

Mumbai, June 29, 2020

Tata Steel reports consolidated financial results for the quarter and full year ended March 31, 2020

Key Highlights:

- Health and Safety: Lost Time injury frequency rate per mn man hours worked of Tata Steel group has reduced by 27% over last 10 years to 0.69
- FY20 Consolidated steel production increased by 5%YoY to 28.46 mn tons and deliveries stood at 26.68 mn tons; India¹ (which includes Tata Steel Standalone, Tata Steel BSL and Tata Steel Long products) steel production increased by 8%YoY to 18.20 mn tons while deliveries grew 4%YoY to 16.97 mn tons and contributed ~64% of consolidated deliveries
- 4QFY20 Consolidated steel production increased by 5%QoQ to 7.37 mn tons and deliveries stood at 6.50 mn tons; India¹ steel production increased by 6%QoQ to 4.73 mn tons while deliveries stood at 4.03 mn tons
- Consolidated revenues stood at Rs.139,817 crores for FY20 and Rs.33,770 crores for 4QFY20; India revenues stood at Rs.82,125 crores for FY20 and Rs.19,493 crores for 4QFY20; Standalone revenues stood at Rs.60,436 crores for FY20 and Rs.14,211 crores for 4QFY20
- Consolidated EBITDA was Rs.17,735 crores for FY20, grew 28%QoQ to Rs.4,669 crores in 4QFY20. India¹ EBITDA was Rs.17,650 crores for FY20, grew 11%QoQ to Rs.4,568 crores in 4QFY20. Standalone EBITDA was Rs.15,096 crores for FY20 and Rs.3,661 crores in 4QFY20
- FY20 Consolidated PAT from continued operations stood at Rs.2,337 crores; India¹ profit after tax was Rs.5,611 crores
- Our liquidity remains robust at Rs.17,745 crores including Rs.11,549 crores in cash & cash equivalents and the balance in undrawn credit lines.
- Gross debt at end of Mar'20 was Rs.1,16,328 crores while Net debt was Rs.1,04,779 crores.
- The Board of Directors recommended a dividend of Rs. 10 per fully paid equity share and Rs. 2.504 per partly paid equity share

Tata Steel India and Consolidated Highlights

Key profit & Loss account items (All figures in Rs. Crores unless specified)	India ¹ (Standalone+TSBSL+TSLP)					Consolidated ²				
	4QFY20	3QFY20	4QFY19	FY20	FY19	4QFY20	3QFY20	4QFY19	FY20	FY19
Production (mn tons) ³	4.73	4.47	4.48	18.20	16.81	7.37	6.99	7.21	28.46	27.11
Deliveries (mn tons)	4.03	4.85	4.72	16.97	16.26	6.50	7.31	7.52	26.68	26.80
Turnover	19,493	21,299	24,901	82,125	89,979	33,770	35,520	42,424	139,817	157,669
EBITDA	4,568	4,110	5,767	17,650	23,934	4,669	3,659	7,762	17,735	29,770
EBITDA (Rs. per ton)	11,339	8,484	12,228	10,400	14,719	7,183	5,003	10,325	6,647	11,110
PBT before exceptional items	1,923	1,456	3,628	7,260	15,608	1,906	(216)	4,241	3,520	16,027
Exceptional Charges	(2,144)	349	67	(1,796)	(74)	(3,406)	(329)	11	(3,752)	(121)
PAT from Continuing Operations	(563)	1,194	2,309	5,611	9,777	(1,236)	(1,166)	2,353	2,337	9,187
Other Comprehensive Income						5,177	(1,550)	(101)	4,483	8
Total Comprehensive Income						3,562	(2,778)	2,194	5,655	9,106

1. India includes Tata Steel Standalone Limited, Tata Steel BSL Limited (TSBSL) and Tata Steel Long Products Limited (TSLP) on proforma basis without inter-company eliminations; Tata Steel BSL financials are consolidated from 18th May, 2018. 2. Consolidated figures don't include NatSteel Holding and Tata Steel Thailand as it is classified as 'Asset held for sale'; 3. Production numbers for consolidated financials are calculated using Crude steel for India and liquid steel for Europe

Business Environment

The COVID-19 outbreak has led to an unprecedented health crisis and has disrupted economic activities and global trade while weighing on consumer sentiment. Consequently, global steel demand is expected to be sharply lower in 2020 before a meaningful recovery in 2021.

