

Tata Steel Results Presentation 2022

Financial quarter ended September 30, 2022

October 31, 2022

Jamshedpur, India

Safe harbour 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

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Performance Update 2QFY23



Bara pond, Jamshedpur (India)

Focused on creating sustainable value

TATA STEEL



Sustainability at our core



Leadership in India



Global technology & digital benchmark



Consolidate position as global cost leader



Robust financial health



Become culturally future ready

Net Zero by 2045

Pursuing sustainability through multiple pathways

Targets

2025

- Achieve <2 tCO₂ per ton of crude steel in India
- Gradually phase out BFs in Netherlands and replace with DRI, REF and IF
- Finalisation of roadmap in UK focused on utilising local scrap in consultation with government

2030

- Achieve <1.8 tCO₂ per ton of crude steel in India
- Achieve 30% lower specific emissions vs. 2020 in Europe

2045

- **Net Zero**

Initiatives

Higher scrap charge

Reducing ash in Coke

Cleaner fuel like gas

Progress on Hydrogen

Adoption of Hlsarna

Multilocation EAF

Alumina in Iron ore

Renewable energy

Upscaling CCU pilots

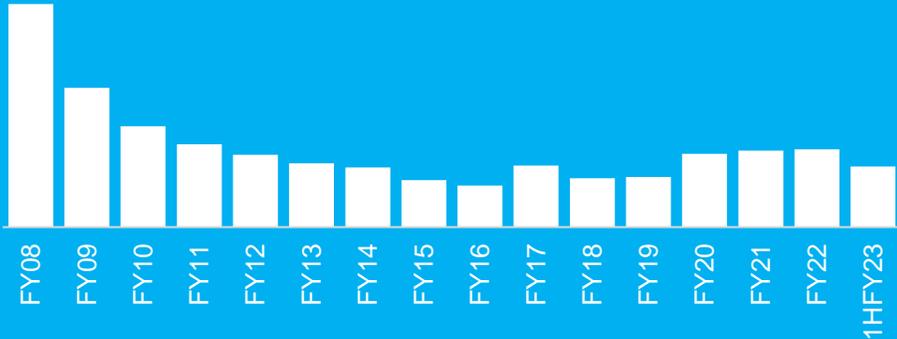
Partnering with Academia

New smelting technology

Underpinned by Commitment

towards Safety & Health of our employees

Safety remains a top priority



73%

LTIFR¹

In the last 15 years

Undertook behavioural based programs to improve perception about safety. TSJ recognised by CII for ‘SHE Excellence in Eastern Region’ for FY22

Theme based health awareness programs organised ‘World Heart day’ / ‘Monsoon diseases & prevention’ for >5,000 employees across India operations

¹ Lost Time Injury Frequency Rate per million-man hours worked for Tata Steel Group



Improving quality of life of our communities

Rural & Urban Education

Household Health & Nutrition

Tribal Cultural Heritage

Grassroots Rural Governance

Women & Youth Empowerment

Dignity for the Disabled

Household Livelihoods

Water Resources

Grassroots Sports

Public Infrastructure



Tata Steel provides specialized training & supervision to Accredited Social Health Activist (ASHA) workers in rural India, who provide support to women during pregnancies and childbirth

9.8 Lakh+ Lives Impacted¹

~Rs 1,300 crores spent² since FY19



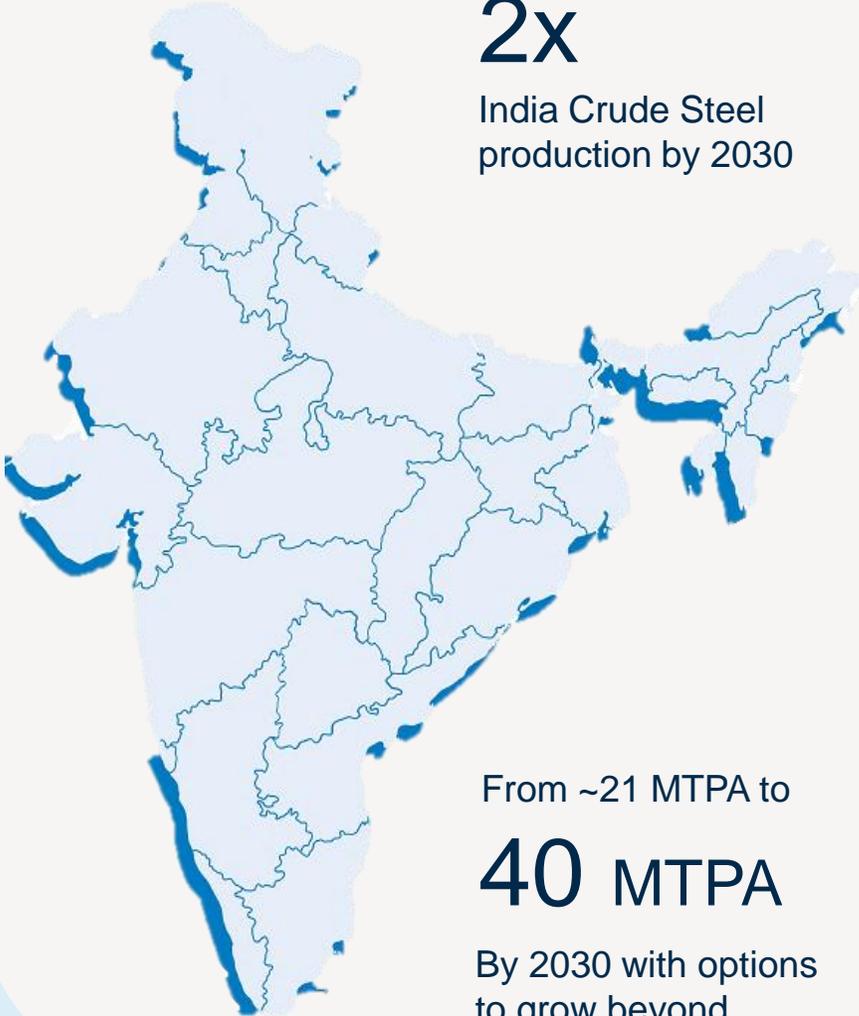
¹ Cumulative as on 1HFY23

² CSR Spending by Tata Steel Standalone

Leadership in India

2x

India Crude Steel production by 2030



From ~21 MTPA to

40 MTPA

By 2030 with options to grow beyond

Growth in India to consolidate market leadership

with future investments set to drive sector leading returns

Upstream

From ~7 MTPA to

~13 MTPA

Pellet capacity (TSK Ph II)

From ~30 MTPA to

60-65 MTPA

Iron ore mining

Flats

From ~16 MTPA to

~25 MTPA

Crude steel production

2.2 MTPA CRM and

5 MTPA

Expansion at TSK

Longs

From ~5 MTPA to

~15 MTPA

Crude steel production

Multilocational

EAF, NINL

expansion

Downstream

From 1 MTPA to

2 MTPA

Tubes

From 0.45 MTPA to

1 MTPA

Wires

From 0.38 MTPA to

1 MTPA

Tinplate

From 0.2 MTPA to

1 MTPA

Ductile Iron Pipes

5MTPA Expansion

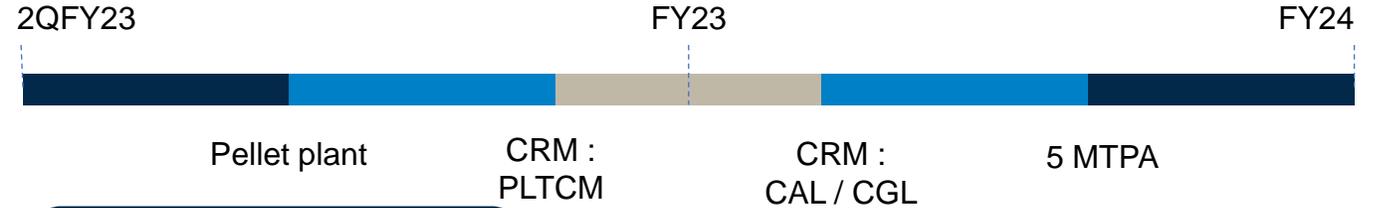


Outer shell of Blast Furnace has been erected



Flats: TSK 5 MTPA expansion

on track, CRM complex to drive product mix enrichment while pellet plant enables cost savings



