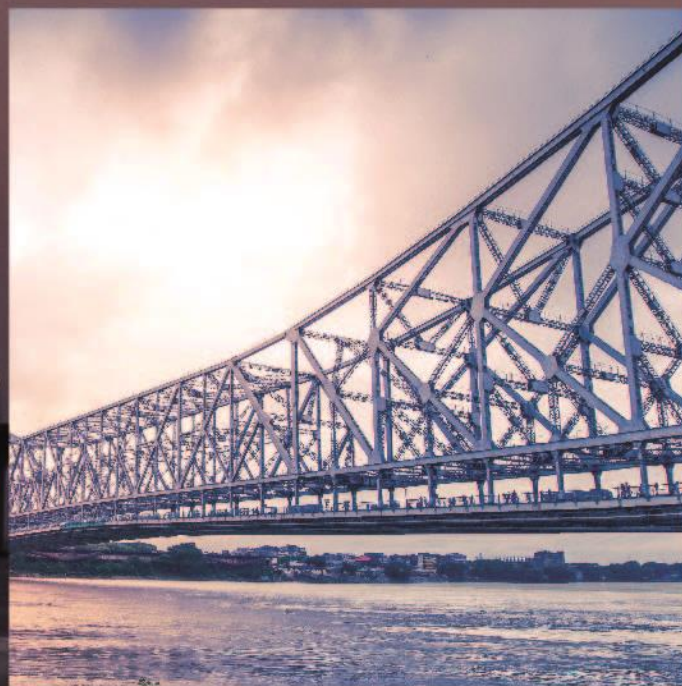


**TATA STEEL**  
WeAlsoMakeTomorrow



Building bridges  
to the future  
**SINCE 1907**

# Results Presentation

Financial quarter and half year ended September 30, 2020  
November 13, 2020

## Safe harbor statement

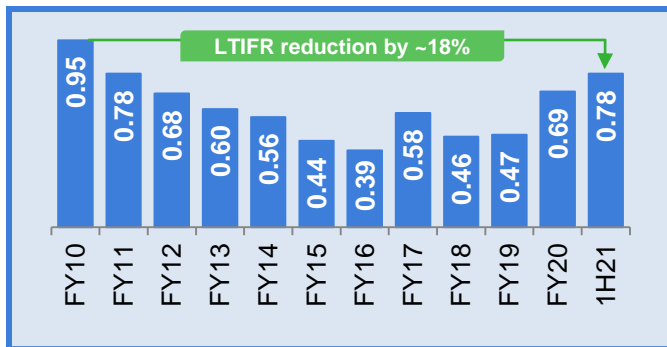
*Statements in this presentation describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could 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*

# Committed towards excellence in Safety, Health & Sustainability



## Safety

- Trained >43,500 employees on Standard Operating Guidelines for carrying out operations following COVID-19 outbreak



## Health

- Conducted >96,500 COVID health screening till date of employees and contract workforce for early detection of high risk cases

**TATA STEEL**  
#WeMakeTomorrow

**DOCTOR ONLINE**  
September 29, 2020 | 11:30 a.m. - 12:30 p.m.

**Use Heart to beat cardiovascular disease**

**Dr Mandar Mahavir Shah,**  
Head Consultant & HOD, Cardiology & Cath Lab,  
Tata Main Hospital

**WORLD HEART DAY**  
USE ♥ TO BEAT ♥

Ask your questions @ 0657-6640000

A joint initiative of OHS and Tata Main Hospital

Click here to join!