Government of India imposed a stringent nationwide lockdown with effect from 25th March 2020 severely impacting manufacturing activities. Steel and Mining were exempt from the lockdown measures, albeit subject to certain guidelines. However, steel demand was affected as key steel consuming sectors struggled to operate amidst weakening economic activities, working capital constraints, shortage of manpower and logistical issues. In Europe, the outbreak of Covid-19 has further accentuated the sustained weak steel demand. Share of steel imports to total consumption in EU continues to remain at elevated levels which is a cause of concern. After witnessing a decline in steel demand growth in 2019, EU expects a steel demand recovery only in 2021.

At Tata Steel, our first and foremost priority continues to be the health and safety of our employees and the communities in which we operate. We are focused on running operations safely and efficiently to service our customers. We are also focused on liquidity management to face any future disruption in business conditions.

With the phased removal of the lockdown restrictions in India, our upstream steel making operations have been ramped up and are currently operating at about 80% utilization levels. Our downstream units have reopened and are steadily ramping up. There are early signs of a recovery in steel demand on the back of increased spending on infrastructure projects as well as rural demand. In Europe, Tata Steel Europe continues to operate at about 70% utilization level. Key steel consuming sectors such as automotive and construction sector continue to be adversely affected, though demand for packaging material has seen a sharp upsurge.

Key Operating and Financial Highlights of full year and the quarter:

Indian operations:

- India steel production grew 8%YoY to 18.20 mn tons in FY20 with ramp up at Tata Steel BSL and acquisition of Usha Martin's steel business by Tata Steel Long Products. In 4QFY20, it grew by 6%QoQ to 4.73 mn tons.
- India steel deliveries grew 4%YoY to 16.97 mn tons in FY20 despite a 17%QoQ drop in 4QFY20 deliveries to 4.03 mn tons due to the nationwide lockdown in late Mar'20. Branded Products & Retail segment achieved an 8%YoY improvement in volumes to 5.32 mn tons
- Tata Steel BSL achieved best ever crude steel production and sales at 4.46 mn tons and 4.14 mn tons, respectively on the back of improved maintenance practices, higher capacity utilizations and marketing synergies. EBITDA improved by 173%QoQ to Rs775 crores in 4QFY20.
- Tata Steel Long Products which acquired steel making facility of Usha Martin during the year, achieved crude steel production of 0.58 mn tons this year while deliveries stood at 0.51 mn tons. EBITDA improved sharply to Rs.132 crores in 4QFY20 compared to Rs.36 crores in 3QFY20 as the benefits of improvement in operating KPIs helped in stabilizing operations and reducing costs.
- India revenue from operations stood at Rs.82,125 crores for FY20 and Rs.19,493 crores for the quarter. Reported EBITDA was Rs.17,650 crores for FY20. 4QFY20 EBITDA improved by 11%QoQ to Rs.4,568 crores on account of better realizations.
- India FY20 EBITDA margin stood at 21.5% and EBITDA/t was Rs.10,400. For the quarter, EBITDA margin stood at 23.4% and EBITDA/t was Rs.11,339.
- Tata Steel Standalone developed 28 new products during the quarter with applications ranging in automotive, consumer durables, tube manufacturing and construction.

- Tata Steel Jamshedpur has been able to achieve substantial improvement in water consumption with specific consumption rate improving to 2.80 m³/tcs in FY20 from 3.27 m³/tcs in FY19. Solid waste utilization increased at both Tata Steel Jamshedpur and Tata Steel Kalinganagar to 102% and 101.2%.