Pellet plant control room



Longs: Poised to grow 2x

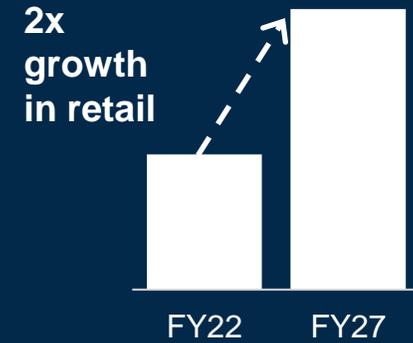
in high margin retail business

Tata Steel has a strong portfolio of 11 retail brands



Pan India

Distribution network



Leveraging retail housing growth in semi urban India

Driven by capacity growth at NINL and EAFs

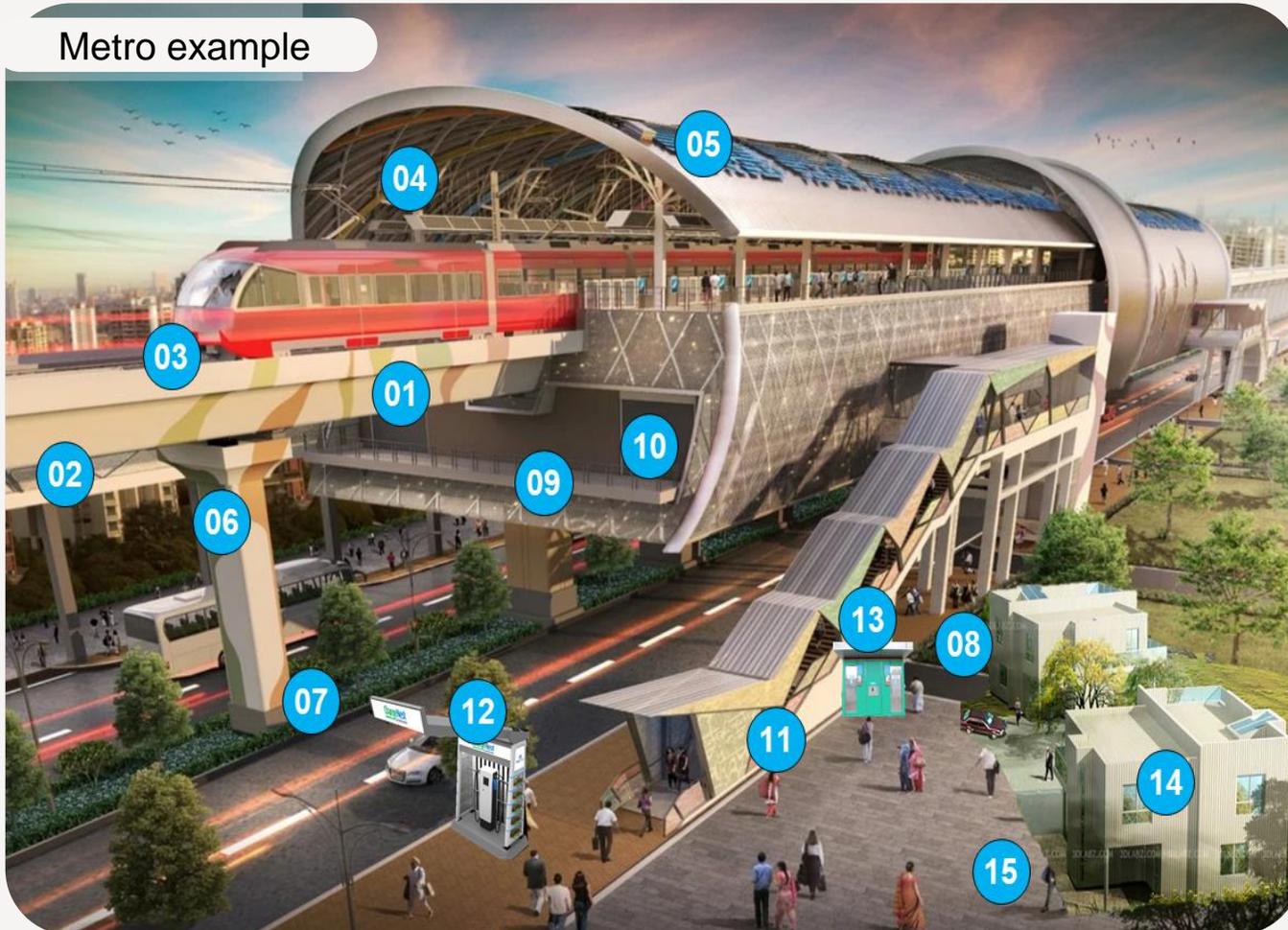
Enhanced physical and digital reach

Consolidate market share with innovative solutions

Product portfolio

that can cater to end to end requirements of key project segments

Metro example



- 1 Cut and bend
- 2 LRPC Strands
- 3 Lattice Trusses
- 4 Structural Tubes
- 5 Roofing Solutions
- 6 Couplers
- 7 Bore Pile Cages
- 8 Diaphragm Wall
- 9 Welded Wire Mesh/Fabric
- 10 Doors
- 11 AAC Blocks
- 12 Charging Stations
- 13 Toilet Blocks
- 14 LGSF Buildings
- 15 Steel Fibre

Note : LGSF: Light Gauge Steel Framed Structures, AAC: Autoclaved Aerated Concrete Blocks, LRPC: Low Relaxation Prestressed Concrete steel strand

Value accretive consolidation with multiple benefits

TATA STEEL

Unlisted

Listed

TS Mining

S&T Mining

Indian Steel & Wire Products

TSLP
Swap ratio 6.7

TCIL
Swap ratio 3.3

Tata Metalliks
Swap ratio 7.9

TRF Ltd.
Swap ratio 1.7



Reduced corporate and compliance costs



Optimal resource use, lower royalty



Faster growth, stronger balance sheet



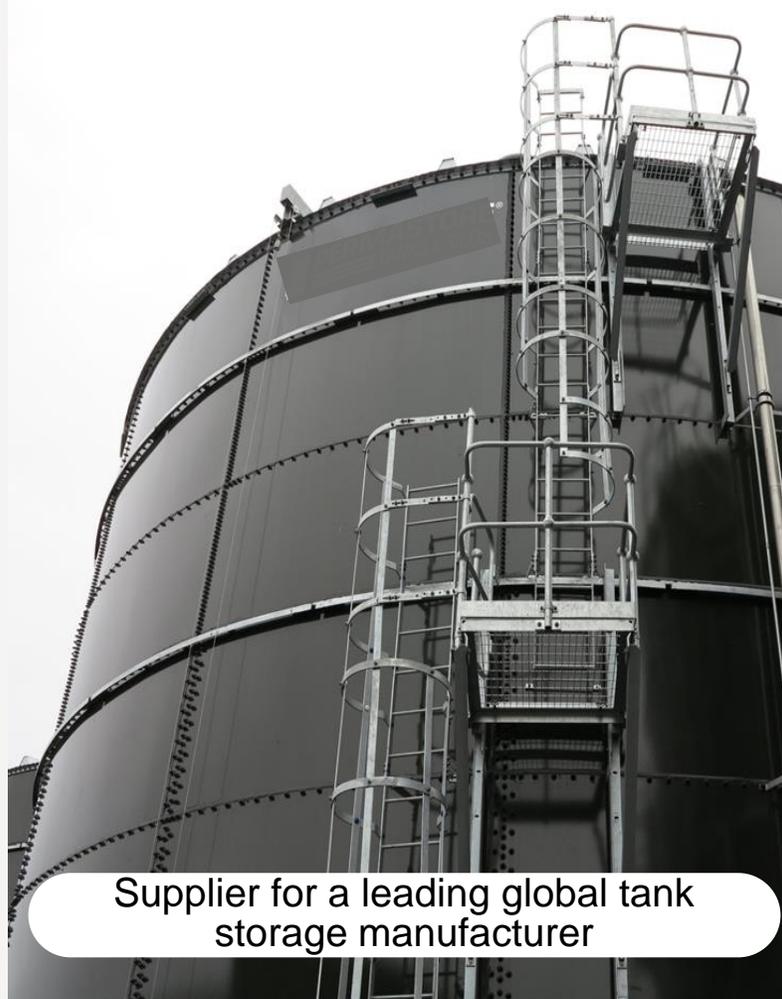
Provide greater liquidity to shareholders

