

Mumbai, February 7, 2020

Tata Steel reports consolidated financial results for the quarter and nine month ended December 31, 2019

Key Highlights:

- Health and Safety: Lost Time injury frequency rate per mn man hours worked of Tata Steel group decreased to 0.68 in 3QFY20
- Consolidated steel production stood at 6.99 mn tons; deliveries grew by 12%QoQ to 7.31 mn tons
- India¹ steel production stood at 4.47 mn tons. India¹ deliveries jumped 17%QoQ to 4.85 mn tons and contributed ~66% of consolidated deliveries
- Consolidated revenues increased 3%QoQ to Rs.35,520 crores while India revenues grew by 5%QoQ and stood at Rs.21,299 crores
- Consolidated reported EBITDA was Rs.3,659 crores and India¹ reported EBITDA was Rs.4,111 crores
- India¹ reported PAT was Rs.1,194 crores
- Our liquidity remains robust at Rs.14,027 crores comprising of cash and cash equivalents of Rs.5,239 crores and undrawn bank lines of Rs.8,788 crores
- Gross debt during the quarter was Rs.1,09,867 crores; Net debt stood at Rs.1,04,628 crores

Tata Steel India and Consolidated Highlights

Key profit & Loss account items <i>(All figures are in Rs. Crores unless stated otherwise)</i>	India			Consolidated ¹		
	3QFY20	2QFY20	3QFY19	3QFY20	2QFY20	3QFY19
Production (mn ton) ²	4.47	4.50	4.38	6.99	6.95	6.71
Deliveries (mn ton)	4.85	4.13	3.89	7.31	6.53	6.47
Turnover	21,299	20,204	22,323	35,520	34,579	38,854
EBITDA	4,111	4,033	5,604	3,659	3,893	6,726
EBITDA (Rs. Per ton)	8,484	9,758	14,418	5,003	5,963	10,404
PBT before exceptional items	1,456	1,462	3,457	(216)	27	3,191
Exceptional Items	349	(11)	127	(329)	(34)	32
PAT from Continuing Operations	1,194	3,400	2,253	(1,166)	4,043	1,817
PAT from Discontinued Operations	-	-	-	(63)	(741)	(64)
Reported PAT (A)	1,194	3,400	2,253	(1,229)	3,302	1,753
Other Comprehensive Income (B)				(1,550)	1,181	172
Total Comprehensive Income (A+B)				(2,778)	4,483	1,925
Diluted EPS after exceptional items (in Rs., not annualized)				(9.91)	29.25	19.58

1. Consolidated figures don't include NatSteel Holding and Tata Steel Thailand as it is classified as 'Asset held for sale'; 2. Production numbers for consolidated financials are calculated using Crude steel for India and liquid steel for Europe

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.

Business Environment

During 3QFY20, global economic growth further slowed down amidst heightened concerns of a US-China trade war. Regional steel prices were down as steel demand was affected by weaker industrial output in key markets. However, Chinese apparent steel consumption remained steady and steel exports stabilized below 5 million tons a month.

In Europe, the overall slowdown was more pronounced due to seasonal weakness and elevated levels of unfairly priced imports. Gross spot spread dropped sharply as benefit of softness in raw material prices was offset by steep decline in steel prices with Hot Rolled Coil with (HRC) prices dropping below US\$470/t levels.

The Indian economy remained weak during the quarter and domestic steel prices reached a nadir in October 2019. However, steel prices are on an upward trend since November with inventory rationalization and increase in government spending. Market sentiments have improved as recent PMI manufacturing and bank credit growth data suggest pick-up in activity levels ahead.

Key Operating and Financial Highlights of full year and the quarter:

Indian operations:

- India steel production stood at 4.47 mn tons in 3QFY20 as compared to 4.50 mn tons in 2QFY20.
- India steel deliveries grew 17%QoQ to 4.85 mn tons in 3QFY20. Despite 3%QoQ decline in domestic demand, domestic deliveries grew 15%QoQ.
- Branded Products & Retail segment volumes jumped 22%QoQ; Industrial Product & Projects segment also registered a healthy 12%QoQ growth. Despite the continued slowdown in automotive industry, the company successfully maintained its sales volumes in Automotive and Special Products segment.
- India revenue from operations stood at Rs.21,299 crores for the quarter; reported EBITDA was Rs.4,111 crores. EBITDA margin stood at 19.3% and EBITDA/t was Rs.8,484.
- Tata Steel Standalone developed 20 new products with applications ranging in automotive, consumer durables, tube manufacturing and construction; of these; 8 products were successfully commercialized.
- Tata Steel Jamshedpur has been able to achieve substantial improvement in water consumption with the rate improving to 2.44 m³/tcs in 3QFY20 as compared to 3.27 m³/tcs in FY19.
- Tata Steel Kalinganagar phase II expansion is progressing well; Civil and structure construction work for 'Pickling Line and Tandem Cold Rolling Mill' at Cold Rolled Mill complex has progressed substantially. Equipment erection for the mill and entry section has also commenced. Engineering of the 'Continuous Annealing Line & Continuous Galvanizing Line' and the Pellet plant is also nearing completion.
- Tata Steel BSL continues to improve utilization rates and operational KPIs; It achieved its highest quarterly sales of 1.26mt.
- Tata Steel Long Products continues to improve various operating parameters. During the quarter, it ramped up its captive iron ore mine production and in January 2020, started commercial production at its pellet plant.

