

Mumbai, November 01, 2023

## Tata Steel reports Consolidated EBITDA of Rs 4,315 crores for the quarter

### Highlights:

- Consolidated Revenues for the half year stood at Rs 1,15,172 crores. EBITDA was Rs 10,437 crores and the EBITDA margin was 9%.
- Consolidated Revenues for the July – Sep quarter stood at Rs 55,682 crores. EBITDA was Rs 4,315 crores and the EBITDA margin was 8%.
- The company has spent Rs 4,553 crores on capital expenditure during the quarter and Rs 8,642 crores for the half year. The 5 MTPA expansion at Kalinganagar and 0.75 MTPA EAF project in Punjab are under implementation.
- Net debt stands at Rs. 77,032 crores. Our group liquidity remains strong at Rs 27,637 crores. We are now rated Investment grade by Standard & Poor's and Moody's.
- India<sup>1</sup> revenues were Rs 33,922 crores and EBITDA was Rs 6,841 crores
  - Crude steel production was around 5 million tons and was broadly similar on QoQ basis but up 5% on YoY basis.
  - Deliveries at 4.82 million tons were marginally higher QoQ driven by rise in domestic deliveries. Broad based improvement was witnessed across key end use segments despite seasonal factors.
  - EBITDA was Rs.6,841 crores which translates into an EBITDA margin of 20%.
- Europe revenues were £1,812 million and EBITDA loss stood at £242 million.
  - Liquid steel production was 1.95 million tons and the QoQ improvement was primarily driven by better operating efficiency at Netherlands.
  - Deliveries stood at 1.81 million tons and were marginally lower due to subdued demand and the ongoing relining of one of the blast furnaces at Ijmuiden, which will be completed in 3QFY2024.
- We have assessed the potential impact of the EAF based decarbonisation project and restructuring in UK. We have taken an impairment charge of Rs 12,560 crores in standalone financial statements and Rs 2,746 crores in consolidated financial statements. In addition, we have taken a charge towards restructuring & other provisions of Rs 3,612 crores in consolidated financial statements.
- Tata Steel is committed to reaching net zero by 2045 and is pursuing decarbonisation of its operations in a phased manner calibrated to the regulatory framework and support from the government and customers in each country.
  - In September, Tata Steel announced plans to invest in a state-of-the-art scrap based EAF at Port Talbot, UK at a cost of £1.25 bn with a government grant of £500 million, subject to relevant regulatory approvals, information and consultation processes and finalization of detailed terms & conditions. The transition to EAF based steelmaking will result in reduction of 50 mn tons of direct carbon emissions over a decade.
  - Tata Steel Netherlands has been working intensely with the Government of Netherlands on the contours of the decarbonisation project covering emission and health standards and will shortly be submitting the detailed decarbonisation proposal to the Government of Netherlands seeking regulatory and financial support which is critical to build a strong business case for Tata Steel Netherlands. Both parties will discuss the detailed conditions of the project and based on the support indicated by the Government of Netherlands, the Board of Tata Steel will duly consider the project for approval at an appropriate time.
  - Tata Steel Limited to enter into an agreement to source 379 MW of renewable power for India operations, which will enable reduction of 50 million tons of carbon emissions over a period of 25 years.

**Financial Highlights:**

Key Profit & Loss account items (All figures are in Rs. Crores unless stated otherwise)	India <sup>1,2</sup>			Consolidated		
	2QFY24	1QFY24	2QFY23	2QFY24	1QFY24	2QFY23
Production (mn ton) <sup>3</sup>	5.02	5.02	4.80	7.31	7.13	7.56
Deliveries (mn ton)	4.82	4.79	4.91	7.07	7.20	7.23
Turnover	33,922	35,352	34,663	55,682	59,490	59,878
Reported EBITDA	6,841	7,516	4,776	4,315	6,122	6,271
Reported EBITDA per ton (Rs. Per ton)	14,206	15,682	9,730	6,106	8,503	8,673
Adjusted EBITDA <sup>4</sup>	6,376	7,571	3,799	4,147	6,238	5,817
Adjusted EBITDA per ton (Rs. Per ton)	13,242	15,796	7,739	5,869	8,664	8,045
PBT before exceptional items	4,710	5,404	2,608	160	1,842	2,625
Exceptional Items (gain)/loss	12,993	11	19	6,899	(13)	19
Reported Profit after Tax	(8,854)	4,386	1,856	(6,511)	525	1,297

1. Tata Steel Standalone numbers have been restated from April 1, 2022, to reflect Tata Steel Long Products Ltd. and Tata Steel Mining Limited merger into Tata Steel; Figures for previous periods have been regrouped and reclassified to conform to classification of current period, where necessary; 2. India includes Tata Steel Standalone and Neelachal Ispat Nigam Limited on proforma basis adjusted for intercompany purchase and sale; 3. Production numbers for consolidated financials are calculated using crude steel for India, liquid steel for Europe and saleable steel for SEA; 4. Adjusted for changes on account of FX movement on intercompany debt / receivables

