

Mumbai, October 31, 2022

Tata Steel reports consolidated EBITDA at Rs 6,271 crores; Maintains Investment grade credit metrics

Highlights:

- Consolidated Revenues stood at Rs 59,878 crores and consolidated EBITDA at Rs 6,271 crores, with an EBITDA margin of ~10%.
- Consolidated Profit after tax stood at Rs.1,297 crores.
- Net debt of Rs.71,753 crores, Net Debt to EBITDA at 1.37x and Net Debt to Equity at 0.63x.
- The 6 MTPA Pellet plant will be commissioned in 3QFY23 and will be followed by the Cold Roll Mill complex in phases. The 5 MTPA expansion at Kalinganagar is on track for commissioning by end FY24.
- Neelachal Ispat Nigam Limited's blast furnace was restarted in October, within 3 months of completion of the acquisition and is being ramped up.
- Tata Steel Board has approved the amalgamation proposal of seven listed and unlisted entities into Tata Steel, a value accretive merger with multiple benefits.
- Work has commenced on setting up 0.75 MTPA Electric Arc Furnace (EAF) in Punjab, which will leverage the growth in the construction segment and is an important milestone in our transition to net zero.
- India¹:
 - Deliveries were higher by 21% QoQ and 7% YoY primarily driven by record domestic deliveries. Turnover was Rs 34,114 crores.
 - Reported EBITDA stood at Rs.4,907 crores, which translates to an EBITDA per ton of Rs 9,986.
- Europe operations:
 - Deliveries were lower on QoQ basis, in part due to seasonal factors and subdued demand in Europe. Turnover was £2,307 million and EBITDA was £199 million, which translates to an EBITDA per ton of £106.

Financial Highlights:

Key Profit & Loss account items (All figures are in Rs. Crores unless stated otherwise)	India ¹			Consolidated		
	2QFY23	1QFY23	2QFY22	2QFY23	1QFY23	2QFY22
Production (mn ton) ²	4.80	4.92	4.73	7.56	7.74	7.77
Deliveries (mn ton)	4.91	4.07	4.58	7.23	6.62	7.39
Turnover	34,114	34,015	34,324	59,878	63,430	60,387
Reported EBITDA	4,907	9,582	13,859	6,271	15,047	16,618
Reported EBITDA per ton (Rs. Per ton)	9,986	23,557	30,235	8,673	22,717	22,499
Adjusted EBITDA³	3,929	8,270	13,877	5,817	14,348	17,810
Adjusted EBITDA per ton (Rs. Per ton)	7,997	20,332	30,272	8,045	21,661	24,112
PBT before exceptional items	2,779	7,903	11,930	2,625	11,945	13,604
Exceptional Items (gain)/loss	19	55	145	19	39	(516)
Reported Profit after Tax	1,993	5,783	8,843	1,297	7,714	12,548

1. India includes Tata Steel Standalone and Tata Steel Long Products on proforma basis without inter-company eliminations; 2. Production numbers for consolidated financials are calculated using crude steel for India, liquid steel for Europe and saleable steel for SEA; 3. Adjusted for changes on account of FX movement on intercompany debt / receivables

Management Comments:

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

“Concerns about slowdown in key economies, persisting geopolitical issues coupled with seasonal factors led to a volatile operating environment. Despite these headwinds, Tata Steel registered best ever domestic sales in India enabled by a strong product portfolio and an extensive distribution network which services end to end requirements in chosen segments. Our 6 MTPA pellet plant at Kalinganagar is coming on stream shortly and will deliver significant benefits by reducing costs. We will begin the phased commissioning of the 2.2 MTPA state of the art Cold Rolling Mill complex and the 5 MTPA capacity expansion at Kalinganagar thereafter. Despite multiple challenges, we were successful in commissioning Neelachal Ispat Nigam Limited (NINL) within 3 months of acquisition and the ramp-up is progressing well. I am happy to announce that we have commenced work at our new 0.75 MTPA Electric Arc Furnace (EAF) at Punjab, strategically located in proximity to the market and the scrap generating auto hub in North India. We will set up more EAFs in the country, which will enable capacity augmentation and along with NINL expansion, will drive growth in our high margin retail business. Our EAF expansion is an important milestone in our sustainability journey and part of the multiple initiatives we are pursuing to achieve net zero by 2045. Further, in Netherlands, Tata Steel along with its customers has embarked on the journey to be carbon neutral through Zeremis® – a flexible solution that lets you choose the carbon emission intensity reduction”

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

“Globally, gross steel spreads declined amidst concerns about global recovery and elevated input costs including energy. Our Consolidated revenues for the quarter stood at Rs 59,878 crores and our consolidated EBITDA stood at Rs 6,271 crores, with Consolidated EBITDA margin of 10% and Standalone EBITDA margin of 16%. Utilisation of high-cost inventory of raw material and steel coincided with drop in realisations to result in margin decline across geographies. Consolidated PAT for the quarter stood at Rs 1,297 crores. In India, Standalone revenue stood at Rs 32,245 crores and was broadly similar on QoQ basis due to higher volumes. Standalone EBITDA was Rs 5,135 crores. In Europe, our EBITDA stood at £199 million, which translates to an EBITDA per ton of £106. The operating environment though should gradually improve in 2HFY23 on government measures and restocking. The margins should benefit across geographies from gradual recovery in Indian markets and favourable movement in raw material prices, especially Coking coal. Energy costs in Europe continue to remain a key watchpoint. We continue to remain focused on cost optimisation, operational improvements and working capital management to maximise cashflows. Our liquidity position continues to be strong and credit metrics remain at Investment grade levels. The proposed merger of seven listed and unlisted entities to be value accretive by enabling faster growth, optimal resource use and will provide greater liquidity to shareholders”

About Tata Steel

Tata Steel is among the most geographically diversified steel producers in the world and is one of the top global steel companies with an annual crude steel capacity of 34 million tonnes per annum and has operations and commercial presence across the world. The group recorded a turnover of US \$32.8 billion in the financial year ending March 31, 2022. **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™, worldsteel’s Climate Action Programme and World Economic Forum’s Global Parity Alliance, 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 featured amongst CII Top 25 innovative Indian Companies in 2021 and top 10 sustainable organisations of India Hurun Research Institute in the 2021 Capri Global Capital Hurun India Impact 50, received Steel Sustainability Champion recognition from worldsteel for five years in a row, ‘Most Ethical Company’ award 2021 from Ethisphere Institute, RIMS India ERM Award of Distinction 2021, Masters of Risk - Metals & Mining Sector recognition at The India Risk Management Awards for the sixth consecutive year, and Award for Excellence in Financial Reporting FY20 from ICAI, among several others.

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