European operations:

- Liquid steel production marginally declined to 10.26 mn tons in FY20; it grew by 5%QoQ to 2.64 mn tons in 4QFY20. Deliveries declined by 4%YoY to 9.29 mn tons in FY20 primarily due to overall weakness in economic activities; 4QFY20 deliveries increased 2%QoQ to 2.39 mn tons amid COVID-19 crisis.
- Revenue from operations decreased to Rs.55,939 crores in FY20 primarily due to sharp decline in European steel prices and lower deliveries, resulting in loss of Rs.664 crores at EBITDA level. In 4QFY20, revenues declined by 2%QoQ to Rs.13,588 crores while EBITDA improved to Rs.65 crores compared to EBITDA loss of Rs.956 crores in 3QFY20.
- Tata Steel Europe launched 22 new products in FY20 with 10 new products in 4QFY20. These included a new automotive body panel steel allowing improved paint finishes, the strongest hot-formed structural hollow sections for construction and a nickel-plated steel for use in car lighting systems.
- Tata Steel Europe is committed to make its operations simpler, leaner and sustainable. It has launched a transformation program to generate savings across multiple initiatives.

Key corporate developments:

- Given the uncertain business environment, capex is being curtailed sharply and restricted to safety and sustenance projects. The capex plans will be revisited in H2 or when business conditions normalize.
- Tata Steel Mining Limited, a wholly-owned subsidiary of Tata Steel, has signed 50 year leases for Kamarda and Saruabil Chromes mines. It has also won Sukinda Chrome ore mines in the auction and the lease grant process is underway. With these mines, Tata Steel Mining is well placed to cater to its global customer base as well as requirements of Tata Steel Group.
- Tata Steel Europe closed its Orb Electrical Steels business in the UK. The company offered employees alternative opportunities where possible at other sites.
- South East Asian operations continued to be classified as 'Asset held for sale'. While Tata Steel continues to engage with the strategic players for its divestment, the outbreak of COVID-19 has delayed the process.

Management Comments:

Mr. T V Narendran, CEO & Managing Director:

"FY20 has been a challenging year. The Indian economy slowed down in the first half with key steel consuming sectors like automotive contracting sharply. While the economy began recovering in the second half, the outbreak of Covid-19 in end March led to unprecedented disruption and heightened economic uncertainty. We have recalibrated our operations in line with the evolving business environment and are focused on conserving cash while actively de-risking the business.

While deliveries in India were marred by the nationwide lockdown in late March 2020, margins improved on the back of stronger performance in the early part of the quarter. Both our acquisitions, Tata Steel BSL and Tata Steel Long Products continue to deliver improvements in operating KPIs which has translated into better profitability. Tata Steel Europe showed a turnaround in performance with positive EBITDA for the quarter.

While there will be a sharp drop in volumes in 1QFY21, we are seeing early signs of recovery and remain poised to leverage our position on normalization of business conditions.”

Mr. Koushik Chatterjee, Executive Director and CFO:

“Given the heightened uncertainty due to the Covid-19 pandemic, we are focused on conserving cash and ensuring adequate liquidity to face potential disruptions in the operating environment. We have pivoted business decisions on cashflows and successfully driven cash neutrality in our operations by reducing spend, managing working capital and curtailing capital expenditure. We also raised additional funds of Rs.4,900 crores to build a contingency buffer. Our liquidity at the end of the year remained robust at Rs.17,745 crores including cash and cash equivalents of Rs.11,549 crores.

In Q4FY20, our India operations reported a 11%QoQ improvement in EBITDA to Rs.4,568 crores for the quarter, which is an EBITDA margin of 23.4%. Tata Steel Standalone EBITDA margin was higher at 25.8%. Tata Steel BSL EBITDA improved to Rs.775 crores while Tata Steel LP increased to Rs.132 crores. Tata Steel Europe performance reported an EBITDA of Rs.65 crores compared to a loss of Rs.956 crores in 3QFY19. All this led to a 28%QoQ improvement in our consolidated EBITDA to Rs.4,669 crores.”

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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For media enquiries contact:

Kulvin Suri

Tel: +91 22 6665 0581/ +91 92310 52397

E-mail: kulvinsuri@tatasteel.com

Rob Simpson

Tel: +44 207 717 4404/ +44 7990 786 531

E-mail: rob.simpson@tatasteel.com