## Sustainability

- Achieved first time ever (i) <2 m<sup>3</sup>/tcs fresh water consumption at TSJ; and (ii) Stack Dust Emission at TSJ and TSK of 0.28kg/tcs and 0.35kg/tcs, respectively

**PROUD TO JOIN**

**Responsible Steel** | standards & certification

**TO FURTHER OUR SUSTAINABILITY GOALS**



# Improving quality of life of our communities



## Education

- **30 Model schools:** 4 new schools handed over to the Government of Odisha
- **Lockdown Learning Model:** 34,400 children provided with academic support through both digital and physical means



## Livelihood

- **Promotion of 'Systematic Rice Intensification' and 'Dry Land Farming':** 15,000 farmers covered
- **Agri-allied interventions:** ~3,500 farmers taken up fishery, poultry, dairy, etc.
- **Nutrition programme:** 664 kitchen gardens established
- **Model Career Centre:** 371 students supported with placement services



## Health

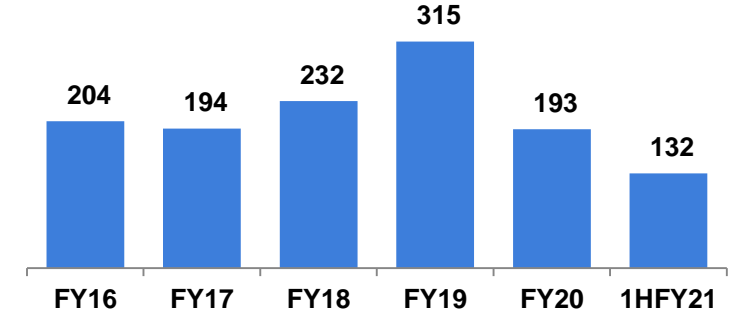
- **Maternal and New-born Survival Initiative (MANSI):** 22,075 pregnant women, mothers and children reached; successfully tracking high risk cases digitally amidst the COVID-19 pandemic
- **Primary Healthcare Services:** About 25,000 people benefitted



## Fighting COVID

- **Stitch In Time:** >1 Lac masks produced; 194 household engaged
- **Digital Bridges:** >1.6 Lac people reached through Mobile Medical Units and Teleconsultations
- **From The Farm:** >16,000 kg of vegetables distributed

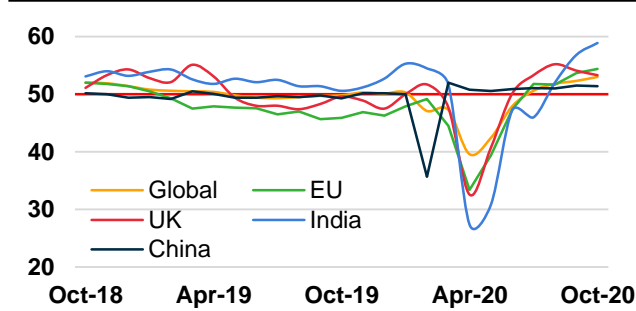
**Spent >Rs.1,000 crores on CSR**  
(TSL Standalone over last 5 years)



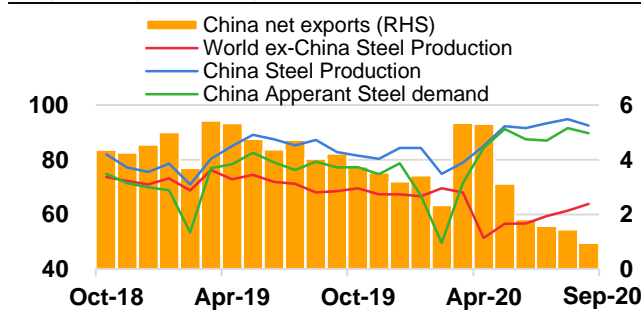
# Global macro environment

- Global economic activity recovered on unprecedented policy support and eased mobility restrictions; Chinese economic activity indicators remained strong
- China's strong domestic steel demand continue to drive higher production, lower net exports and increase in steel prices
- World-ex China steel production also improved but remained below pre-COVID levels
- Global Iron ore prices remain elevated supported by sustained Chinese demand and supply side constraints; coking coal prices also moved up in Sep'20, however, eased off on Chinese import restriction
- Regional gross spot spreads improved from an unsustainable level, driven by recovery in steel prices
- Economic recovery remains exposed to further COVID-19 outbreaks with rising new cases and mobility restrictions in certain economies

