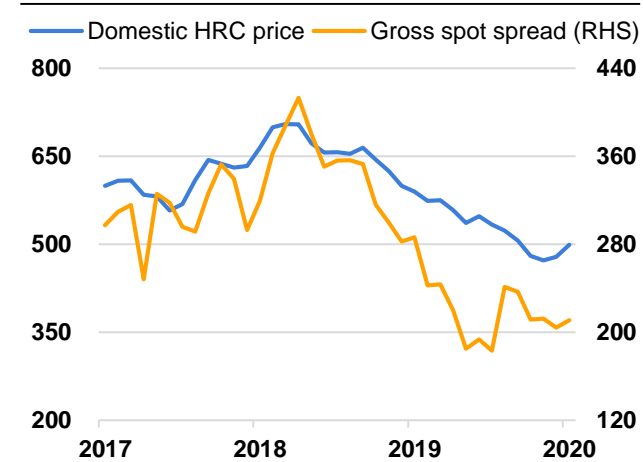
EU key steel consuming sectors (%YoY)



EU Market Supply



European HRC price and spread (\$/t)



Gross spot spreads dropped to unsustainable level

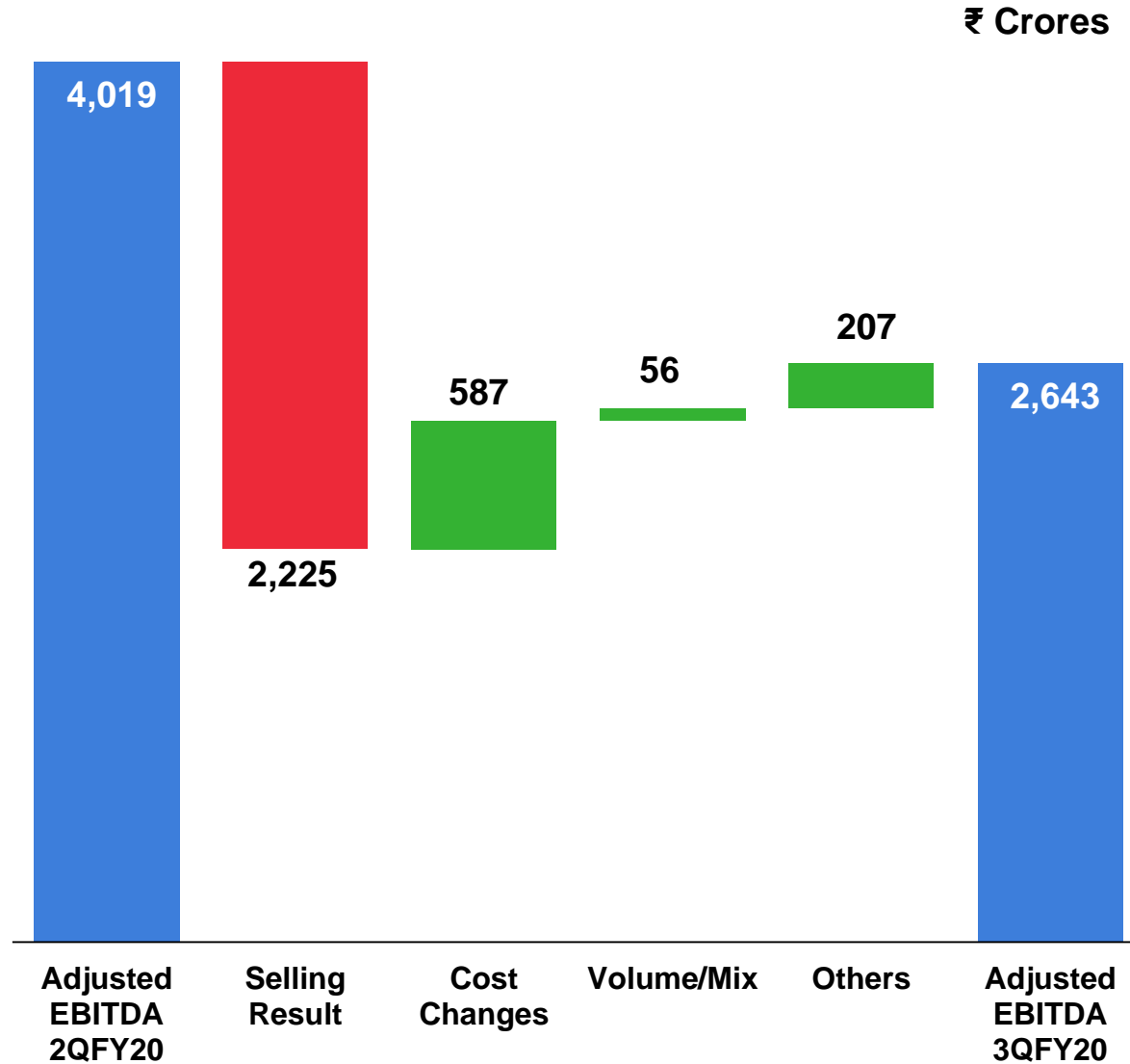


## Consolidated operational and financial performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY20	2QFY20	3QFY19
Production (mn tons) <sup>1</sup>	6.99	6.95	6.71
Deliveries (mn tons)	7.31	6.53	6.47
Total revenue from operations	35,520	34,579	38,854
Raw material cost <sup>2</sup>	13,754	14,864	15,389
Change in inventories	3,356	(16)	(529)
<b>EBITDA</b>	<b>3,659</b>	<b>3,893</b>	<b>6,726</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>2,643</b>	<b>4,018</b>	<b>7,217</b>
<b>Adjusted EBITDA per ton (Rs./t)</b>	<b>3,614</b>	<b>6,155</b>	<b>11,154</b>
Pre exceptional PBT from continuing operations	(216)	27	3,191
Exceptional items	(329)	(34)	32
Tax expenses	621	(4,050)	1,407
<b>PAT</b>	<b>(1,229)</b>	<b>3,302</b>	<b>1,753</b>
<b>Diluted EPS (Rs. per Share) – not annualised</b>	<b>(9.91)</b>	<b>29.25</b>	<b>19.58</b>

Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"; 1. Production Numbers: Tata Steel Standalone, Tata Steel BSL & Tata Steel Long Products - Crude Steel Production, Europe - Liquid Steel Production; 2. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products, 3. Adjusted for fair value changes on account of exchange rate movement on investments in T Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at TS Global Holdings

# Consolidated Adjusted EBITDA<sup>1</sup> movement



- Selling results reflects sequentially lower steel prices across geographies especially Europe
- Lower costs across geographies due to lower raw material prices
- Volume/mix impact due to higher deliveries across geographies, partially offset by adverse product mix at Tata Steel standalone, Tata Steel BSL and Europe

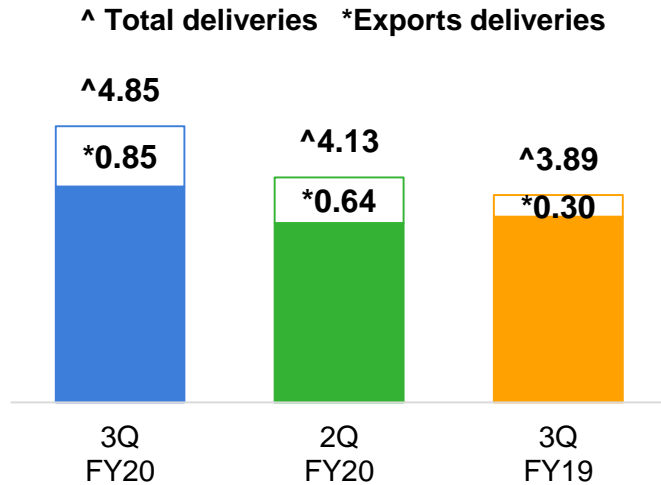
1. EBITDA adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings

# Tata Steel India<sup>1</sup>: Quarterly production and delivery volumes

Crude Steel Production Volume (mn tons)



Total deliveries volume (mn tons)

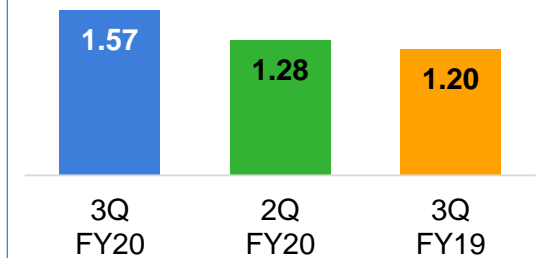


- Total deliveries grew 17%QoQ with 15%QoQ increase in domestic deliveries; despite 3% decline in India's apparent steel consumption
- Maintained Automotive segment deliveries on QoQ basis amidst 13%QoQ decline in Auto industry production
- Branded Products & Retail segment and Industrial Product & Projects segment deliveries grew 22%QoQ and 12%QoQ, respectively

