

Mumbai, August 13, 2020

## Tata Steel reports positive free cash flows in a challenging quarter, recovers to almost pre-COVID rated capacity in India

- With the outbreak of the pandemic, Tata Steel's immediate focus was on the health and safety of our employees and the communities in which we operate. Tata Steel has taken significant steps in building Covid-19 ready medical capacity with more than 1,000 beds and state of the art facilities across its locations in India. The company continues to focus on running its operations safely and efficiently to service its customers.
- Tata Steel India and its key subsidiaries have successfully countered the closure of the domestic market during the lockdown period by leveraging its global network and exporting more than 1.46 million tons during the quarter. This also limited the decline in our India steel deliveries to 27%QoQ as compared to the 55%QoQ drop in overall India steel demand.
- Tata Steel's operating level has recovered to 90% by end June 2020 and has since then increased further to 95%, catering to both domestic and export customers. With the improvement in the domestic market, Tata Steel has been reducing its exports ratio. The price outlook in both export and domestic market continues to improve on month on month basis and the current quarter demand has been much better than a typically slow monsoon quarter in the past.
- India average steel realizations were lower due to the COVID impact during the quarter. Despite the drop in margins, there was a reduction in net debt of Rs.1,677 crores in India, including a reduction of Rs.577 crores and Rs.291 crores, respectively at Tata Steel BSL and Tata Steel Long Products.
- Tata Steel Europe performance was affected with the overall weakness in economic activities in Europe and sharp drop in spreads. The company did receive short support from the UK and Netherlands Government including cash flow deferrals of payables.
- At consolidated level, about Rs.2,000 crores of costs were under absorbed due to the lower volumes and have been charged to the profit and loss account.
- To preserve cash flows and focus on disciplined capital allocation, the company has curtailed growth capex for this year and the focus is primarily on safety environment and sustenance capital expenditure.
- Given the uncertain economic environment, Tata Steel has built up a liquidity buffer of Rs.20,144 crores including Rs.14,178 crores of cash & cash equivalents.

Key profit & Loss account items <i>(All figures are in Rs. Crores unless stated otherwise)</i>	India <sup>1</sup>			Consolidated <sup>2</sup>		
	1QFY21	4QFY20	1QFY20	1QFY21	4QFY20	1QFY20
Production (mn ton) <sup>3</sup>	2.99	4.73	4.50	5.14	7.37	7.15
Deliveries (mn ton)	2.93	4.03	3.96	4.93	6.50	6.34
Turnover	12,689	19,493	21,129	24,289	33,770	35,947
EBITDA	1,455	4,568	4,938	597	4,669	5,515
Adjusted EBITDA	1,455	4,568	5,117	1,038	4,869	5,530
Adjusted EBITDA (Rs. Per ton)	4,969	11,339	12,908	2,103	7,491	8,724
Profit before tax	773	(221)	2,428	(3,338)	(1,499)	1,819
Exceptional Items	2,059	(2,144)	10	58	(3,406)	16
PAT from Continuing Operations	411	(563)	1,570	(4,609)	(1,236)	695
Other Comprehensive Income (B)				(4,983)	5,177	(326)
Total Comprehensive Income (A+B)				(9,631)	3,562	388

1. India includes Tata Steel Standalone, Tata Steel BSL Limited (TSBSL) and Tata Steel Long Products Limited (TSLP) on proforma basis without inter-company eliminations; 2. Consolidated figures don't include NatSteel Holding and Tata Steel Thailand which are classified as 'Discontinued Operations'; 3. Production numbers for consolidated financials are calculated using Crude steel for India and liquid steel for

Europe

### Management Comments:

#### Mr. T V Narendran, CEO & Managing Director:

“During the quarter, we recalibrated our operations and our sales across geographies in line with underlying regulatory and market conditions. While this had an adverse impact on our volumes and our margins, we were successful in mitigating the impact as we pivoted the business towards export markets and successfully generated free cashflows despite adverse market conditions.

Economic activity is gradually recovering. In India, we have ramped-up our capacity utilizations to 90% levels with total sales in June exceeding FY20 average monthly sales. We are further ramping up capacity utilization and increasing domestic sales which will lead to an improvement in our margins in coming quarters. In Europe, spreads are at unsustainably low levels but are expected to improve going forward. We are also engaged with respective governments in UK and Netherlands for their support.

While the risk of further COVID-19 outbreaks remains, we are cautiously optimistic that the worst is behind us. We continued to remain extremely focused on cashflows and liquidity management through this crisis.”

#### Mr. Koushik Chatterjee, Executive Director and CFO:

“Tata Steel responded very swiftly to the pandemic in April and despite the national lock down in India, the company remained focus on its cash flow management to generate a free cash flow quarter and maintained its net debt at the March 2020 level. This was achieved through cross functional co-ordination and cash war room initiatives covering fixed cost reduction, working capital management through better inventory management, focus on debtors, working with suppliers and other initiatives. This enabled the company to generate free cash flow of Rs.700 crores post capex and other obligations. Even in a challenging quarter the company has generated a 14% EBIDTA margin at standalone level and a positive EBIDTA at consolidated level.

Tata Steel Europe performance was affected by lower deliveries and sharp decline in European spreads to an unsustainably low level. As a result, our consolidated adjusted EBITDA dropped to Rs.1,038 crores.

During the quarter, we raised Rs.5,935 crores of long term debt and further extended our maturity profile. Given the heightened economic uncertainty, we have ramped up our liquidity buffer to Rs.20,144 crores which we will deploy to deleverage as business conditions normalize. The company will continue to focus on manage for free cash flows for the rest of the year with structural interventions on cost take out, working capital and lower capex as guided earlier.”

### 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 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 (excluding SEA operations) recorded a consolidated turnover of US \$19.7 billion in the financial year ending March 31, 2020.

**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 was recognised as DJSI steel sector leader in 2018 and has ranked fourth in the steel sector in 2019. Besides being a member of the worldsteel's Climate Action Programme, Tata Steel has won several awards and recognitions including the World Economic Forum's Global Lighthouse recognition for its Kalinganagar Plant - a first in India, 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, received the 'Honourable Mention' at the National CSR Awards 2019, Steel Sustainability Champion 2019 by worldsteel, CII Greenco Star Performer Award 2019, 'Most Ethical Company' award 2020 from Ethisphere Institute, and Best Risk Management Framework & Systems Award (2020) by CNBC TV-18, among several others.

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