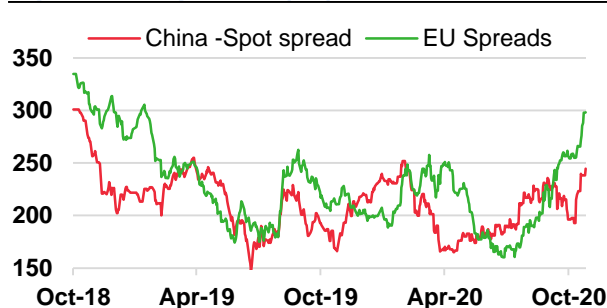
### Global Manufacturing PMIs



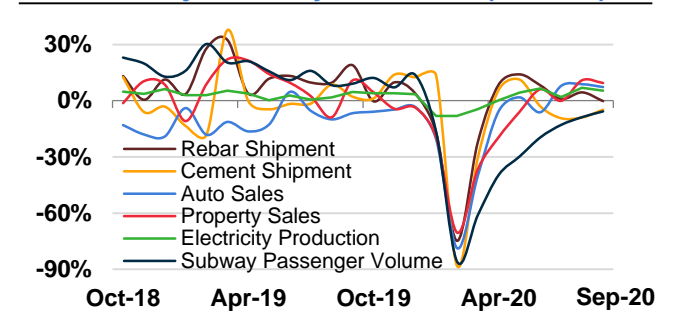
### Steel Production, demand and China net exports (mn tons)



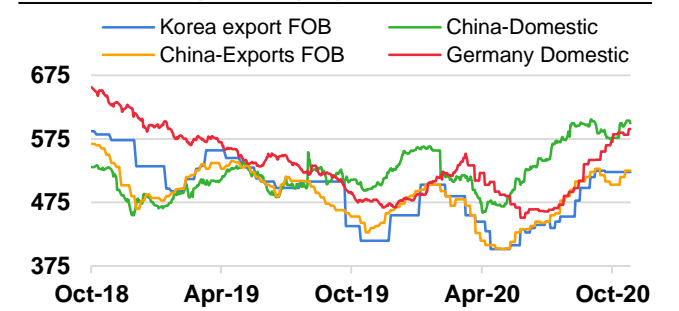
### Spot HRC spreads (\$/t)



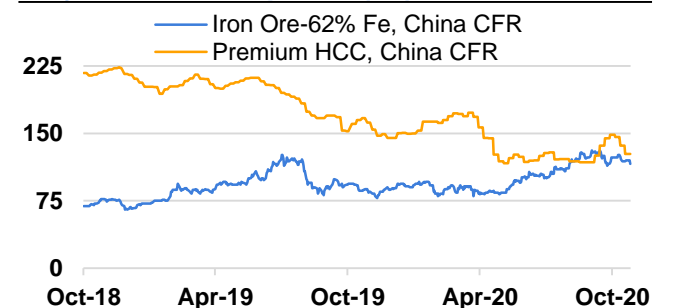
### China – major activity indicators (%YoYΔ)



### Global HRC prices (\$/t)



### Key raw material prices (\$/t)



Sources: World Steel Association, IMF, Bloomberg, Steelmint, Morgan Stanley and Tata Steel

Note: China HRC spot spreads = China HRC exports FOB – (1.65x Iron Ore Fe 62% China CFR+ 0.7x Premium Hard Coking Coal China CFR); EU HRC spot spreads = 1t HRC (Germany) - 1.6t iron ore (fines 65%, China spot, R'dam) - 0.7t premium hard coking coal (Australia spot, R'dam) - 0.1t scrap (HMS, R'dam)

# Business environment in India and Europe

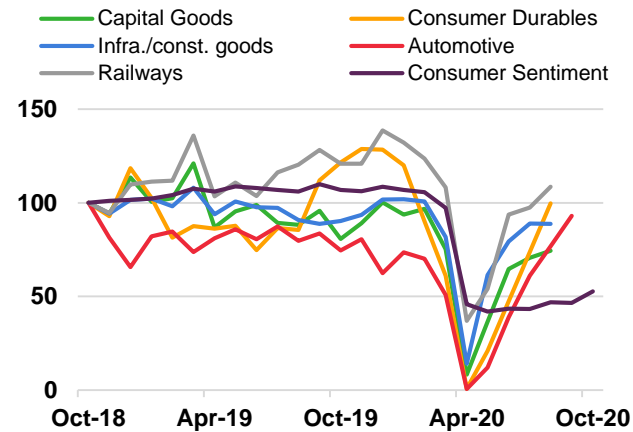
## India:

- Recovery in Indian economy gathered pace with resumption of economic activities amid phased relaxation in lockdown measures and anticipation of festive demand
- While overall 2QFY21 apparent steel consumption declined 10.1%YoY to 23.6 mn tons in, it recovered in Aug '20 and Sept '20 to 96% of FY20 monthly average

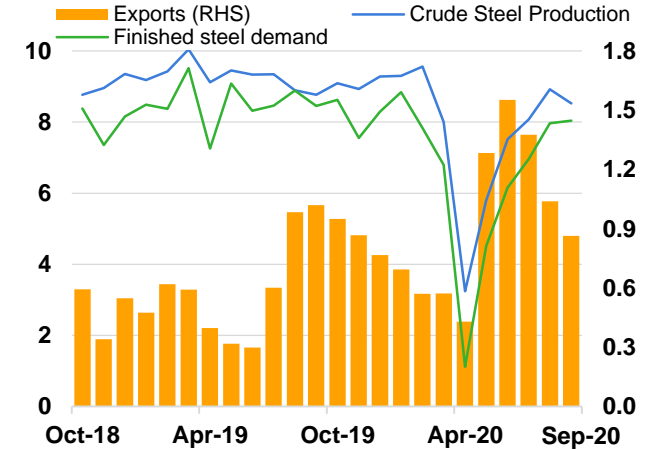
## Europe:

- COVID-19 pandemic continued to weigh on European economy with steel-consuming sectors being affected, particularly automotive. Industrial activity started rebounding after the restriction measures were largely lifted
- Despite fall in imports, share of steel imports to total consumption in EU remained elevated; moving to country specific quotas with quarterly administration is a key positive for the EU steel industry
- Steel price increases on the back of demand recovery drove EU spot spreads upwards despite the jump in Iron ore prices

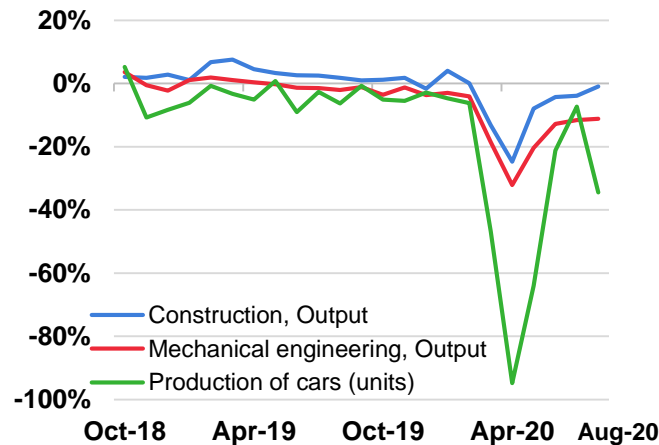
## India key economic growth indicators\*



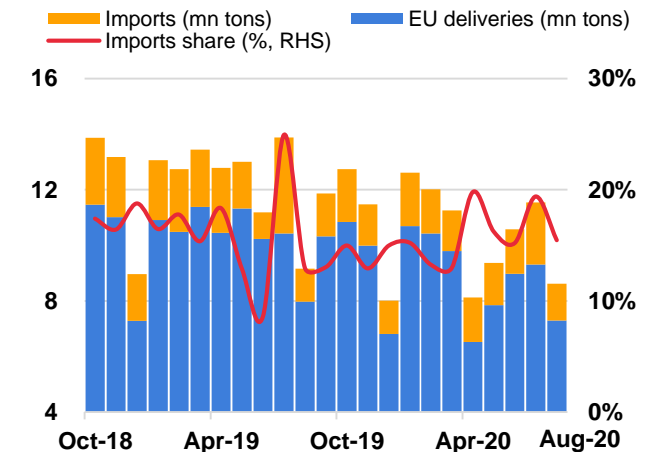
## India steel volumes (mn tons)