Tata Steel Europe

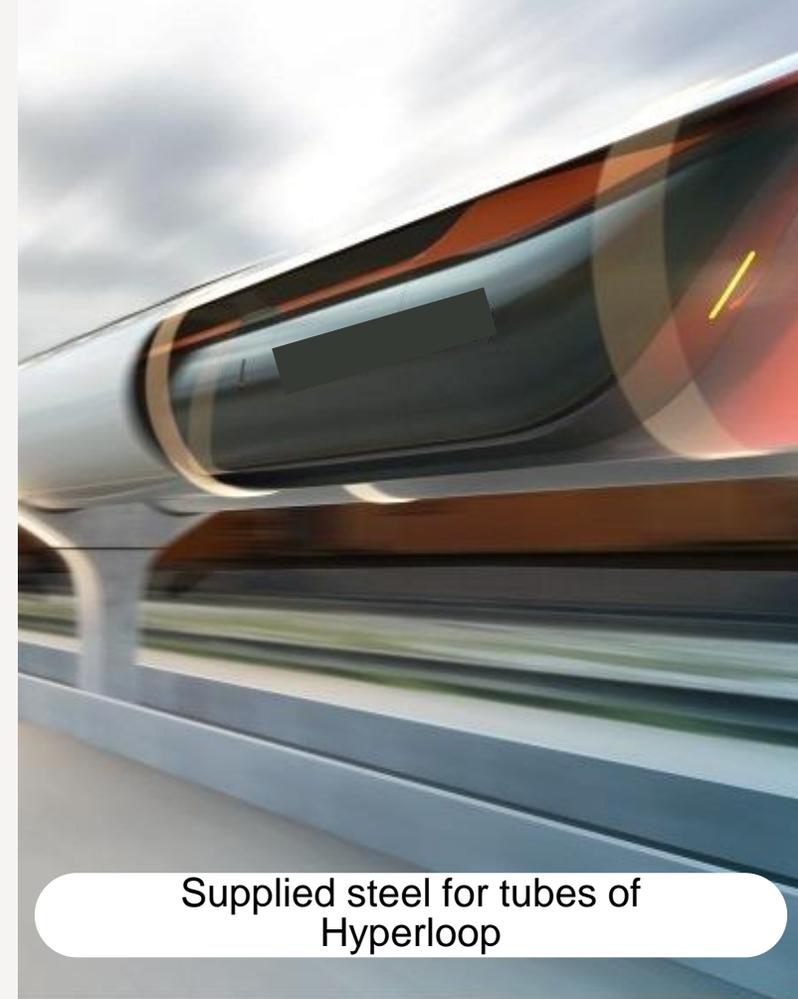
embarking on green journey with Zeremis in TSN & Optemis in TSUK, customers across segments



Supplier for leading Auto OEMs



Supplier for a leading global tank storage manufacturer



Supplied steel for tubes of Hyperloop

Digital ecosystem to empower

business and drive cultural readiness

Belief System 2015 - 17

- Reverse Mentoring
- Go-and-see visits
- Analytics

Digital Acceleration 2018 - 21

- Integrated One-IT
- Customer-centric
- Business-first, KPI-driven

Digital Best-in-class 2022 - 25

- Hyper-personalization
- Remote operations
- Data-driven, Phygital business

6.4x return in investment, ~\$0.5bn accrued till date

200+ models and 1,300+ Dashboards

Data democratization through Single version of truth

99.99% System availability

Templatized M&A capability



Digital ready culture



Digital leader in Global steel



\$2bn Digitally enabled savings



Connected Operations

- Integrated Sinter plant
- 1st in India to operate from 6 kms



Connected Assets

- Predictive model for asset health
- 750 hrs. potential delay prevented



Connected Workforce

- Apps to aid employees
- Crowd sensing, Social distancing



Connected Platforms

- Connected transactions, processes
- Personalise for customers etc.

Financial management

to enable returns across cycle



Medium-term

(Across cycle targets)

Target Leverage

2x
Net Debt/EBITDA

4x
Interest Cover

Target RoIC¹

15%

Dividend Policy

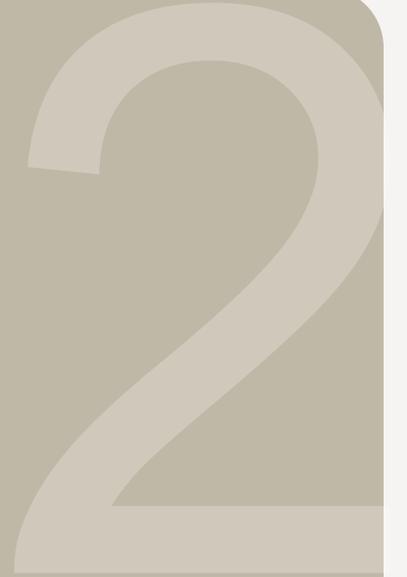
Progressive dividend policy;
robust pay-out

Note : 1. ROIC – Return on Invested Capital



Butterfly park, Noamundi mines (India)

2QFY23 Results

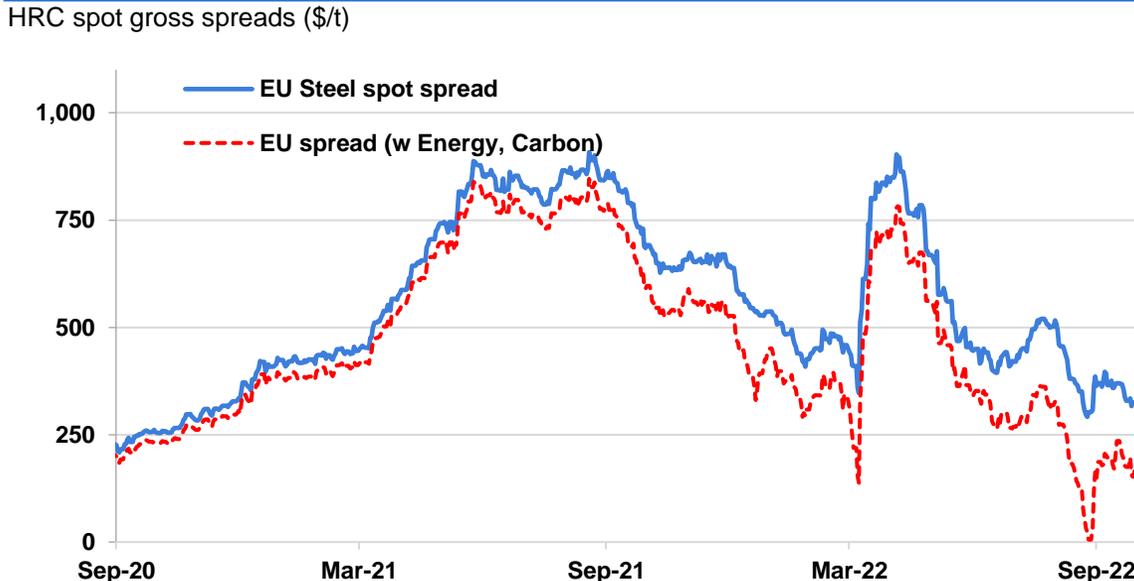


Steel industry adversely impacted by decline in spreads and high energy prices, especially in Europe

