

Mumbai, February 04, 2022

Strong free cash flow generation and debt repayment of Rs 17,376 crores in the first nine months of the financial year

Highlights:

- Consolidated Revenues at Rs 60,783 crores were broadly stable on QoQ basis as improvement in net realisations more than offset the drop in volumes.
- Consolidated EBITDA stood at Rs.15,853 crores while Profit after tax stood at Rs 9,598 crores.
- Consolidated Free Cash Flow was Rs.6,338 crores during 3QFY22 despite an increase in working capital of Rs.2,045 crores. On 9MFY22 basis, Tata Steel generated free cash flow of Rs 13,214 crores.
- The company has spent Rs.2,790 crores on capex during the quarter. Work on the Pellet plant, the Cold Roll Mill complex and the 5 MTPA expansion at Kalinganagar is ongoing.
- Gross debt decreased to Rs.72,603 crores with repayments of Rs.17,376 crores in 9MFY22. Net debt declined to Rs.62,869 crores. Net debt to EBITDA improved to below 1; Net debt to equity improved to 0.68x.
- Tata Steel Long Products, a subsidiary of Tata Steel, has been announced as the winner of the bidding process to acquire 93.71% stake in the 1 million ton per annum Neelachal Ispat Nigam Limited
- India¹ operations:
 - Crude steel production increased by 2% QoQ and 4% YoY to 4.81 mn tons.
 - Domestic deliveries increased by 2% QoQ. Sales volume to Automotive segment remained steady QoQ despite 9% drop in Auto OEM production due to semiconductor shortages.
 - Quarterly adjusted EBITDA stood at Rs.12,434 crores and Profit after tax stood at Rs.7,787 crores.
- Europe operations:
 - Revenues increased by 7% QoQ and 56%YoY to £2,246 million in 3QFY22.
 - EBITDA was £290 million which translates to an EBITDA per ton of £134.
- In yet another step towards reducing carbon emissions, Tata Steel is conducting trials to inject Coal Bed Methane gas into a blast furnace to reduce coke consumption during steelmaking. The trial will also provide useful insights regarding operation of blast furnaces with hydrogen-based injectants
- The merger of Tata Steel BSL with Tata Steel has been completed.

Financial Highlights:

Key Profit & Loss account items (All figures are in Rs. Crores unless stated otherwise)	India ^{1,2,3}			Consolidated ^{2,3,4}		
	3QFY22	2QFY22	3QFY21	3QFY22	2QFY22	3QFY21
Production (mn ton) ⁵	4.81	4.73	4.60	7.76	7.77	7.74
Deliveries (mn ton)	4.42	4.58	4.65	7.01	7.39	7.41
Turnover	33,641	34,324	24,554	60,783	60,387	41,935
Reported EBITDA	12,422	13,859	8,777	15,853	16,618	9,652
Adjusted EBITDA⁶	12,434	13,877	8,777	15,890	17,810	8,394
Adjusted EBITDA per ton (Rs. Per ton)	28,144	30,272	18,867	22,663	24,112	11,324
PBT before exceptional items	10,600	11,930	6,316	12,359	13,604	5,747
Exceptional Items (gain)/loss	193	145	226	193	(516)	154
Reported Profit after Tax	7,787	8,843	4,590	9,598	12,548	4,011

1. India includes Tata Steel Standalone and Tata Steel Long Products on proforma basis without inter-company eliminations; 2. Tata Steel Standalone numbers have been restated from April 1, 2019 to reflect Tata Steel BSL's merger into Tata Steel. 3. Figures for previous periods have been regrouped and reclassified to conform to classification of current period, where necessary. 4. 3QFY21 figures have been restated consequent to the re-classification of South East Asia operations from "Held for Sale" to "Continuing Operations" during 4QFY21; 5. Production numbers for consolidated financials are calculated using crude steel for India, liquid steel for Europe and saleable steel for SEA; 6. Adjusted for fair value changes on account of FX rate movement on loan given to T Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at TS Global Holdings

Management Comments:

Mr. T V Narendran, Chief Executive Officer & Managing Director:

“India steel demand has begun to improve on the back of continued economic recovery as 3rd wave of COVID begins to ebb. Our steel deliveries in India expanded by 4% in the first nine months of the financial year along with an improvement in product mix. We continue to drive value accretive growth in our chosen segments and our performance in key segments such as auto was robust despite the sector being impacted by the semiconductor shortage. Our European operations continue to perform underpinned by strong improvement in realizations.

We continue to progress on our stated goals. We became the first company in the world to conduct trials to inject Coal Bed Methane gas into a Blast Furnace in a bid to reduce emissions. Our 5 MTPA TSK phase II expansion including the pellet plant and CRM complex is progressing well. Tata Steel Long Products has been declared the winning bidder for Neelachal Ispat Nigam Limited. This will enable us to significantly ramp up our Long products portfolio and benefit from the growth in infrastructure in India and retail housing growth in semi urban India. We will leverage our retail brands and pan India distribution network to drive scale, profitability and cashflows.”

Mr. Koushik Chatterjee, Executive Director and Chief Financial Officer:

“Tata Steel continued to deliver strong operating and financial performance in 3QFY22 with year on year EBIDTA growth of 64% and Profit after Tax growth of 139%. The company posted strong operating cash flows in the quarter despite a significant surge in international coal prices and increased working capital requirements. Despite market volatility, the revenues were broadly stable at Rs 60,783 crores while EBIDTA was Rs 15,853 crores which works out to a margin of 26% with Tata Steel Standalone EBIDTA margin at 38%. Our cash outflow on consolidated capex for the quarter was Rs 2,790 crores taking the nine months capex to Rs 6,416 crores which is well within the earlier guidance. Tata Steel generated strong free cash flows of Rs 6,338 crores for the quarter which were used to reduce the debt. Tata Steel Long Products has been declared the winning bidder for acquisition of Neelachal Ispat Nigam Limited and we are progressing on the formalities. The acquisition will be financed by Tata Steel largely through a combination of internal accruals and bridge funding.

Tata Steel continues to remain focused on its enterprise strategy to deleverage its Balance Sheet while it pursues its growth priorities. During the first nine months we have repaid Rs 17,376 crores of debt and our net debt as at end December stands at Rs 62,869 crores. As a result of the strong financial performance, our Net Debt / EBIDTA has come down further to <1x and the financial metrics of the company continue to be at investment grade level.”

About Tata Steel

Tata Steel group is among the top global steel companies with an annual crude steel capacity of 34 million tonnes per annum. It is one of the world's most geographically diversified steel producers, with operations and commercial presence across the world. The group recorded a consolidated turnover of US \$21.06 billion in the financial year ending March 31, 2021.

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 has been a part of the DJSI Emerging Markets Index since 2012 and has been consistently ranked amongst top 10 steel companies in the DJSI Corporate Sustainability Assessment since 2016. Besides being a member of ResponsibleSteel™ and worldsteel's Climate Action Programme, Tata Steel has won several awards and recognitions including the World Economic Forum's Global Lighthouse recognition for its Jamshedpur, Kalinganagar and IJmuiden Plants, and Prime Minister's Trophy for the best performing integrated steel plant for 2016-17. The Company, ranked as India's most valuable Metals & Mining brand by Brand Finance, featured amongst CII Top 25 innovative Indian Companies in 2021, received Steel Sustainability Champion recognition from worldsteel for four years in a row, 'Most Ethical Company' award 2021 from Ethisphere Institute, RIMS India ERM Award of Distinction 2021, and Award for Excellence in Financial Reporting FY20 from ICAI, among several others.

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