## EU key steel consuming sectors (monthly, YoY % change)



## EU market supply

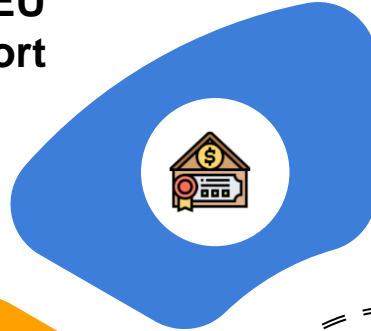


Source: Bloomberg, SIAM, Joint Plant Committee, MOSPI, CMIE, Eurofer, Eurostat and Tata Steel

\*Figures of Industrial Production for Capital Goods, Infrastructure/Construction and railways are rebased to Oct'18=100 using FY12 index based sector weights; number of units produced as per SIAM and India consumer sentiment index is rebased to Oct'18=100

# Recalibration in a post COVID world

Engaged with UK and EU governments to seek support



Managing risks at physical assets and across the supply chain



Using technology to drive efficiency



Agility in the face of adversity



Indian operations back to pre-COVID level



Drive on cost savings and squeeze on capex



Pivoting business decisions on cash



# Key performance highlights and updates



## Performance Highlights

- Achieved best ever quarterly volumes in India, registering growth both on QoQ and YoY basis
- Superior business model drives broad based growth, including downstream portfolio
- Free cash flow generation of Rs.8,510 crores in 1HFY21
- Net debt reduced by Rs.8,285 crores in 1HFY21; now below Mar'19 levels



## India re-organization

- Moving ahead with reorganization to drive scale, synergies and simplification, and to create stakeholders' value
- Folding listed and unlisted subsidiaries and JVs into 4 business verticals viz. Long products, Downstream, Mining and Utilities & Infrastructure
- Merger of Tata Metaliks and Indian Steel & Wire Products into Tata Steel Long Products approved



## Sustainable solution for TSE

- In discussions with SSAB, Sweden regarding a potential acquisition of Tata Steel's Netherlands business
- Commenced discussions with the Supervisory Board and Board of Management of Tata Steel Netherlands; process will subsequently move to the next stage including due diligence and stakeholders consultations
- Tata Steel to continue to own and operate the UK business; in discussion with the UK government to make the business sustainable and self-sufficient