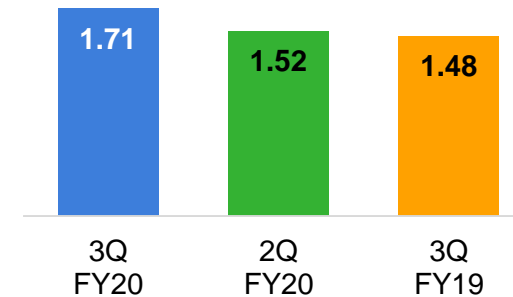
Automotive and Special Products



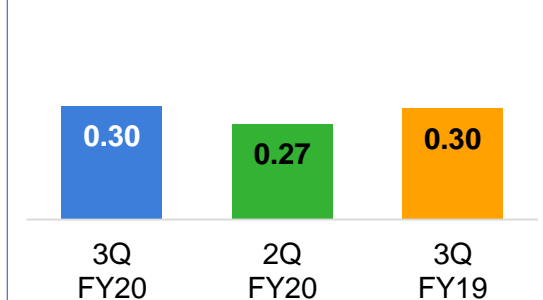
Branded Products and Retail



Industrial Products and Projects



Downstream<sup>2</sup>









Strength of business model drives increase in market share

1. Tata Steel India includes Tata Steel Standalone, Tata Steel BSL and Tata Steel Long Products on proforma basis without inter-company eliminations; Tata Steel BSL has been consolidated from 18<sup>th</sup> May, 2018; Tata Steel Long Products has been included from 09<sup>th</sup> April, 2019

2. Transfers to downstream units

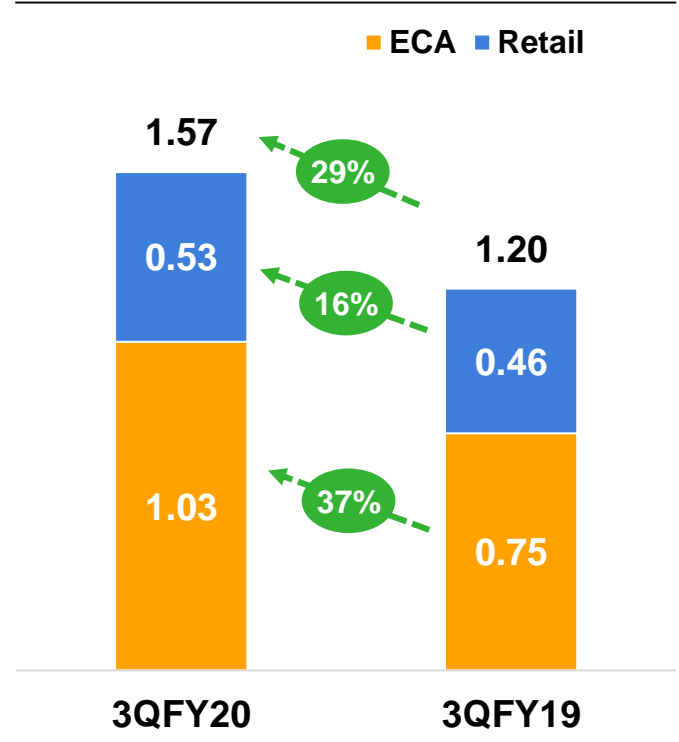
# Branded Products and Retail

- Continued focus on physical and digital channel expansion helps improve market penetration and drive volumes
  - On the ground distributor/dealer network increased by 11% YoY
  - Digital channel scales up:
    - ✓ 'Tata Steel AASHIYANA' - India's first ever multi-brand e-commerce platform for IHBs reaches an annualized revenue run rate of Rs.380 crores in 3QFY20
    - ✓ 'Tata BASERA' – an initiative to leverage distribution networks across Tata Group Companies – realised a year to date sales of Rs.114 crores

Retail	  	<ul style="list-style-type: none"> <li>■ <b>Retail business experienced 16%YoY growth:</b> <ul style="list-style-type: none"> <li>✓ Tata Tiscon: volume grew 12%YoY led by Aashiyana channel scale up and group synergy initiatives</li> <li>✓ Tata Shaktee: Volumes grew 13%YoY with launch of long length GC sheets, WAMA (wall profile) and improvement in TSBSL's galvanised line capability</li> <li>✓ Tata Kosh: Brand launched for rural consumable markets; 3x increase in dealer footprint</li> </ul> </li> </ul>
ECA	  	<ul style="list-style-type: none"> <li>■ <b>ECA business experienced 37%YoY growth:</b> <ul style="list-style-type: none"> <li>✓ New channel capacity drove 40% of 3QFY20 sales growth</li> <li>✓ Sale of Coated Products increased by 60% YoY</li> <li>✓ Value Added Products sales increased by 41%YoY</li> </ul> </li> </ul>

