TATA STEEL

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Mumbai, October 30, 2017

Tata Steel Limited today reported its results for the for the quarter ended September 30, 2017 and half year ended September 30, 2017.

- Consolidated deliveries of 6.45 million tons, up by 15%YoY and 11%QoQ; India deliveries now contribute to ~48 % of Group deliveries
- Consolidated quarterly revenues of Rs.32,464 crores, up by 20%YoY and 5%QoQ
- Consolidated quarterly EBITDA at Rs.4,726 crores, EBITDA margin of 14.6%
- Consolidated PAT of Rs.1,018 crores from a loss of Rs. 49 crores last year and Rs. 921 crores in 1QFY18
- Gross debt has increased by ~Rs.2,447 crores and stood at Rs. 90,259 crores mainly due to increase in working capital lines and forex impact.
- The liquidity position of the group remains very robust with approximately Rs.19,800 crores in cash and cash equivalents and undrawn bank lines.
- The capital expenditure for the quarter was around Rs. 1,834 crores.

Tata Steel Standalone and Consolidated Highlights

(Figures in Rs. crore unless otherwise specified)

As per Ind AS	Standalone			Consolidated[1]		
	Q2FY18	Q1FY18	Q2FY17	Q2FY18	Q1FY18	Q2FY17
Production (million tons) [2]	3.03	2.95	2.72	6.24	6.25	5.94
Steel Deliveries (million tons)	3.08	2.75	2.62	6.45	5.83	5.61
Turnover	14,221	14,422	11,718	32,464	30,973	27,120
EBITDA	3,408	2,922	1,991	4,726	4,939	3,093
Pre-Exceptional PBT from Continuing Operations	2,003	1,412	431	2,170	2,291	353
Exceptional Charges	(27)	(617)	(64)	(45)	(617)	(59)
PAT from Discontinued Operations	-	-	-	30	(12)	20
Reported PAT	1,294	506	250	1,018	921	(49)
Other Comprehensive Income	(81)	(129)	572	(4,234)	(3,542)	(2,602)
Total Comprehensive Income	1,213	377	822	(3,217)	(2,621)	(2,652)
EPS (Continuing & Discontinued Operations) (Rs.)	12.87	4.77	2.12	10.04	9.04	(0.96)

1. *Long Products and Specialty Steels businesses have been re-classified as held for sale/ discontinued operations. The previous year's figures have also been re-stated accordingly.*
2. *Production numbers for consolidated financials are calculated using saleable steel for India, SEA and Liquid steel for Europe*

Key Operating and Financial Highlights:

India Operations:

- Deliveries grew by 17%YoY and 12%QoQ to 3.08 million tons in 2QFY18 despite subdued apparent steel consumption growth in India (5%YoY and 4%QoQ)
- Revenues during the quarter (net off the impact of excise) are higher by 33%%YoY primarily due to higher deliveries and improved realizations and 8% QoQ due to higher deliveries and higher other operating income
- EBITDA for the quarter stood at Rs.3,408 crores, registering a 71%YoY growth driven by improved realisations and higher volumes and 17%QoQ growth primarily due to higher volumes
- Sales volume growth was broad based and across the verticals. Tata Steel Kalinganagar works ramp-up facilitated higher material availability and entry into new segments with better product range
- Automotive segment delivered market beating volume growth of 34%YoY and 25%QoQ; Hi-end automotive steel sales grew by 23%YoY and 14%QoQ
- Branded products, Retail & Solutions segment grew 14%YoY and 9%QoQ supported by 14%YoY and 16%QoQ growth in sales to emerging customer accounts
- Industrial Products, Projects & Exports segment grew 11%YoY and 8%QoQ with strong growth of 60%YoY and 18%QoQ in targeted value added & new segment sales

European Operations:

- Liquid steel production of 2.60 million tons in 2QFY18 was lower by 3%YoY and 7%QoQ
- Deliveries were higher by 15%YoY and 8%QoQ, in part due to one-off sales and supply chain improvements
- Revenues were higher by 32%YoY reflecting higher deliveries and an uplift in the sales of differentiated products and by 5%QoQ
- EBITDA was £89 million was £38 million lower than the previous year and £63 million lower on a sequential basis, primarily due to lower spreads with higher raw material prices