## Consolidated financial performance

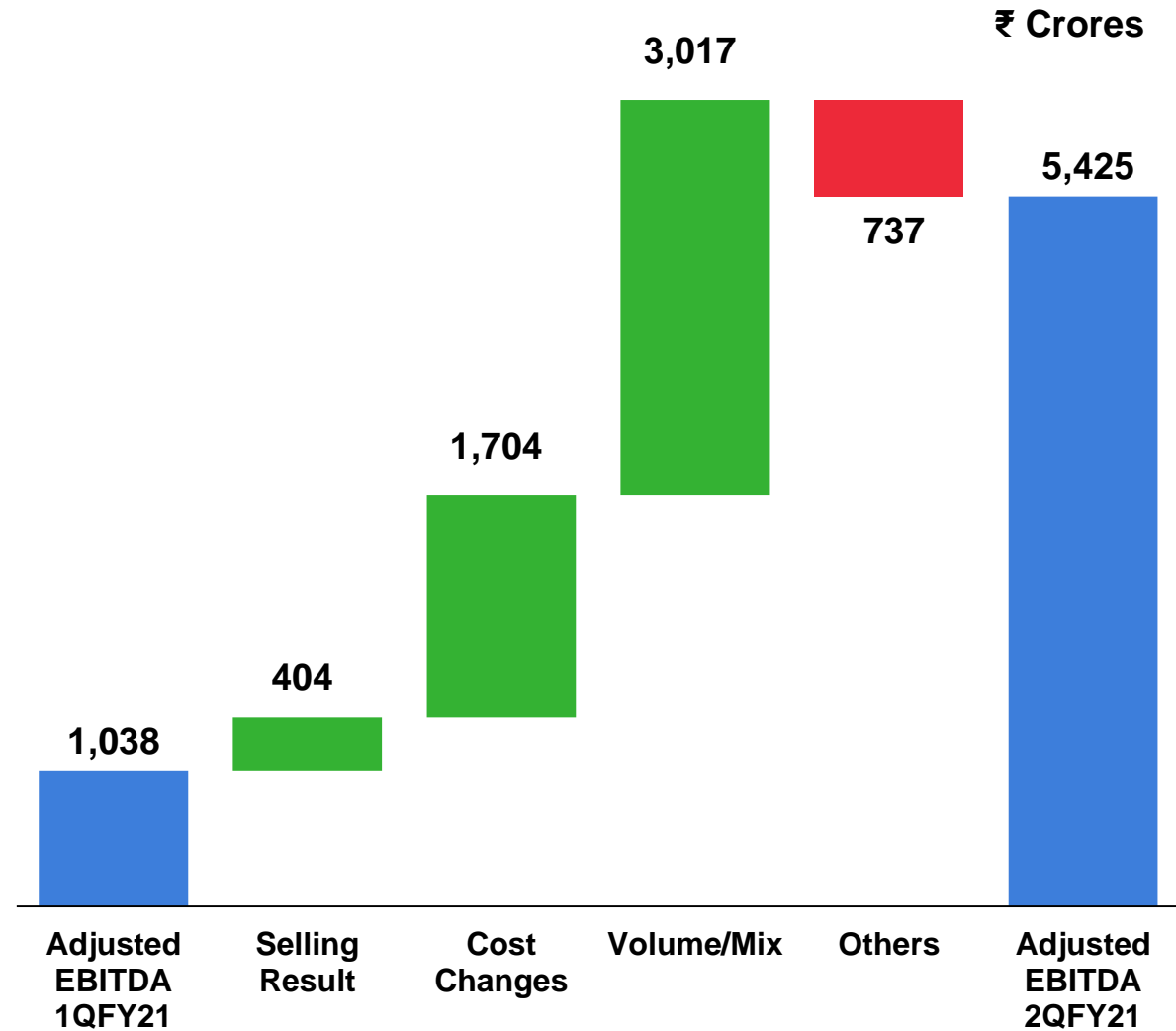
<i>(All figures are in Rs. Crores unless stated otherwise)</i>	2QFY21	1QFY21	2QFY20
<b>Production (mn tons)<sup>1</sup></b>	<b>6.73</b>	<b>5.14</b>	<b>6.95</b>
<b>Deliveries (mn tons)</b>	<b>7.40</b>	<b>4.93</b>	<b>6.53</b>
<b>Total revenue from operations</b>	<b>37,154</b>	<b>24,289</b>	<b>34,579</b>
Raw material cost <sup>2</sup>	12,104	9,614	14,864
Change in inventories	3,220	786	(16)
<b>EBITDA</b>	<b>6,217</b>	<b>597</b>	<b>3,893</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>5,425</b>	<b>1,038</b>	<b>4,018</b>
<b>EBITDA per ton (Rs./t)</b>	<b>8,396</b>	<b>1,209</b>	<b>5,963</b>
Pre exceptional PBT from continuing operations	2,205	(3,396)	27
Exceptional items	43	58	(34)
Tax expenses <sup>4</sup>	613	1,272	(4,050)
<b>PAT from Continuing Operations</b>	<b>1,635</b>	<b>(4,609)</b>	<b>4,043</b>

Strong underlying performance in India

Note: Consolidated numbers doesn't include NatSteel Holdings and Tata Steel Thailand as these have been classified as "Discontinued operations";