Channel expansion and strong brand equity delivers superior growth

BPR Sales (in mn tons)



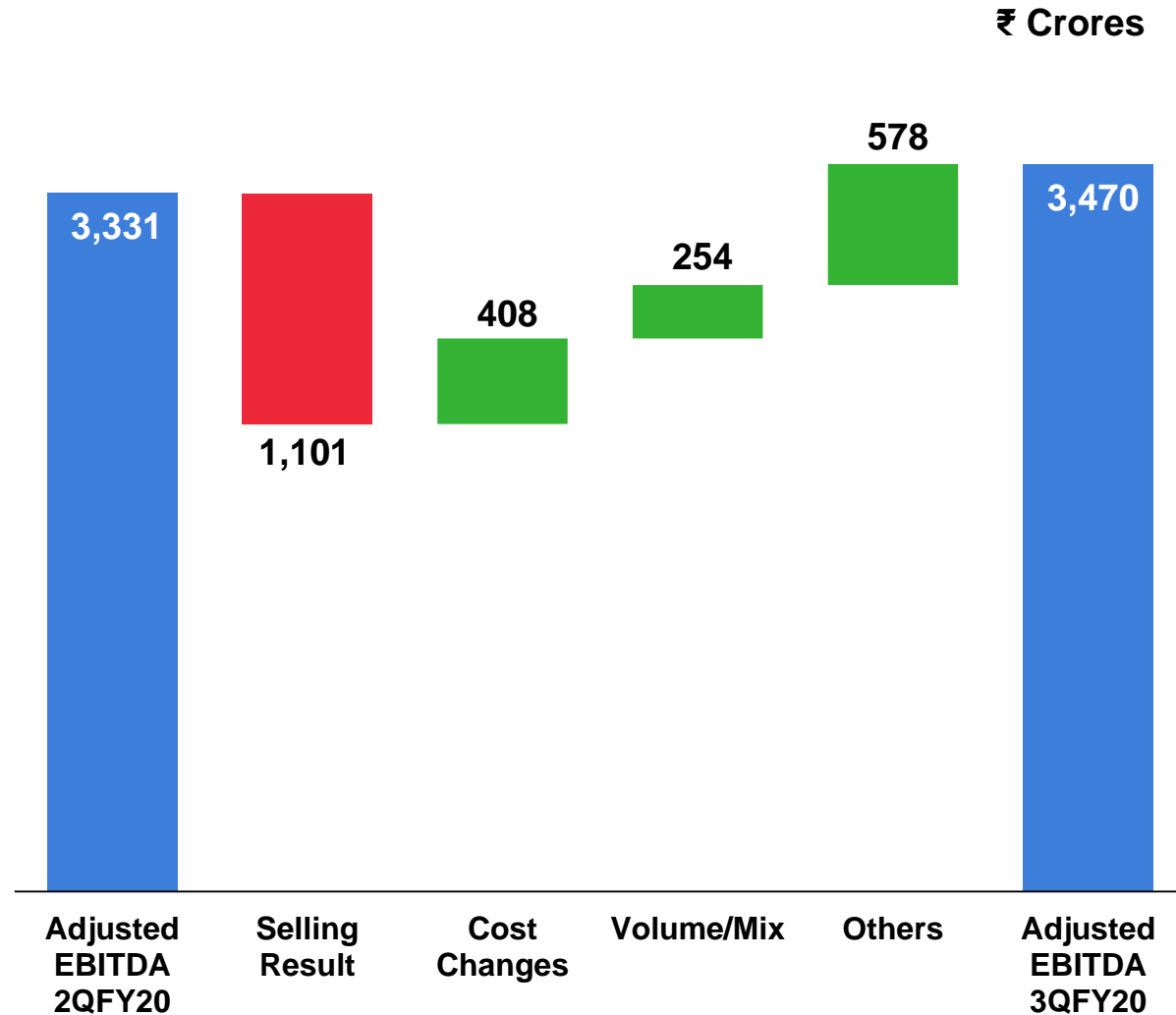
ECA: Emerging Customer Accounts; IHBs: Individual Home Builders; GC: Galvanized Corrugated