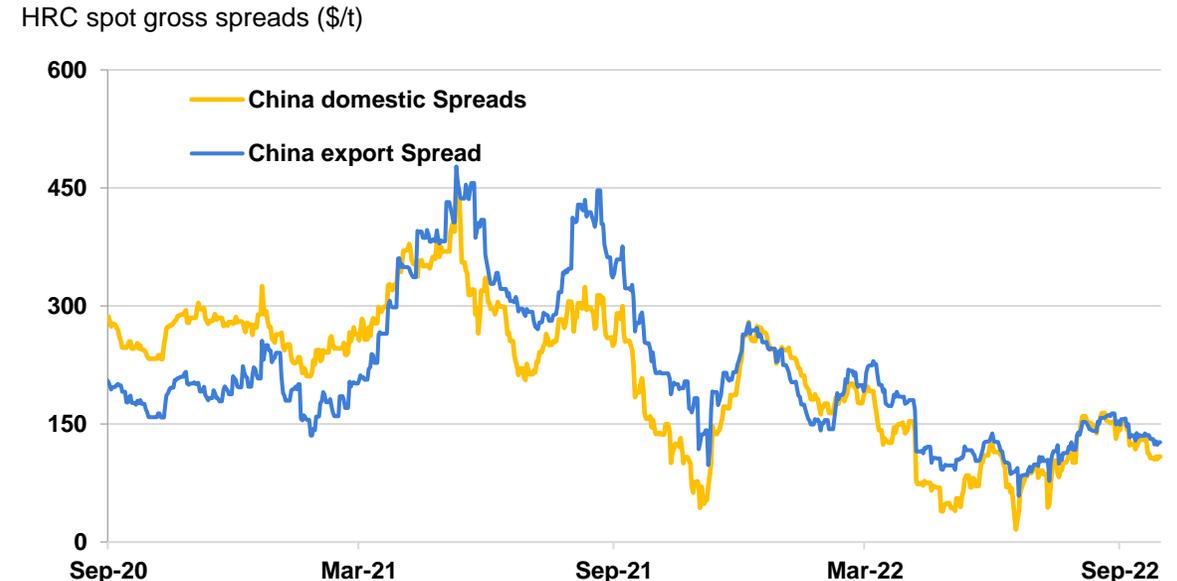
- Global steel prices continued to moderate in July – Sep period amidst concerns about global recovery & seasonal dynamics
- In China, economic slowdown has weighed on domestic demand despite announced stimulus measures

- Iron ore and Coking coal prices have declined by around 15 -20%. Energy costs remain elevated especially natural gas prices in Europe
- In Europe, steel spot spread is still above \$300/t level but spread incl. natural gas, electricity & carbon costs is lower

EU Steel spread and incl. energy, carbon costs



China Steel spot spreads (Domestic, Export)



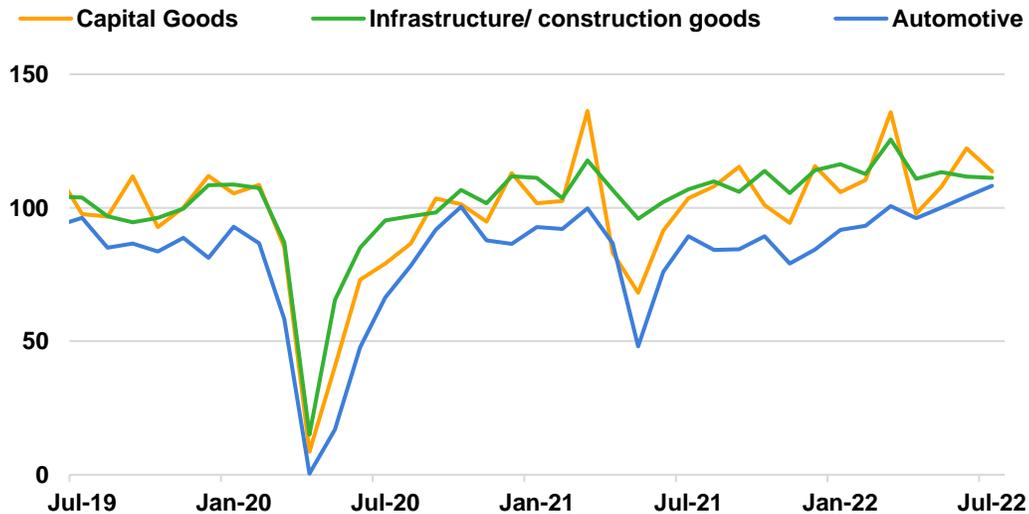
Sources: World Steel Association, IMF, Bloomberg, Steelmint; China HRC export spread = China HRC export FOB – 1.65x Iron Ore (62% Fe CFR) - 1x Coal (Premium HCC CFR); China HRC domestic spot spread is with China HRC domestic prices; EU HRC spot spreads = HRC (Germany) - 1.6x iron ore (fines 65%, R'dam) - 0.8x premium hard coking coal (Aus) - 0.1x scrap (HMS, R'dam) ; EU spot spread incl. energy = EU HRC spot spread – Carbon cost – 0.5 x NG (\$/Mwh) – 0.15 x Electricity (\$/Mwh)

India demand stable though export ban affected equilibrium; Inflationary pressures affected EU demand

India

- Economic activity in India remained stable despite the global cues. Apparent steel consumption was broadly stable on QoQ basis. Exports were down ~36% QoQ
- Automotive continues to recover while Infra / Construction and Capital goods were impacted by seasonal factors

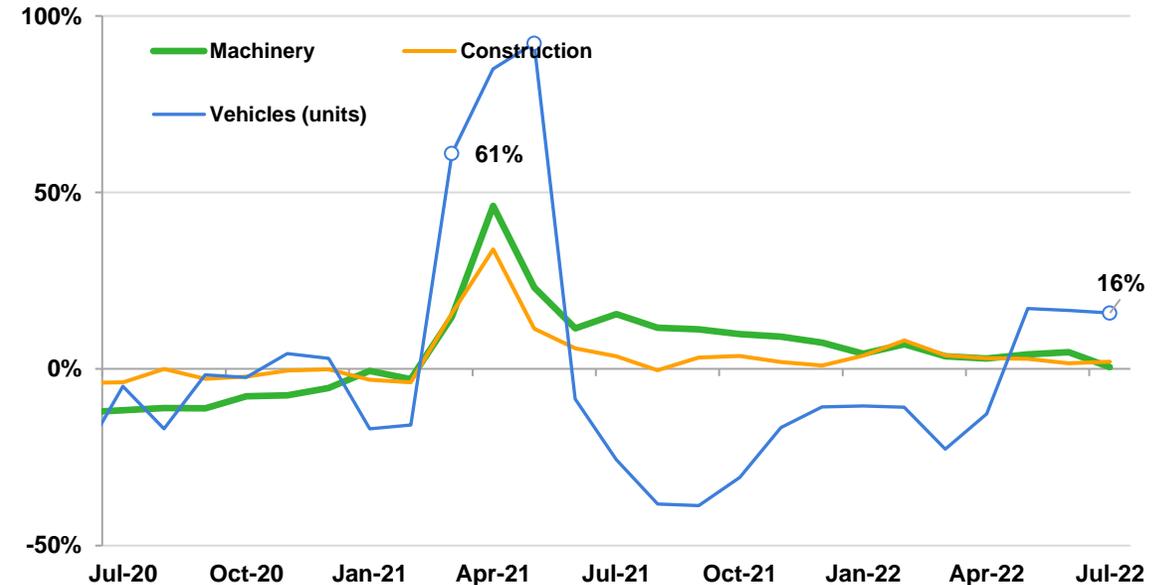
Key steel consuming sectors*



Europe

- Inflation – rate hike dynamics and Russia – Ukraine crisis have raised concerns about EU economic activity and weighed on demand dynamics
- Higher energy costs have led to pressure on margins. UK & European Union, have proposed / implemented select interventions to address elevated energy costs