1. Production Numbers: Tata Steel Standalone, Tata Steel BSL & Tata Steel Long Products - Crude Steel Production, Europe - Liquid Steel Production;
2. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products,
3. Adjusted for fair value changes on account of FX rate movement on investments in T Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at TS Global Holdings;
4. Tax expenses in 2QFY20 included favourable impact of: i) Rs. 2,425 crores on adoption new corporate tax rate by Tata Steel Standalone and some of the subsidiaries, ii) Rs.661 crores arising on recognition of deferred tax assets at Tata Steel Europe on waiver of intercompany loans and interest and conversion of such loans into equity, and iii) Rs.1,147 crores on consequent reversal of deferred tax liability by TS Global Holding as it will no longer receive certain pay-outs post above waivers

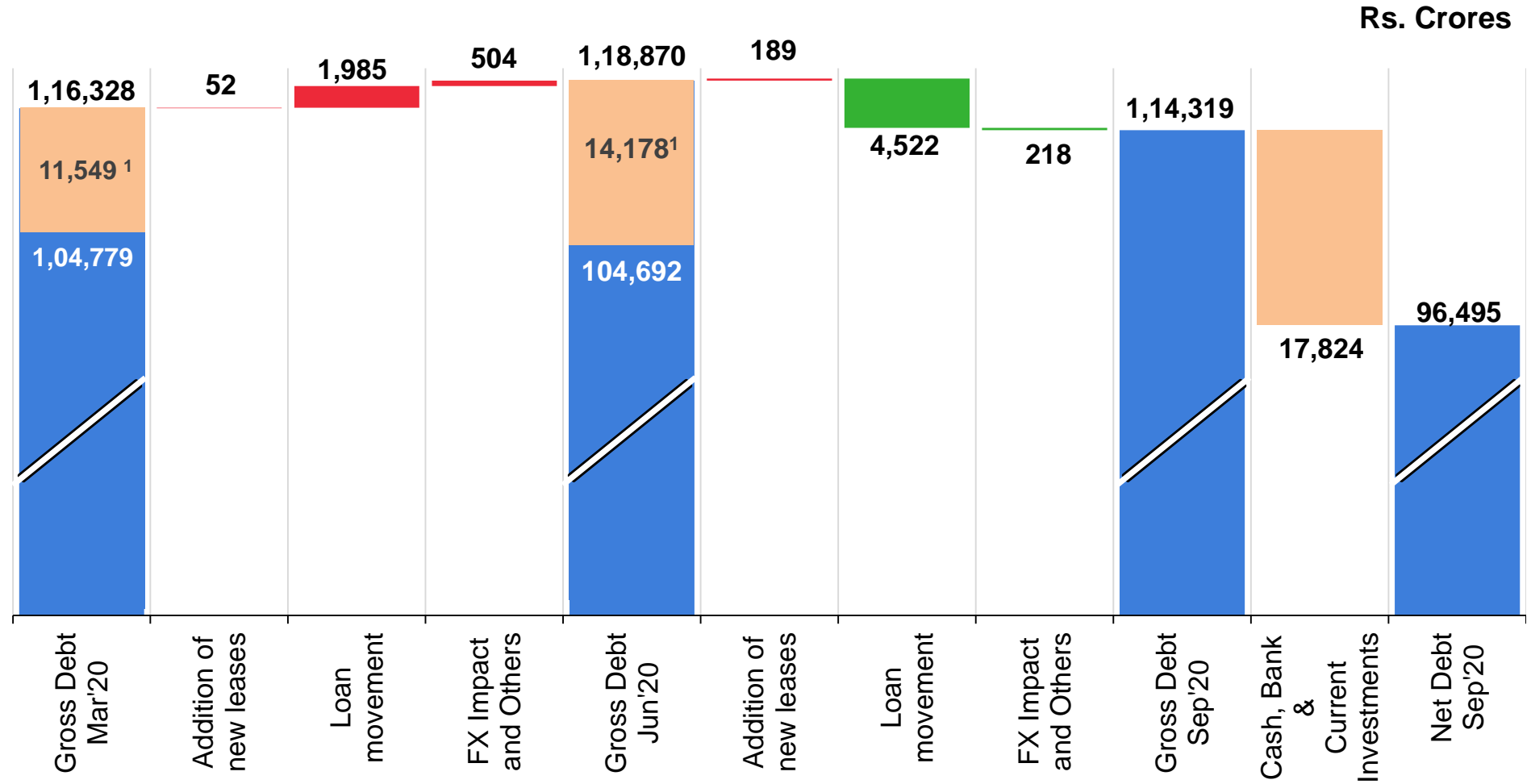
## Consolidated Adjusted EBITDA<sup>1</sup> movement