## Tata Steel Standalone: Financial performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY20	2QFY20	3QFY19
<b>Total revenue from operations</b>	<b>15,262</b>	<b>14,871</b>	<b>17,174</b>
Raw material cost <sup>1</sup>	4,210	5,151	5,828
Change in inventories	1,326	(366)	(928)
<b>EBITDA</b>	<b>3,791</b>	<b>3,546</b>	<b>4,559</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>3,470</b>	<b>3,331</b>	<b>4,872</b>
<b>Adjusted EBITDA per ton (Rs./t)</b>	<b>10,123</b>	<b>11,200</b>	<b>16,404</b>
Pre exceptional PBT from continuing operations	2,066	1,891	3,514
Exceptional items	349	(3)	260
Tax expenses	611	(1,949)	1,317
<b>Reported PAT</b>	<b>1,804</b>	<b>3,838</b>	<b>2,456</b>
<b>Diluted EPS (Rs. per Share) – not annualised</b>	<b>15.30</b>	<b>33.00</b>	<b>21.05</b>

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products; 2. EBITDA adjusted for fair value changes on account of exchange rate movement on investments in T Steel Holdings

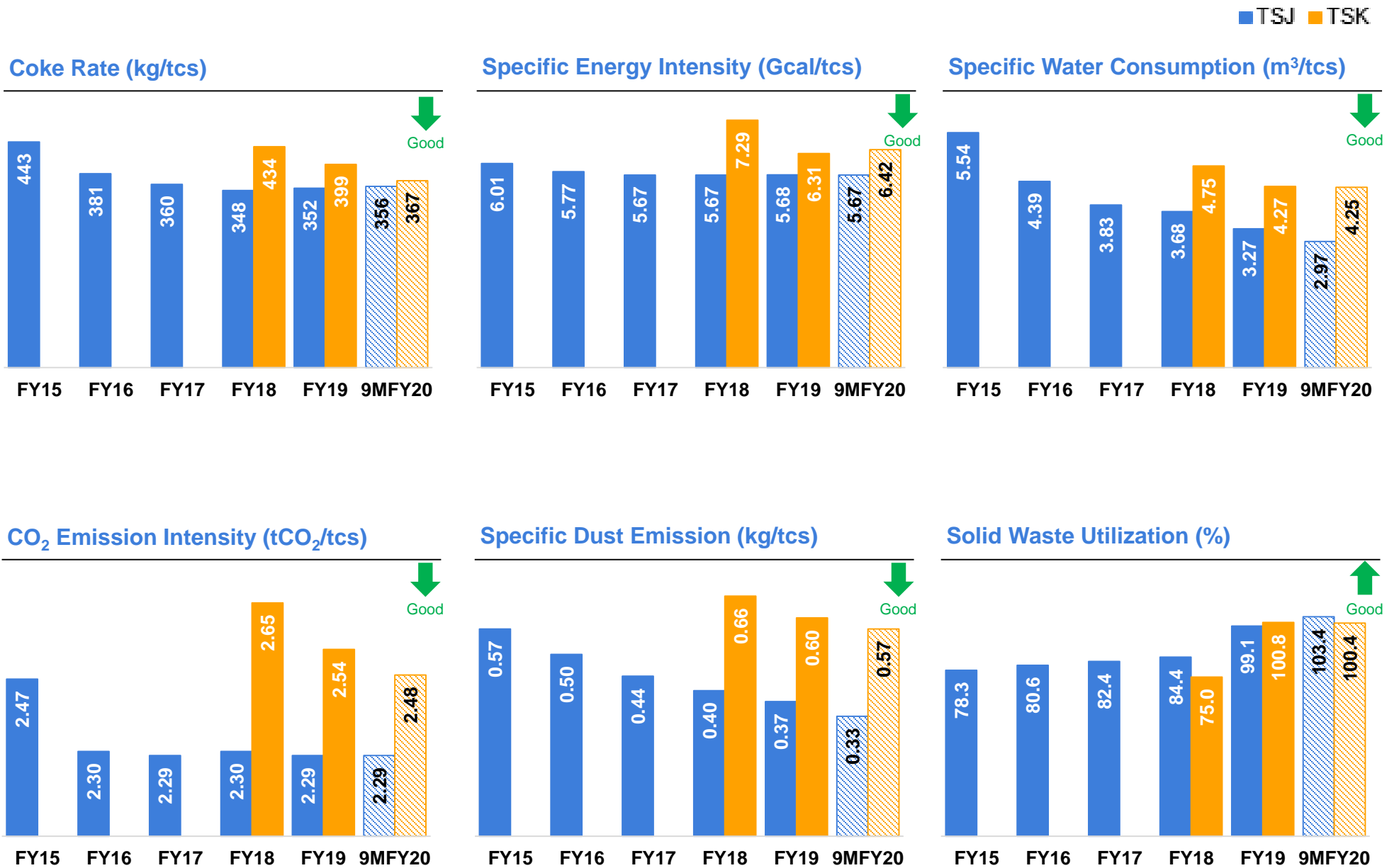
# Tata Steel Standalone: Adjusted EBITDA<sup>1</sup> movement