Key steel consuming sectors (% YoY growth)



Sources: Bloomberg, SIAM, Joint Plant Committee, MOSPI, CMIE, Eurostat and Tata Steel, *Figures of Industrial Production for Capital Goods, Infrastructure/Construction, consumer durables and railways are rebased to Nov'18=100 using FY12 index based sector weights; number of units produced as per SIAM; growth of key steel consuming sector is calculated by removing sub-segments which do not consume steel

India¹

Record domestic deliveries

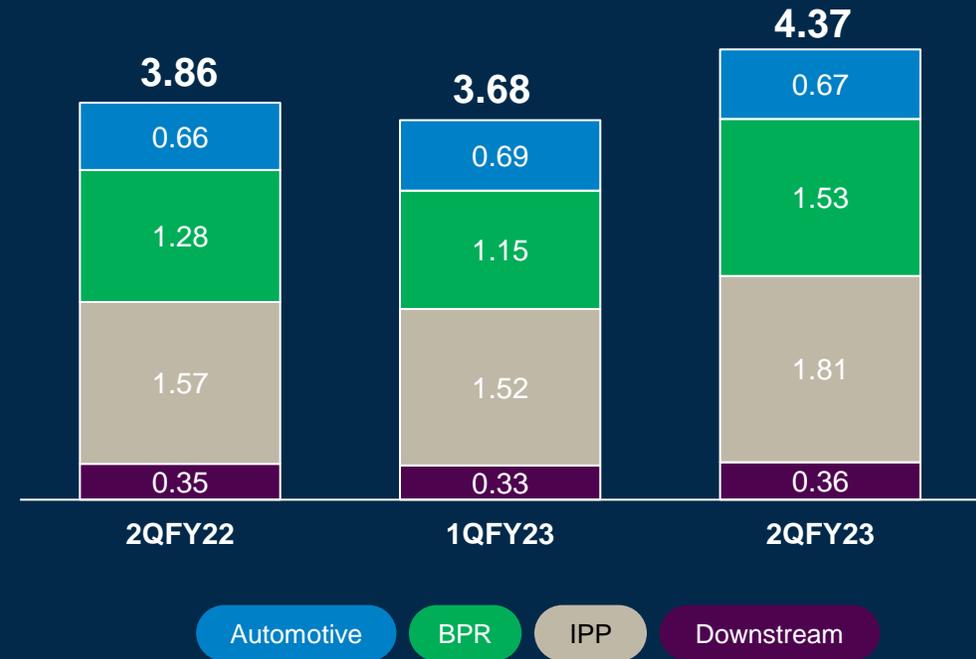
aid in retaining market leadership across segments

Catering to ~87% of domestic market

Service centres For last point processing	250+ Distributors	14,600+ Dealers
95% Districts across India being covered	100% Fleet covered by vehicle tracking system	40 Brands across segments
50+ Product Application Engineers	6 Hubs 14 spokes	TOC² Enabled supply chain

Steel domestic deliveries

Mn tons



¹ India includes Tata Steel Standalone and Tata Steel Long Products on proforma basis without inter-company eliminations, BPR – Branded Products & Retail, IPP – Industrial Products & Projects

²TOC – Theory of Constraints,

India¹

Record quarterly sales in Industrial Products & Projects

driven by rise in value added products to target segments

Oil & Gas

1400+ km
of Oil and Gas pipeline infrastructure developed using Tata Steel's HR products

Pre-Engineered Buildings

9.3 million sq ft
of Pre-Engineered buildings constructed with steel

Solar

130+ MW
Power generation infrastructure developed using steel

Railways

Tata Steel to supply HR for **Mega Wagons** of Indian Railways

Lifting & Excavation

1 in every 5
Construction equipment has steel supplied by Tata Steel

Water pipeline

440+ km
Of water pipelines laid using Hot Rolled Steel

Note : ¹ India includes Tata Steel Standalone and Tata Steel Long Products on proforma basis without inter-company eliminations, HR – Hot Rolled , MW – Mega Watt

Tata Steel Consolidated

(All figures are in Rs. Crores unless stated otherwise)	2QFY23	1QFY23	2QFY22
Production (mn tons)¹	7.56	7.74	7.77
Deliveries (mn tons)	7.23	6.62	7.39
Total revenue from operations	59,878	63,430	60,387
Raw material cost ²	31,246	31,319	22,162
Change in inventories	281	(8,099)	(3,103)
Employee benefits expenses	5,318	5,963	5,862
Other expenses	16,972	19,273	19,011
EBITDA	6,271	15,047	16,618
Adjusted EBITDA³	5,817	14,348	17,810
Adjusted EBITDA per ton (Rs.)	8,045	21,661	24,112
Other income	329	268	271
Finance cost	1,519	1,218	1,020
Pre exceptional PBT	2,625	11,945	13,604
Exceptional items (gain)/loss	19	39	(516)
Tax expenses	1,308	4,192	1,572
Reported PAT	1,297	7,714	12,548
Other comprehensive income	(3,414)	(6,611)	(715)

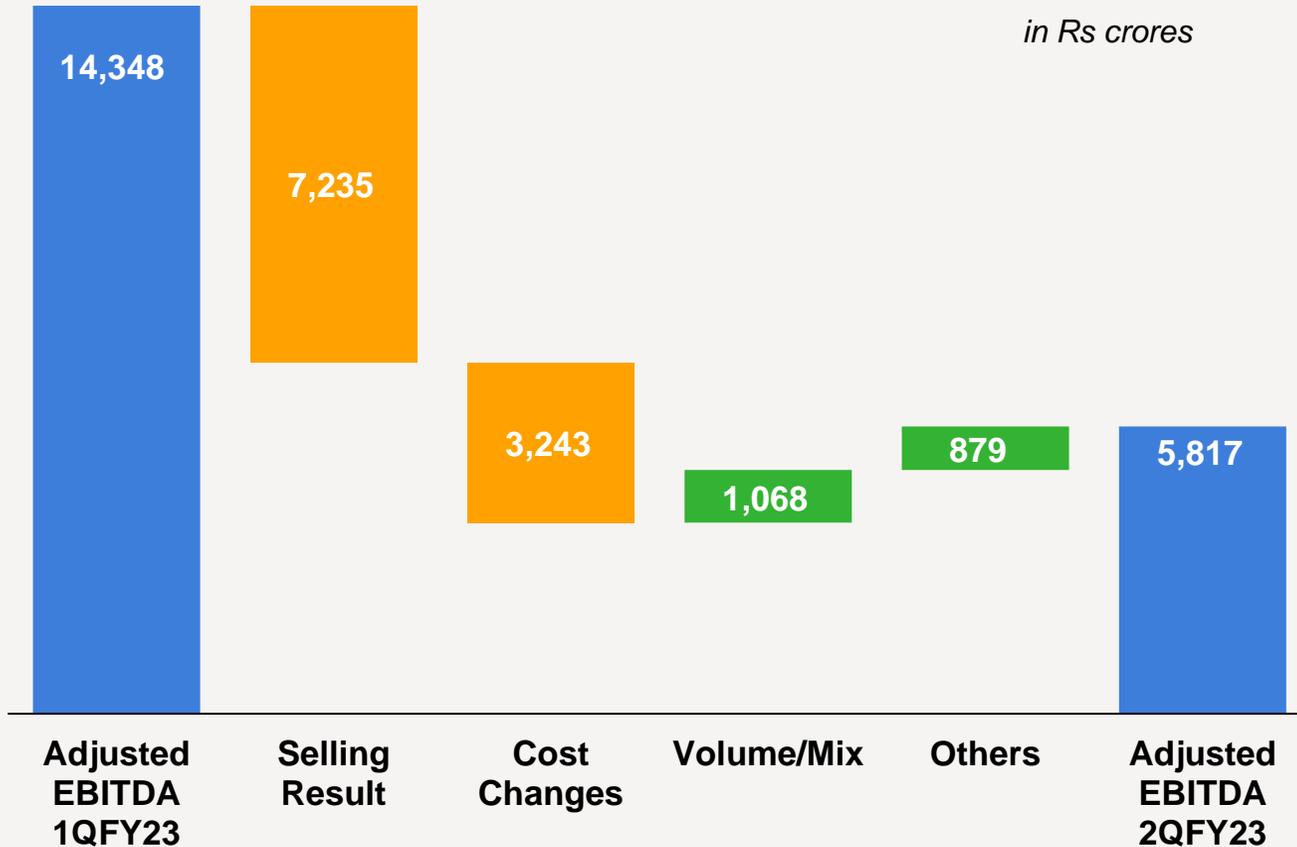
Key drivers for QoQ change:

- **Revenues:** decreased primarily driven by drop in realisations across geographies and lower volumes in Europe
- **Raw Material cost:** broadly flat as decline in India was offset by rise at Europe
- **Other expenses:** Decreased on lower royalty in Tata Steel India including subsidiaries
- **EBITDA:** moderation in NR across geographies and utilisation of high-cost inventory led to drop in margins
- **Tax expenses:** current tax in line with profitability at India and Netherlands, Deferred tax driven by movement in BSPS
- **Other Comprehensive Income:** primarily relates to foreign currency translation differences

Consolidated EBITDA¹ stood at Rs 5,817 crores

Drop in realisations in India, lower volumes in Europe coinciding with consumption of high-cost inventory led to margin compression

in Rs crores



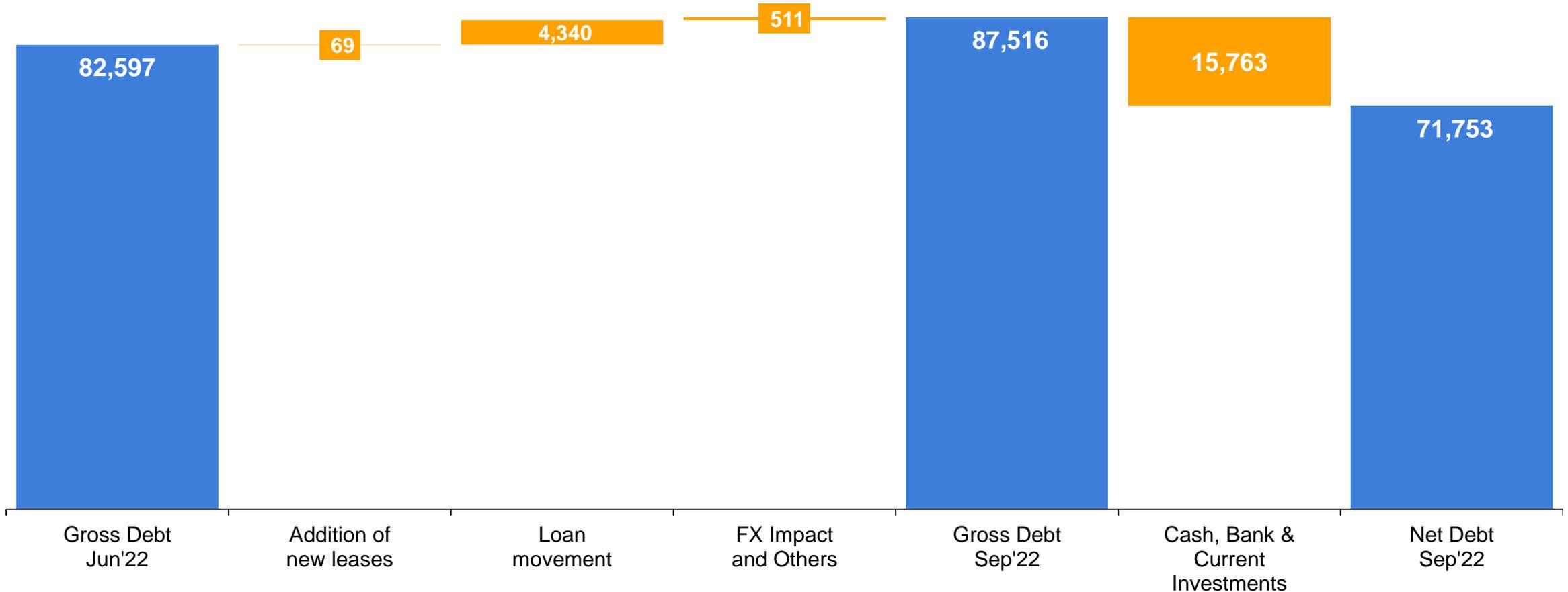
- **Selling Result:** Primarily due to drop in steel realisations in India
- **Cost Changes:** Primarily due to utilisation of high cost inventory across geographies
- **Volume/Mix:** Higher deliveries in India partially offset by lower deliveries in Europe
- **Others:** reflecting lower royalty and higher dividend income

¹ EBITDA adjusted for foreign currency revaluation gain/loss on offshore liabilities / assets

Net debt stood at Rs 71,753 crores

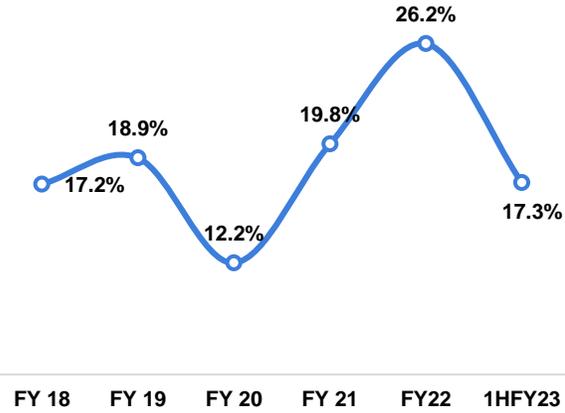
Bunching up of large cash payouts ~ Rs 19,000 crores in Q2 - on account of NINL acquisition, FY22 dividend payout and growth capex drives increase in gross debt

