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August 13, 2013

### **Tata Steel records strong turnaround in net profit for the quarter ending June 30, 2013**

Tata Steel Group (“the Group”) today declared its Consolidated Financial Results for the first quarter ended June 30, 2013. Group profits for the quarter were ₹1,139 crores compared to a loss of ₹6,529 crores in Q4 FY’13 and profit of ₹598 crores in Q1 FY’13. This improvement was on the back of robust performance by the Indian operations and improved performance at the European operations.

#### **Group Performance Highlights:**

- Group steel deliveries in Q1 FY’14 were 6.08 million tonnes versus 6.56 million tonnes in Q4 FY’13, and 5.68 million tonnes in Q1 FY’13.
- Group consolidated turnover was ₹32,805 crores in Q1 FY’14 compared to ₹34,650 crores in Q4 FY’13 and ₹33,821 crores in Q1 FY’13.
- Group EBITDA was ₹3,755 crores in Q1 FY’14 compared to ₹4,368 crores in Q4 FY’13 and ₹3,581crores in Q1 FY’13.
- Group profit before tax for Q1 FY’14 was ₹1,494 crores versus a loss of ₹5,576 crores in Q4 FY’13 and a profit of ₹1,416 crores in Q1 FY’13. The Q4 FY’13 loss included non-cash impairment charges of ₹8,356 crores.
- Group Profit after Tax (after minority interest and share of profit of associates) for Q1 FY’14 improved by ₹7,668 crores to ₹1,139 crores from the loss of ₹6,529 crores in Q4 FY’13. Group profit was ₹598 crores in Q1 FY’13.
- Cash and cash equivalents as on 30th June, 2013 were ₹10,178 crores and net debt was ₹61,289 crores. Total liquidity including undrawn credit lines was ₹17,144 crores.

#### **India**

The Indian operations recorded robust performance despite softer markets, weakening economic conditions and a seasonally weak quarter.

- Best ever production was achieved for hot metal and from the Thin Slab Casting and Rolling Plantt while several facilities such as LD#3, the Cold Rolling Mill, the New Bar Mill and the Merchant Mill achieved best ever quarterly production.
- Deliveries totalled 2 million tonnes in Q1 FY 2013-14 (Q1 FY’14) compared to 1.59 million tonnes in Q1 FY 2012-13 (Q1 FY’13), an increase of 25.8% primarily due to the ramp up of capacity at Jamshedpur. Deliveries in Q4 FY’13 were 2.28 million tonnes. Q1 FY’14 volumes were lower on quarter-on-quarter basis due to seasonal effects.



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- Turnover in Q1 FY'14 was ₹9,455 crores, an increase of 6.1% over Q1 FY'13 turnover of ₹8,908 crores. Turnover in Q4 FY'13 was ₹10,771 crores. Net realisation increased in Q1 FY'14 compared to Q4 FY'13 across both flat and long products.
- The company's focus on customers and strong relationships helped to increase sale across sectors, including automotive, general engineering and the SME segment. Flat product sales volume increased by 44% y/y with value-added products sales increasing by 15%. The long products segment continued to expand its retail reach and provide higher value-added products to its customers.
- On the back of strong operating performance, the Indian operations generated EBITDA of ₹2,897 crores for Q1 FY'14 compared to ₹2,791 crores in Q1 FY'13. EBITDA was ₹3,714 crores in Q4 FY'13. The underlying EBITDA margin in Q1 FY'14 was 30.6%; an improvement from the underlying EBITDA margin of 29.3% in Q4 FY'13.
- Profit after tax in Q1 FY'14 was ₹1,356 crores. Profit after tax was ₹1,357 crores in Q1 FY'13 and ₹1,309 crores in Q4 FY'13.

### Europe

The European operations maintained the improvement in underlying performance on the back of upgrades at key production facilities at Port Talbot and IJmuiden in Q4 which helped strengthen the operating platform.