- Selling results reflects sequentially lower steel realizations
- Cost improvement is primarily due to lower coal cost and lower consumption of purchased pellet
- Volume/mix impact primarily due to higher deliveries, partially offset by adverse mix impact due to higher exports
- Others primarily include reversal of provisions no longer required

1. Adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings

# Tata Steel Standalone: Key sustainability parameters



TSJ: Tata Steel Jamshedpur; TSK: Tata Steel Kalinganagar

# Tata Steel Kalinganagar Phase 2 expansion

## Key updates

- Cold Rolling Mill (CRM) complex and Pellet plant have been prioritized to improve product mix and bring cost efficiency
- CRM Complex:
  - Pickling Line and Tandem Cold Rolling Mill (PLTCM) - Civil and structure construction has progressed substantially; equipment erection for mill & entry section has commenced; most of the imported equipment have been delivered at site
  - Engineering of Continuous Annealing Line & Continuous Galvanizing Line are nearing completion; civil work is in advanced stage
- Pellet Plant: Engineering nearing completion; civil work of main process units completed



EOT Crane of PLTCM



Entry side equipment foundation of PLTCM



ECR Building of PLTCM

CRM and Pellet  
plant have been  
prioritized



## Tata Steel BSL: Consolidated performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY20	2QFY20	3QFY19
Crude Steel production (mn tons)	1.15	1.07	1.04
Deliveries (mn tons)	1.26	1.04	0.92
Total revenue from operations	5,038	4,555	4,889
Raw material cost <sup>1</sup>	2,630	2,720	2,866
Change in inventories	744	52	(417)
<b>EBITDA</b>	<b>284</b>	<b>527</b>	<b>1,009</b>
<b>EBITDA/t (Rs.)</b>	<b>2,261</b>	<b>5,062</b>	<b>11,005</b>

### Key updates

- 3QFY20 crude steel production was higher by 8%QoQ; deliveries grew 20%QoQ with higher exports and domestic sales; achieved highest ever quarterly sales of 1.26 Mt
- Operational KPIs improvement during 3QFY20– a) 2%YoY reduction in fuel rate, b) 3%YoY reduction in coke rate and c) 15%YoY reduction in power consumption rate
- Ramp up of Branded Product Sales (Tata Kosh, Tata Shaktee & Tata Steelium) with appointment of new channel partners in multiple territories
- Ramping up of ‘Tata Structura’ and ‘Tata Pipes’ branded Large Dia Pipes; includes supplies to new airport projects e.g. Lucknow and Trichy
- Steady state of order load post development of API X70 grade for large dia segment for cross country pipeline/city gas distribution

Improvements in operational KPIs and market presence

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

## Tata Steel Long Products: Consolidated performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY20	2QFY20	3QFY19
<b>Production ('000 tons)</b>			
- Crude Steel	157	150	NA
- Sponge	221	172	109
<b>Deliveries ('000 tons)</b>			
- Steel	162	118	NA
- Sponge	187	141	112
<b>Total revenue from operations</b>	<b>999</b>	<b>778</b>	<b>261</b>
Raw material cost <sup>1</sup>	588	642	192
Change in inventories	63	(95)	3
<b>EBITDA</b>	<b>36</b>	<b>(40)</b>	<b>35</b>

### Key updates

- Realizations were higher with higher deliveries and improved sponge NR, partly offset by lower steel NR; EBITDA/t improved by ~Rs.5,600 supported by cost reduction initiatives
- Focus on stabilizing newly acquired facilities and improving operating KPIs - a) Improvement in PCI rate to 115 kg/thm from 104 kg/thm in 2QFY20, b) reduction in power consumption rate to 273kwh/tcs from 275kwh/tcs in 2QFY20
- Captive iron ore production ramped up post monsoons; started commercial production at pellet plant for Tata Steel on conversion basis from 14<sup>th</sup> January 2020
- Focus on improving market share across segments; added 11 new customer in 3QFY20 including non-automotive customers

Operational improvements drive performance

Note: Steel business of Usha Martin Limited has been consolidated with Tata Steel Long Products from 09<sup>th</sup> April, 2019