in Rs crores

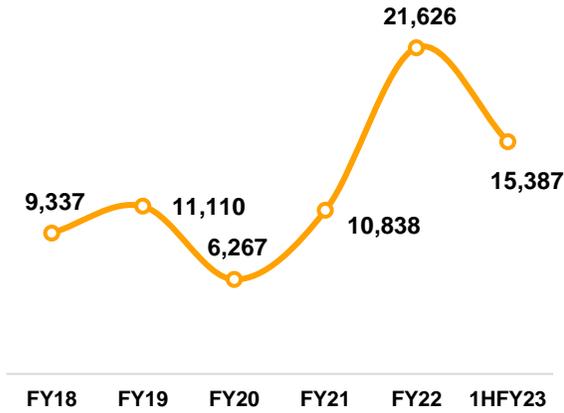


Key metrics are at investment grade levels

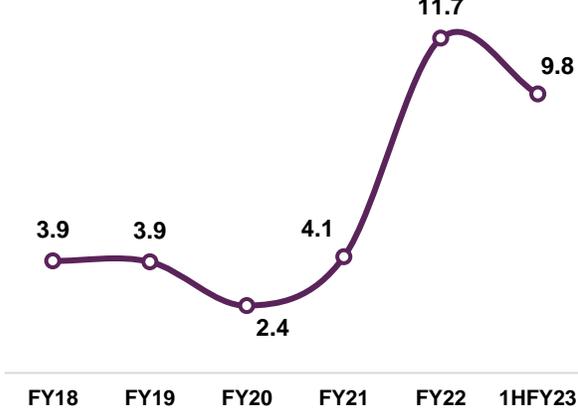
EBITDA Margin (%)¹



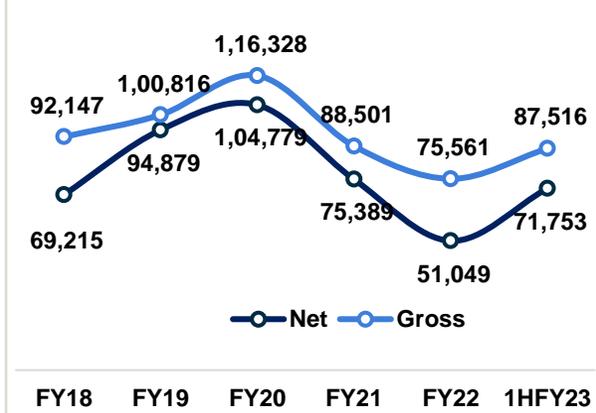
EBITDA / ton (Rs.)¹



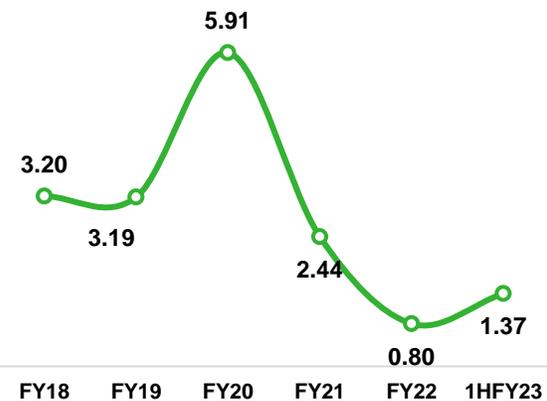
Interest Coverage Ratio (x)^{1,2}



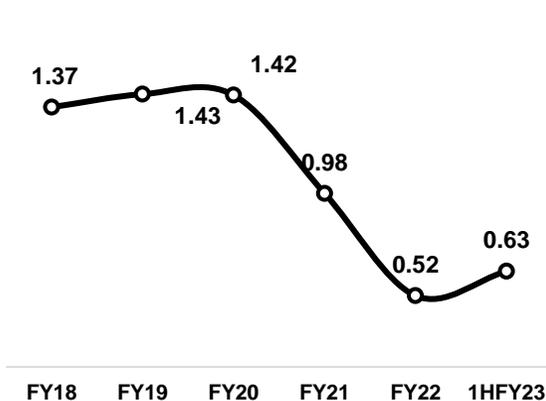
Gross & Net Debt (Rs. crore)



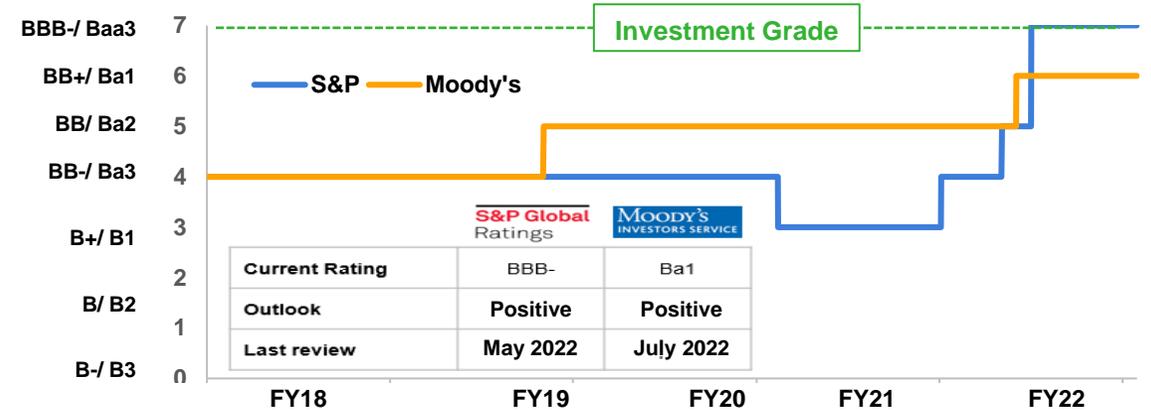
Net Debt / EBITDA (x)



Net Debt / Equity (x)



Credit Rating



	S&P Global Ratings	Moody's Investors Service
Current Rating	BBB-	Ba1
Outlook	Positive	Positive
Last review	May 2022	July 2022

Note : All data is on consolidated basis; 1. FY20 and FY21 incl. Southeast Asia Operations which is reclassified as continuing operations; 2. Interest Coverage Ratio: EBITDA / Interest, LTM basis

Outlook

Steel demand

China steel output to moderate on winter cuts even as demand finds support from stimulus measures by the government

Visible positive signs for India demand during festive season and expected to further improve on recovery in steel end use segments

Geopolitics and inflation – rate hike dynamics raising uncertainty in EU, select steel end use sectors like automotive to gradually recover

Steel prices

Prices to stabilise as steel supply - demand dynamics improve sans seasonal factors

India steel prices are expected to be range bound; strong demand recovery in auto and buoyancy in rural & construction markets tempered by international prices

European steel prices to be affected by seasonality and recessionary concerns; supply cuts should drive better market balance

Raw material prices

Coking coal to be range bound; demand from India and cyclone weather in Australia offset by reduction in thermal coal prices

Seaborne iron ore prices to remain subdued on China steel production dynamics

European power and energy costs to remain volatile on supply vs. demand in winter and Russia – Ukraine war. EU / UK government measures a key watchpoint

Annexures



Tata Steel Standalone

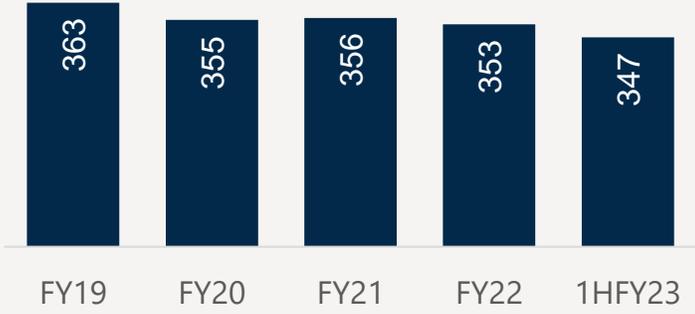


Goodness Indicator

Continued focus

on operational efficiencies and minimizing environmental impact

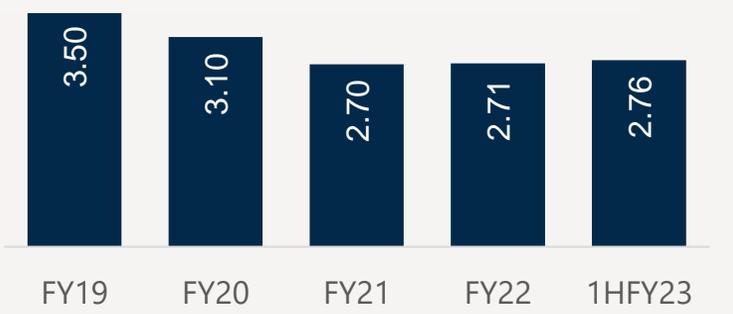
Coke Rate (kg/thm)



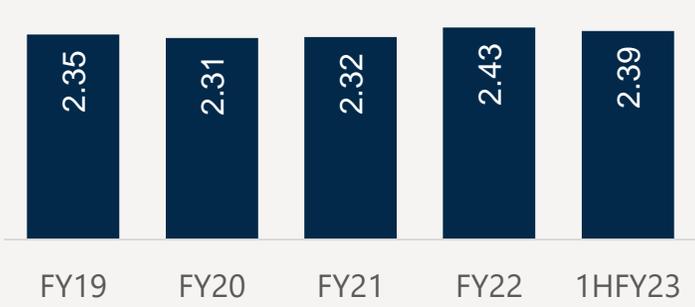
Specific Energy Consumption (Gcal/tcs)