European operations:

- In 3QFY20, Tata Steel Europe liquid steel production grew by ~3%QoQ to 2.51 mn tons; deliveries grew by ~3%QoQ to 2.35 mn tons.

- Revenue from operations decreased to Rs.13,821 crores in 3QFY20 primarily due to sharp decline in European steel prices, resulting in loss of Rs.956 crores at EBITDA level.
- Tata Steel Europe launched six new products in 3QFY20. These included (i) a nickel-plated steel for battery makers, (ii) an automotive steel with improved corrosion resistance and (iii) a construction steel requiring less coating but still offering the same excellent performance.
- Tata Steel Europe committed to make its operations simpler, leaner and sustainable for long-term success. It has launched a transformation program with an aim to become self-sufficient and cash positive.

Key corporate developments:

- T S Alloys Limited, a wholly-owned subsidiary of Tata Steel, has won Chrome ore mines in Odisha, for a period of 50 years. These are operational mines and will allow us to service our existing customer base.
- Tata Steel Europe has refinanced its €1.75 billion external borrowings. The refinancing was at more flexible terms and better pricing, and has also improved the debt maturity profile.

Management Comments:

Mr. T V Narendran, CEO & Managing Director:

“Tata Steel delivered strong growth in volumes despite poor macroeconomic conditions in India as well as globally. In India, our business model helped us counter the slowdown as we successfully penetrated new markets and expanded our customer universe. We were also able to maintain our sales to the auto segment despite the sluggishness faced by the auto industry. Both our acquisitions, Tata Steel BSL and Tata Steel Long Products, continue to deliver operational improvements and achieve milestones in the market place. However, our European operations made a loss as it felt the brunt of the overall slowdown and the consequent shrinking of spreads. This adversely affected our consolidated performance.

Our Kalinganagar Phase II expansion is progressing well and we expect to commission the pellet plant and our Cold Rolling Mill facility by FY21. We have recently won chrome ore blocks which will enable us to service our existing ferro chrome customers.

Steel demand in India is expected to improve on the back of increasing government spending and a revival in the broader economy. Coronavirus does pose a risk and we are closely monitoring the fallout.”

Mr. Koushik Chatterjee, Executive Director and CFO:

“Economic conditions remained very challenging during the quarter which impacted the overall business performance. Tata Steel reported consolidated revenues of Rs.35,520 crores and consolidated EBITDA of Rs.3,659 crores. Despite challenging market conditions, our India operations reported revenues of Rs.21,299 crores and EBITDA of Rs.4,111 crores, which is an EBITDA margin of 19.3%. Tata Steel Standalone EBITDA margin was higher at 24.8%. However, Tata Steel Europe reported a loss of Rs.956 crores at EBITDA level primarily due to ₹75/t decline in realisations, which weighed down our consolidated performance.

During the quarter, we succeeded in delivering working capital improvements which helped in generating cashflows in excess of Rs.6000 crores. This helped us reduce our net debt during the quarter by Rs.2,324 crores.

Our liquidity remains robust at Rs.14,027 crores comprising of cash and cash equivalents of Rs.5,239 crores and undrawn bank lines. We have also successfully refinanced €1.75 billion of debt at Tata Steel Europe at more favourable terms. We will continue to look at capital allocation in the next year very sharply.”

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 crude steel capacity of 33 million tonnes per annum (MnTPA). It is one of the world's most geographically-diversified steel producers, with operations and commercial presence across the world. The group (excluding SEA operations) recorded a consolidated turnover of US \$22.67 billion in the financial year ending March 31, 2019. In 2018, Tata Steel acquired Bhushan Steel Ltd (now renamed as Tata Steel BSL Ltd).

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 retained the 'Global Steel Industry Leader' position in the DJSI 2018. The Company has been recognised as the Climate Disclosure Leader in 'Steel category' by CDP (2017). Besides being a member of the World Steel Climate Action Programme, Tata Steel has won several awards including the Lighthouse recognition for its Kalinganagar Plant – a first in India, Prime Minister's Trophy for the best performing integrated steel plant for 2016-17, 'GreenPro' certification for products (Tata Pravesh Steel Doors, Tata Structura, Tata Pipes) by CII, Authorized Economic Operator (AEO) status (Tier 2) by the Directorate of International Customs (Ministry of Finance, Govt. of India), 'Corporate Strategy Award' by Mint (2018), Golden Peacock Award for Risk Management (2018) and Best Risk Management Framework & Systems Award (2019) by CNBC TV18. The Company also received the 'Most Ethical Company' award from Ethisphere Institute for the eight time (2019), Steel Sustainability Champion (2018) by the World Steel Association, Dun & Bradstreet Corporate Awards (2019), Golden Peacock HR Excellence Award by Institute of Directors (2018), 'Best Companies To Work For' recognition by Business Today, 'Asia's Best Integrated Report' award by the Asia Sustainability Reporting Awards (2017), among several others.

In 2018, the Company launched a corporate brand campaign #WeAlsoMakeTomorrow. (www.wealsomaketomorrow.com).

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