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

## Tata Steel Europe: performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY20	2QFY20	3QFY19
Liquid Steel production (mn tons)	2.51	2.45	2.34
Deliveries (mn tons)	2.35	2.29	2.35
Total revenue from operations	13,821	14,035	15,850
Raw material cost <sup>1</sup>	6,240	6,431	6,395
Change in inventories	1,198	340	847
<b>EBITDA</b>	<b>(956)</b>	<b>165</b>	<b>949</b>
<b>EBITDA/t (Rs.)</b>	<b>(4,068)</b>	<b>721</b>	<b>4,043</b>

### Key updates

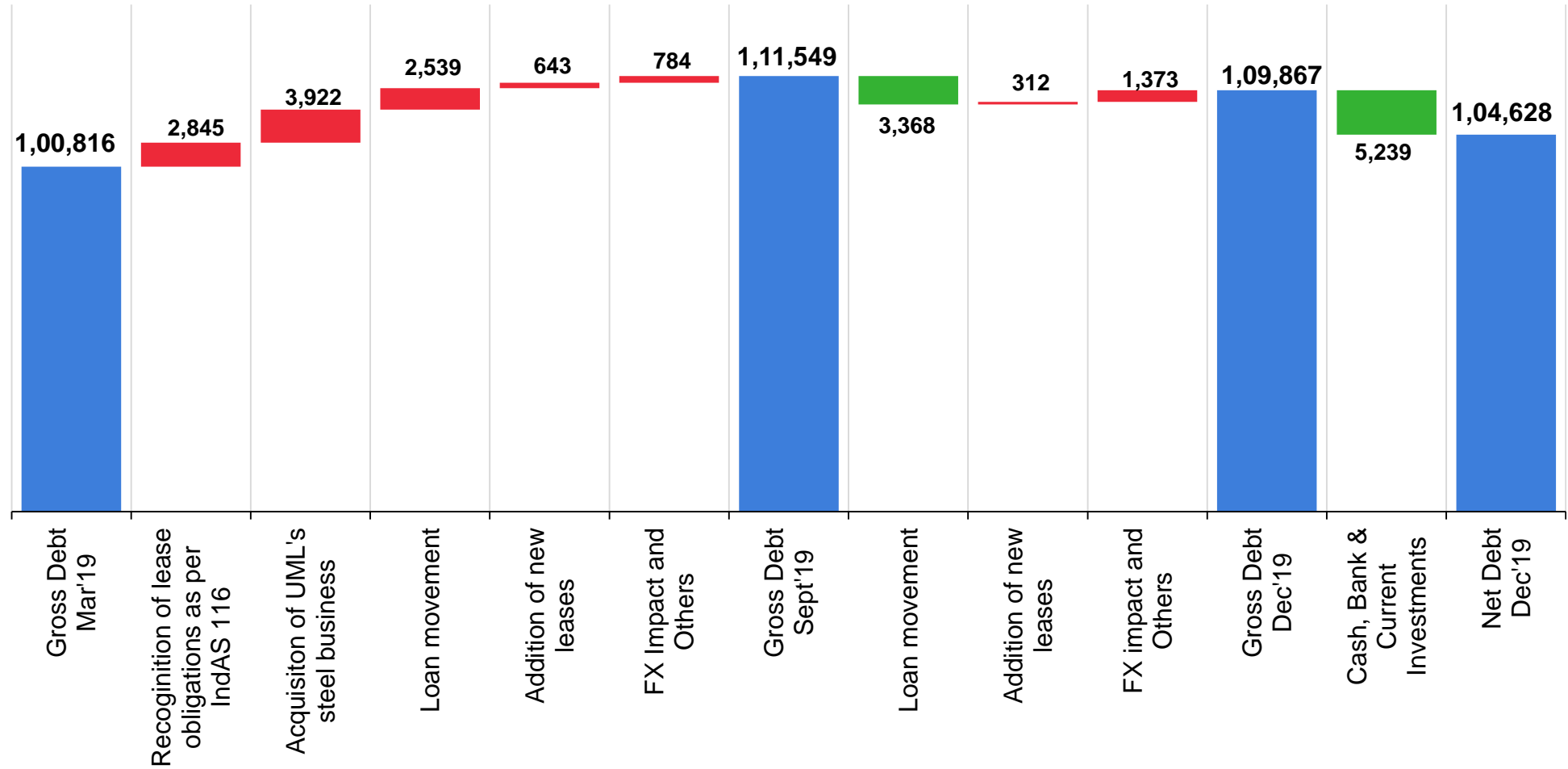
- 3QFY20 production and deliveries were higher by 3% on QoQ basis in line with weak market conditions which saw realisations drop by £75/t
- Launched 6 new products during the quarter
- Launched transformation program to make business stronger and more sustainable with focus on boosting productivity, reducing bureaucracy, and increasing sales of higher-value steel products
- Refinanced €1.75 billion bank debt on more flexible terms and better pricing; maturity profile also improved