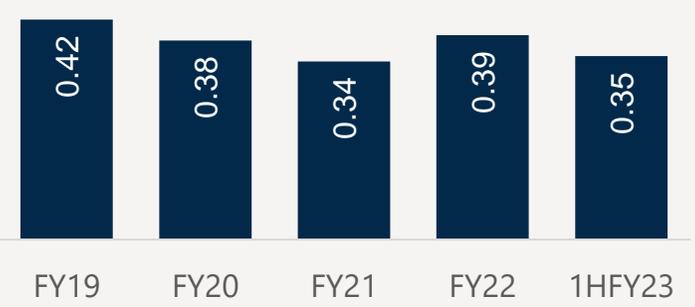
Specific Fresh Water Consumption (m³/tcs)



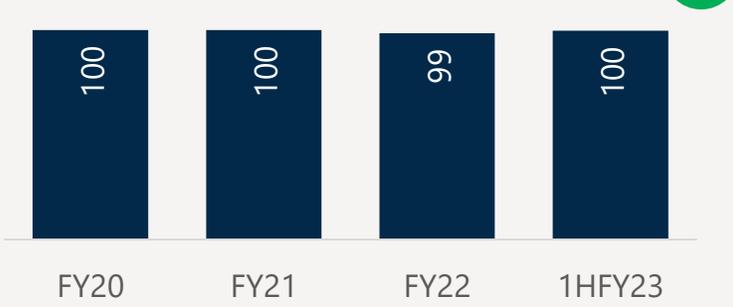
CO₂ Emission Intensity (tCO₂/tcs)



Specific Dust Emission (kg/tcs)



Solid Waste Utilisation (%)



Tata Steel Long Products



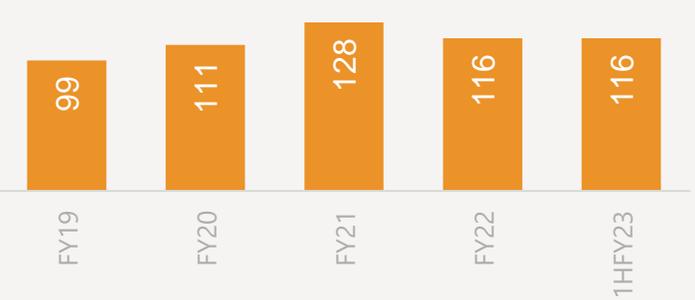
Goodness Indicator

Key operating parameters

Coke rate (kg/thm)



PCI rate (kg/thm)



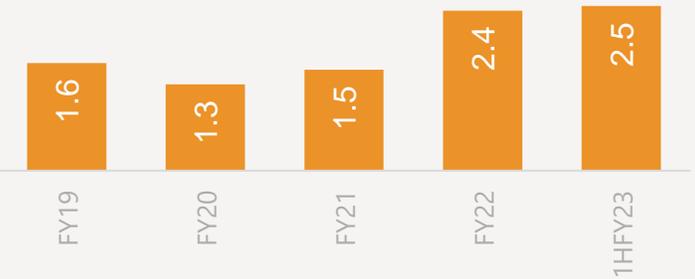
Crude Steel Yield (%)



Power consumption (KVAH/tcs)



Electrode consumption (kg/tcs)



Oil consumption at Mill (ltr/ton¹)



Note : 1. ton of finished steel

Tata Steel Standalone

(All figures are in Rs. Crores unless stated otherwise)	2QFY23	1QFY23	2QFY22
Production (mn tons)	4.64	4.73	4.56
Deliveries (mn tons)	4.76	3.89	4.42
Total revenue from operations	32,245	32,021	32,687
Raw material cost ¹	16,336	17,336	8,752
Change in inventories	1,499	(4,562)	(628)
Employee benefits expenses	1,647	1,540	1,543
Other expenses	7,920	8,139	9,589
EBITDA	5,135	9,616	13,557
Adjusted EBITDA²	4,158	8,304	13,574
Adjusted EBITDA per ton (Rs.)	8,741	21,326	30,739
Other income	1,018	736	382
Finance cost	958	722	730
Pre exceptional PBT	3,555	8,237	11,730
Exceptional items (gain)/loss	19	55	131
Tax expenses	880	2,068	2,891
Reported PAT	2,655	6,114	8,708
Other comprehensive income	73	4	163

Key drivers for QoQ change:

- **Revenues:** Broadly similar as higher volumes more than offset the decline in steel realisations
- **Raw Material cost:** decreased due to decline in coking coal and scrap consumption cost
- **Other expenses:** decreased primarily on lower royalty payment related to Iron ore
- **EBITDA:** decreased primarily on moderation in steel realisations combined with utilisation of high-cost inventory
- **Other Income:** driven by Dividend Income
- **Finance cost:** increase on rise in benchmark interest rates and movement in gross debt

Tata Steel Europe

(All figures are in Rs. Crores unless stated otherwise)	2QFY23	1QFY23	2QFY22
Liquid Steel production (mn tons)	2.40	2.44	2.56
Deliveries (mn tons)	1.87	2.14	2.14
Total revenue from operations	21,559	25,961	21,424
Raw material cost ¹	11,090	11,162	10,441
Change in inventories	(1,400)	(2,563)	(2,301)
Employee benefits expenses	3,114	3,929	3,762
Other expenses	6,972	7,415	6,222
EBITDA	1,788	6,037	3,340
EBITDA per ton (Rs.)	9,540	28,220	15,609

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

Key drivers for QoQ change:

- **Revenues:** decreased on absolute basis (in £) and per ton basis due to lower deliveries and steel realisations
- **Raw Material cost:** higher (in £) on higher coking coal consumption partly offset by drop in Iron ore consumption cost
- **Change in Inventories:** reflects the build up in Inventory during the quarter, given the reline at Netherlands and lower sales
- **Other Expenses:** decreased primarily on lower power and fuel costs, 1QFY23 included UK government rebate for electricity costs in prior periods
- **EBITDA:** Margin declined on drop in prices and elevated costs

Tata Steel Long Products (Consolidated with NINL)

(All figures are in Rs. Crores unless stated otherwise)	2QFY23 ¹	1QFY23	2QFY22
Total revenue from operations	1,869	1,994	1,637
Raw material cost ²	1,358	1,665	1,032
Change in inventories	98	(147)	(47)
Employee benefits expenses	106	61	52
Other expenses	562	484	360
EBITDA	(229)	(34)	302
EBITDA per ton (Rs.)³	(14,594)	(1,956)	18,010
EBITDA Margin (%)	-	-	18.5%
Reported PAT	(662)	(331)	135

1. Figures for 2QFY23 are consolidated for NINL, post acquisition

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

3. EBITDA/Steel deliveries

Key drivers for QoQ change:

- **Revenues:** decreased on lower volumes and decline in realisations in Steel and DRI business
- **Raw Material cost:** decreased on lower volumes and decline in coking coal consumption cost
- **Employee benefit expenses:** Increased primarily due to consolidation of Neelachal Ispat Nigam Ltd. (NINL), excluding this was broadly stable
- **Other Expenses:** Increased due to consolidation of NINL, else declined on lower royalty, fuel and freight related expenses
- **EBITDA:** was loss of Rs 52 crores excluding movement due to consolidation of NINL

Tata Steel Thailand

(All figures are in Rs. Crores unless stated otherwise)	2QFY23	1QFY23	2QFY22
Saleable Steel production (mn tons)	0.30	0.31	0.27
Deliveries (mn tons)	0.30	0.31	0.33
Total revenue from operations	1,656	1,966	1,780
Raw material cost ¹	1,004	1,591	1,081
Change in inventories	215	(189)	102
Employee benefits expenses	51	53	53
Other expenses	355	360	304
EBITDA	30	150	240
EBITDA per ton (Rs.)	1,005	4,891	7,361

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

Key drivers for QoQ change:

- **Volumes:** broadly stable production and sales volumes
- **Revenues:** Decreased on drop in steel realisations
- **EBITDA:** decreased as movement in realisations more than offset the reduction in material related costs

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