- Deliveries totalled 3.14 million tonnes in Q1 FY'14, slightly lower than the 3.21 million tonnes in Q1 FY'13 largely due to soft market demand. Deliveries were 3.42 million tonnes in Q4 FY'13.
- The increase in production was accompanied by an improvement of 5% in the proportion of differentiated products in the June quarter alone and closer relationships with global OEMs in core home and regional markets. This focus was complemented by further rigorous management of costs and cash flows.
- Turnover in Q1 FY'14 was ₹18,432 crores versus ₹19,166 crores in Q4 FY'13 and ₹20,406 crores in Q1 FY'13. Average revenue per tonne increased in Q1 FY'14 compared to Q4 FY'13.
- Q1 FY'14 EBITDA was ₹777 crores; an increase over the Q4 FY'13 EBITDA of ₹613 crores and the ₹620 crores in Q1 FY'13 due to improved core capabilities.

### South East Asia

The South East Asian operations were affected by a two-month shutdown for a plant upgrade in Singapore. The profitability was also affected by the sharply narrowing spread in the region witnessed during the last quarter. The Singapore operations have resumed since August.

- Deliveries totalled 0.86 million tonne in Q1 FY'14 up from 0.72 million tonne in Q1 FY'13 and 0.8 million tonne in Q4 FY'13.
- Volumes in China have been ramped up to a run rate of 1mtpa.
- Turnover in Q1 FY'14 was ₹3,908 crores compared to ₹3,486 crores in Q4 FY'13 and ₹3,372 crores in Q1 FY'13.
- Q1 FY'14 EBITDA was ₹93 crores versus Q4 FY'13 EBITDA of ₹224 crores and ₹95crores in Q1 FY'13.



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**Financial Performance Analysis:**

**Consolidated financial results summary (under Indian GAAP) for the quarter ended 30 June'13**

All figures in ₹ Crore, unless specified

HIGHLIGHTS	Q1 FY'14	Q4 FY'13	Q1 FY'13
Steel Deliveries (Mn tons)	6.08	6.56	5.68
Turnover	32,805	34,650	33,821
EBITDA	3,755	4,368	3,581
EBITDA Margin	11.4%	12.6%	10.6%
Depreciation	1,403	1,470	1,308
Net Finance Charges	879	913	776
PBT (before exceptional items)	1,476	1,837	1,416
PBT Margin (before exceptional items)	4.5%	5.3%	4.2%
PBT	1,494	-5,576	1,416
PBT Margin	4.6%	-16.1%	4.2%
Profit after Taxes, Minority Interest and Share of Associates	1,139	-6,529	598
PAT Margin	3.5%	-18.8%	1.8%

**Executive Comment**

Tata Steel Managing Director Mr HM Nerurkar said: "The Indian operations delivered a steady performance in a subdued market environment with deliveries growing at an enhanced pace over the comparable period of last year. Our retail focus, customer relationship and brand building efforts are supporting growth despite increased competition in the market place and we are intensifying our focus on efficiency improvements and delivering enhanced value to our customers. Work on the greenfield project in Odisha continues in full swing. The South East Asian operations are robust and we continue to invest in improving the underlying performance."

Tata Steel Europe MD & CEO Dr Karl-Ulrich Köhler said: "Our European facilities recorded higher production volumes after we completed some major plant refurbishment last year, which gave us a more stable production platform and greater operational flexibility. As a result we are better placed to supply our customers with the high-quality steel they demand. We see signs that our strategy is enhancing bottom-line performance, despite continued subdued European demand. There have recently been encouraging signs of improving economic conditions in some European economies, the UK in particular, and we are poised to capitalise should these translate more strongly into increased demand from steel-intensive sectors."



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**Disclaimer**

Statements in this press release describing the Groups' performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Group's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Group operates, changes in Government regulations, tax laws and other statutes and incidental factors.

*For investor enquiries contact:*

**Samita Shah**

Tel: +91 22 6665 7371

email: samita.shah@tatasteel.com

**Subhra Kanti Das**

Tel: +91 22 6665 7382

email: subhra.das@tatasteel.com

*For media enquiries contact:*

**Sunil Bhaskaran**

Tel: +91 92233 02888

email: sunilbhaskaran@tatasteel.com

**Bob Jones**

Tel: +44 207 717 4532

email: bob.jones@tatasteel.com