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

“Tata Steel India delivered steady performance, with crude steel production of around 5 million tons. Domestic deliveries were up 6% YoY, despite renewed volatility and seasonal factors during the quarter. Among the key segments, Auto and Branded Products & Retail had best ever 2Q sales. We have started producing FHCR coils at Kalinganagar CRM complex and have started receiving approvals from automotive OEMs for our cold rolled steel. Our retail sales to home builders continue to grow aided by our strong distribution network. Tata Steel Aashiyana, the e-commerce platform, services more than 10,000 unique customers per month. Moving to Sustainability, we remain committed to Net Zero by 2045 and have calibrated the decarbonisation of steelmaking as per the operating geography. In UK, we plan to invest in a state-of-the-art scrap based EAF with the government support and this will enable reduction of 50 million tons of direct carbon emissions over a decade. In Netherlands, we will shortly be submitting the detailed decarbonisation proposal to the Dutch government seeking regulatory and financial support. In India, we are committed to responsible growth and are undertaking multiple initiatives ranging from scrap charging in blast furnace to greening the power mix. We are entering into an agreement to secure 379 MW renewable power for our India operations. I am happy to share that Tata Steel has received Safety and Health Excellence recognition for 2023 by worldsteel.”

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

“Tata Steel Consolidated revenues for the quarter stood at Rs 55,682 crores and consolidated EBITDA stood at Rs 4,315 crores, which translates to an EBITDA margin of 8%. India business generated higher margin of around 20% and EBITDA stood at Rs 6,841 crores. In Europe, margins moderated especially in UK business while Netherlands business was broadly stable on QoQ basis. Revenue per ton was lower in both geographies. However, improved costs in Netherlands led to broadly similar margins. Cash flow from operations before interest stood at Rs 4,658 crores driven by favourable working capital movement. Our capital expenditure was Rs 4,553 crores during the quarter and Rs 8,642 crores for the half year. This is broadly in line with our annual guidance of ~Rs 16,000 crores for FY2024 and we continue to prioritise completion of the 5 MTPA Kalinganagar expansion. Our Net debt stands at Rs 77,032 crores and the group liquidity position remains strong at Rs 27,637 crores. During the quarter, Moody’s upgraded our credit rating to investment grade. Given our plans to change the processed route for steelmaking, the existing heavy end assets at TSUK will only be used for a defined period. Accordingly, we have taken an impairment charge of Rs 12,560 crores in the standalone financial statements. We have also taken a charge of Rs 6,358 crores in consolidated financial statements in relation to the UK business. We continue to remain focused on cost optimisation, operational improvements and working capital management to maximise cashflows.”

### 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.

### For queries and information

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### About Tata Steel

- Tata Steel group is among the top global steel companies with an annual crude steel capacity of 35 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\$30.3 billion in the financial year ending March 31, 2023.
- A Great Place to Work-Certified™ organisation, Tata Steel Limited, together with its subsidiaries, associates, and joint ventures, is spread across five continents with an employee base of over 77,000.
- Tata Steel has announced its major sustainability objectives including Net Zero Carbon by 2045, Net Zero Water consumption by 2030, improving Ambient Air Quality and No Net loss in Biodiversity by 2030.
- The Company has been on a multi-year digital-enabled business transformation journey intending to be the leader in 'Digital Steel making by 2025'. The Company has received the World Economic Forum's Global Lighthouse recognition for its Jamshedpur, Kalinganagar and IJmuiden Plants.
- Tata Steel aspires to have 25% diverse workforce by 2025. The Company has been recognised with the World Economic Forum's Global Diversity Equity & Inclusion Lighthouse 2023.
- The Company 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.
- Tata Steel's Jamshedpur Plant is India's first site to receive ResponsibleSteel™ Certification.
- Received Prime Minister's Trophy for the best performing integrated steel plant for 2016-17, 2023 Steel Sustainability Champion recognition from worldsteel for six years in a row, 2022 'Supplier Engagement Leader' recognition by CDP, Top performer in Iron and Steel sector in Dun & Bradstreet's India's top 500 companies 2022, Ranked as the 2023 most valuable Mining and Metals brand in India by Brand Finance, and 'Most Ethical Company' award 2021 from Ethisphere Institute.
- Received 2022 ERM Global Award of Distinction, 'Masters of Risk' - Metals & Mining Sector recognition at The India Risk Management Awards for the seventh consecutive year, and Award for Excellence in Financial Reporting FY20 from ICAI, among several others.

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