Transformation programme to make operations stronger and sustainable

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

# Consolidated Debt movement

Rs. Crores



■ \$500mn ABJA 2020 bonds have been repaid in January 2020

Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"

# Business Outlook

## Steel Demand

- Global steel demand is expected to improve on sustained monetary stimulus and restocking; however, Coronavirus is a risk
  - India steel demand is expected to improve in seasonally stronger 4QFY20 with increase in the government spending and improving liquidity
  - Steel demand in European Union is expected to increase by 1.4% in CY20
- 

## Steel prices

- Regional steel prices are expected to find support from supply discipline
  - Domestic steel prices are picking-up with better supply-demand balance and increasing activity levels
- 

## Iron Ore

- International prices are expected to soften on improving supply and low offtake from China in near term. However, India domestic iron prices may increase if ongoing mine auctions result in disruption of operations
- 

## Coking Coal

- Coking coal prices are marginally up in the absence of any materteral adverse seasonal impact on supply
-

## Annexure – I: Standalone QoQ Variations

Rs Crores	3QFY20	2QFY20	Key Reasons
Income from operations	14,817	14,487	Due to higher deliveries partially offset by lower realisations
Other operating income	445	385	Primarily due to higher export related benefits with higher exports
Raw materials consumed	3,929	4,843	Primarily due to lower coal cost and lower consumption of purchased pellets
Purchases of finished, semis & other products	280	307	Lower purchase of TMT rebars and Wire rods
Changes in inventories	1,326	(366)	Inventory reduction
Employee benefits expenses	1,035	1,278	Primarily due to reversal in provisions for wage revision
Other expenses	4,913	5,330	Primarily due to favourable FX movement on investment in preference shares at Tata Steel Holdings and reversal of provision no longer required
Depreciation & amortisation	980	970	In line
Other income	51	103	Due to lower dividend income
Finance cost	784	720	Primarily due to higher debt in India
Exceptional Items	349	(3)	Primarily due to gain on fair valuation of preference shares held at Tata Steel BSL & TRF partially offset by one-off provisions
Tax	611	(1,949)	Gain in previous quarter primarily due to adoption of new corporate tax rate
Other comprehensive income	(37)	(78)	Primarily on account of re-measurement gain/loss on actuarial valuation of employee benefits and fair value adjustments of non current assets

## Annexure – II: Consolidated QoQ Variations

Rs Crores	3QFY20	2QFY20	Key Reasons
Income from operations	<b>34,774</b>	33,954	Primarily due to higher deliveries across geographies
Other operating income	<b>746</b>	625	Primarily at standalone and Tata Steel BSL
Raw materials consumed	<b>12,850</b>	13,676	Lower primarily at standalone, Tata Steel BSL and Tata Steel Long Products, partially offset by higher cost at Tata Steel Europe in rupee terms
Purchases of finished, semis & other products	<b>904</b>	1,188	Lower purchases primarily at standalone and Tata Steel Europe
Changes in inventories	<b>3,356</b>	(16)	Inventory reduction
Employee benefits expenses	<b>4,294</b>	4,605	Lower primarily at standalone and Tata Steel Europe
Other expenses	<b>10,496</b>	11,307	Primarily due to favourable FX movement and lower other expenses at Standalone partially offset by higher expenses at Tata Steel Europe in rupee terms
Depreciation & amortisation	<b>2,019</b>	2,127	In line
Other income	<b>93</b>	184	Primarily at Standalone
Finance cost	<b>1,931</b>	1,871	Primarily at Standalone
Exceptional Items	<b>(329)</b>	(34)	Primarily due to one-off provision at Standalone and provisions related to closure of some entities at Europe
Tax	<b>621</b>	(4,050)	Gain in previous quarter primarily due to adoption of new corporate tax rate at Standalone
Other comprehensive income	<b>(1,550)</b>	1,181	Re-measurement gain/loss on actuarial valuation and unfavourable FX translation impact

Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"

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## Contact



### Investor enquiries :

Sandep Agrawal

Tel: +91 22 6665 0530

Email: [sandep.agrawal@tatasteel.com](mailto:sandep.agrawal@tatasteel.com)