South-East Asian Operations:

- Revenue for South East Asia operations increased, by ~22% both YoY and QoQ, to Rs.2,424 crores,
- EBITDA improved to Rs.135 crores in 2QFY18 from Rs. 22 crores in 1QFY18 with higher deliveries and improved spreads

Corporate Developments:

- Signed Memorandum of Understanding for a 50:50 joint venture with thyssenkrupp to create a leading European steel enterprise

- The Pensions Regulator has approved the Regulatory Apportionment Agreement in respect of BSPS and payment of GBP 550mn has been completed. The BSPS has been now separated from Tata Steel UK and number of affiliated companies. The next step would be completion of necessary formalities to set up a new scheme with lower risk profile following member consent process led by trustee.
- Completed the sale of 42-inch and 84-inch pipe mills in Hartlepool to Liberty House group
- Acquired full intellectual property rights in Hlsarna technology which has the potential to reduce energy use and carbon emissions by at least 20%, as well as reducing the steel making costs through lower-priced raw materials

Management Comments:

Mr. T V Narendran, Managing Director:

"Tata Steel witnessed strong volume growth during the quarter as the smooth ramp up of our Kalinganagar Steel plant coupled with our strong marketing franchise enabled us to expand our customer universe and increase our market share. This is against the backdrop of subdued steel demand during the quarter with slow construction activity, weak rural demand and poor consumer sentiment.

Our growth was broad based with all verticals registering strong performance. Our Automotive segment grew by 34%YoY due to our focus on new grade development and new vehicle models. Our Branded Products & Retail Solutions segment sales grew 14%YoY with strong volume growth in emerging customer accounts. Our Industrial products, projects & exports segment grew by 11%YoY, including a 60%YoY growth in our targeted value added & new segment sales. During the quarter, we developed 27 new products across various customer segments.

Our South East Asian business operations delivered strong operating performance during the quarter with higher deliveries and improved spreads.

We remain positive on the outlook of India as encouraging government reforms are expected to facilitate domestic investment and growth in the coming years. The thrust on tax reforms and transparency will also facilitate the formalization of economy and serve as tailwind to players like Tata Steel."

Mr. Koushik Chatterjee, Group Executive Director:

Globally, there was a recovery in the commodity cycle with cuts in Chinese steel capacities and stronger demand resulting in improving utilization levels of mills in China to more than 85%. This coupled with recent uptick in the raw material prices has lifted the steel prices across regions.

Tata Steel Group revenues witnessed a sequential growth of 9% primarily driven by increased volumes across the geographies, with India now contributing to 48% of overall deliveries. However, consolidated EBITDA declined sequentially due to seasonally weaker performance in our European operations.

Gross debt has increased by ~Rs.2,450 crores mainly due to increase in working capital lines and forex impact. The liquidity position of the group remains very robust with Rs.19,800 crores in cash and cash equivalents. The capital expenditure for the quarter was around Rs.1,834 crores.

During the quarter, Tata Steel signed a MOU with thyssenkrupp which marks a major milestone for Tata Steel group with regard to wider European portfolio strategy. The combined business will be structured to ensure a sustainable business going forward. We have also completed the Regulatory Apportionment Agreement in respect of BSPS.

We are committed to further growing our business in India while building a long term investment in strong European portfolio.

Mr. Hans Fischer, MD & CEO, Tata Steel Europe:

In a relatively stable market environment, we continued to strengthen our sales mix with deliveries of higher-value differentiated products increasing by almost 200 basis points in the last year to about 38% of total sales.

This has been made possible by new products we have brought to market. In the past quarter, we launched five new products including a new range of coated steels for the construction industry which comply with new environmental legislation while retaining the durability and weather resistance demanded by customers. We also launched a new tube product ideal for manufacturers of trailer axles for heavy-goods vehicles.

Meanwhile our continued focus on close working relationships with customers led to us securing a number of orders in the automotive sector, including supplying steel for the outer panels of a sports utility vehicle made by a prestige German manufacturer.

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