

Mumbai, November 11, 2021

## Tata Steel reports highest ever quarterly consolidated EBITDA; achieves investment grade metrics

### Highlights:

- Consolidated adjusted EBITDA increased 12%QoQ to Rs.17,810 crores. Consolidated Profit after tax improved 28%QoQ and 7.5x YoY to Rs.12,548 crores.
- Consolidated Free Cash Flow was Rs.3,322 crores during 2QFY22 despite an increase in working capital of Rs.3,889 crores and dividend payment of Rs.3,020 crores.
- The company spent Rs.2,191 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.78,163 crores with repayments of Rs.11,424 crores in 1HFY22. Net debt declined to Rs.68,860 crores. Net debt to EBITDA improved to 1.21x<sup>1</sup>; Net debt to equity improved to 0.79x.
- Tata Steel has achieved Investment grade credit metrics; the credit rating has been upgraded by S&P Global Ratings to 'BBB-' with stable outlook.
- India<sup>2</sup> operations –
  - Crude steel production increased by 2.2%QoQ and 3.1%YoY to 4.73 mn tons.
  - Overall deliveries increased by 11%QoQ to 4.58 mn tons despite market demand contraction amidst seasonal weakness. Sales volume to Automotive segment increased by 18%QoQ despite semiconductor shortage driven weakness in the sector.
  - Quarterly adjusted EBITDA stood at Rs.13,877 crores with 2.1%QoQ and 2.3x YoY growth; Profit after tax stood at Rs.8,843 crores.
  - Tata Steel Standalone<sup>3</sup> registered highest ever quarterly adjusted EBITDA at Rs.13,574 crores in 2QFY22 with 4%QoQ and 2.3x YoY growth. Tata Steel Long Products registered quarterly EBITDA of Rs.302 crores.
- Revenues at Tata Steel Europe increased by 11%QoQ and 50%YoY to £2,108 million in 2QFY22. EBITDA improved 2.2x QoQ to £328 million which translates to an EBITDA per ton of £153.
- Tata Steel is pursuing the hydrogen route in IJmuiden and a detailed assessment is underway. This involves the introduction of direct reduced iron (DRI) technology which can make iron using natural gas or hydrogen, before it is converted to steel.
- Tata Steel has completed the divestments of its 100% stake in NatSteel Holdings Pte. Ltd. Singapore.
- The merger of Tata Steel BSL with Tata Steel has been approved by the hon'ble NCLT, Mumbai bench; the appointed date for the merger is 1<sup>st</sup> April 2019.

### Financial Highlights:

Tata Steel Standalone numbers have been restated from April 1, 2019 to reflect Tata Steel BSL's merger into Tata Steel

Key profit & Loss account items (All figures are in Rs. Crores unless stated otherwise)	India <sup>2,3</sup>			Consolidated <sup>3,4</sup>		
	2QFY22	1QFY22	2QFY21	2QFY22	1QFY22	2QFY21
Production (mn ton) <sup>5</sup>	4.73	4.63	4.59	7.77	7.88	7.25
Deliveries (mn ton)	4.58	4.15	5.05	7.39	7.11	7.93
<b>Turnover</b>	<b>34,220</b>	<b>29,284</b>	<b>22,787</b>	<b>60,283</b>	<b>53,372</b>	<b>38,940</b>
Reported EBITDA	13,859	13,924	6,017	16,618	16,185	6,319
<b>Adjusted EBITDA<sup>6</sup></b>	<b>13,877</b>	<b>13,595</b>	<b>6,017</b>	<b>17,810</b>	<b>15,892</b>	<b>5,527</b>
Adjusted EBITDA (Rs. Per ton)	30,272	32,774	11,912	24,112	22,366	6,972
PBT before exceptional items	11,930	11,811	3,404	13,604	12,259	2,231
Exceptional Items (gain)/loss	145	(153)	9	(516)	182	(43)
<b>Reported Profit after Tax</b>	<b>8,843</b>	<b>9,112</b>	<b>2,598</b>	<b>12,548</b>	<b>9,768</b>	<b>1,665</b>

1. On trailing 12 month basis; 2. India includes Tata Steel Standalone and Tata Steel Long Products on proforma basis without inter-company eliminations; 3. Tata Steel Standalone numbers have been restated from April 1, 2019 to reflect Tata Steel BSL's merger into Tata Steel. 4. 2QFY21 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:

“Tata Steel has delivered strong results across key geographies in this seasonally weaker quarter. Our steel deliveries in India expanded by 11% despite a contraction in market demand which is a testament to the strength of our franchise. We continue to drive value accretive growth in our chosen segments and our performance in key segments such as auto was very robust despite the sector being impacted by the semiconductor shortage. Our European operations have also delivered robust performance underpinned by strong improvement in realizations. We are watchful of the elevated coal prices and high energy cost as key risks to margins going forward.

We took another step in our sustainability journey and commissioned 5 TPD CO<sub>2</sub> capture plant at Jamshedpur; first in India by a Steel company to extract CO<sub>2</sub> directly from Blast Furnace gas. We continue to progress on our stated goals of expanding and consolidating our operations in India. Our 5 MTPA TSK phase II expansion including the pellet plant and CRM complex is progressing well and the merger of Tata Steel BSL with Tata Steel will be completed shortly. We have recently won the high quality Gandhalpada iron ore mines which helps us achieve raw material security beyond 2030. In line with our capital allocation strategy, we recently exited our operations in Singapore through the sale of NatSteel.”

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

“Tata Steel posted its highest ever underlying quarterly performance with EBIDTA and Profit after Tax of Rs 16,618 crores and Rs 12,548 crore on the back of strong operating and market performance across all geographies including Europe. This translates into a consolidated EBIDTA Margin of 27.6% and PAT margin of 20.8% for the quarter. The operating cash flows continue to be strong despite working capital pressure due to price effect on coal price increase in recent months. We signed and closed the divestment of our 100% holding in NatSteel Holdings in this quarter to realise around Rs.1,200 crore that resulted in a realised gain of Rs 720 crores for the quarter.

As part of our enterprise strategy, we continue to deploy the free cash flows for de-leveraging the balance sheet with Rs.11,424 crore of debt repayment in the first half of the current financial year and are targeting additional, aggressive deleveraging in the second half as well. The financial metrics of the company are now at investment grade levels and we are happy to note that the Standard & Poor has upgraded Tata Steel to investment grade level of BBB-.”

### 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 33 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 5 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 2020, received rating of 'A-' (leadership band) from CDP for its Climate Change disclosure and Supply Chain disclosure, Steel Sustainability Champion 2020 recognition from worldsteel, 'Most Ethical Company' award 2021 from Ethisphere Institute, Best Risk Management Framework & Systems Award (2020) from CNBC TV-18, and Award for Excellence in Financial Reporting FY20 from ICAI, among several others.

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