- Selling results reflects partial impact of sequential increase in steel realisation across the key entities
- Cost change reflects benefits of cost efficiency initiatives and impact of idle/ abnormal cost owing to lower level of capacity utilization in 1QFY21
- Volume/mix impact primarily due to higher steel volumes, lower exports from India and favourable product mix across the key entities
- Others are primarily due to provision for purchase of emission rights at Europe partially offset by higher income from profit centers in India and reversal of provisions no longer required

1. EBITDA adjusted for revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings

## Consolidated<sup>2</sup> Debt movement



- In 2QFY21, gross debt and net debt reduced by Rs.4,550 crores and Rs.8,197 crores, respectively
- Net debt is now below Mar'19 levels

Focus on  
deleveraging

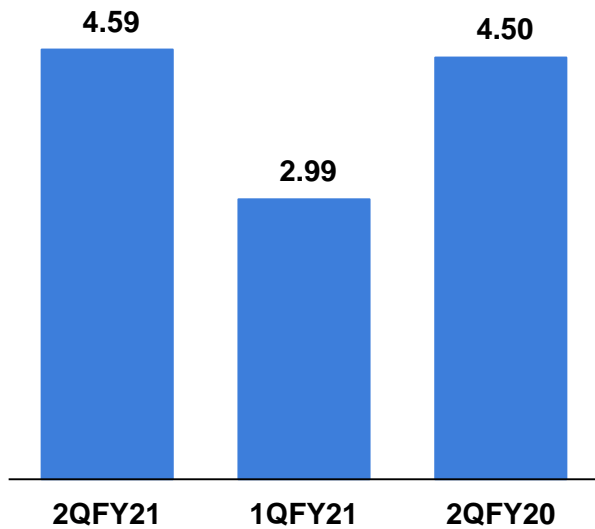
1. Cash, bank & current investments

2. Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as these have been classified as "Asset Held For Sale"

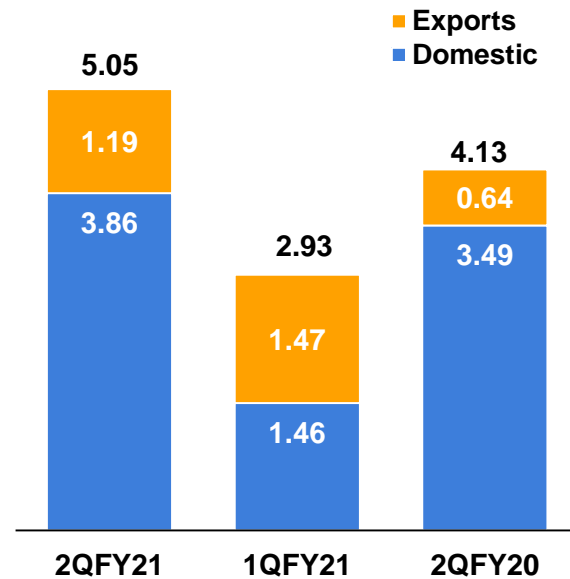
# Tata Steel India<sup>1</sup>: Production and delivery volumes

- Crude steel production rose by 54%QoQ and 2%YoY to 4.59 mn tons with all major sites now operating at close to full capacity utilization and downstream operations back to pre-COVID levels
- Achieved highest ever quarterly deliveries of 5.05 mn tons – a growth of 72%QoQ and 22%YoY, by leveraging robust marketing network, strong customer relationships and technology
- Exports scaled down to 24% of overall deliveries with sharp ramp up of domestic deliveries to 3.86 mn tons; Broad based growth on both QoQ and YoY basis across all key business verticals

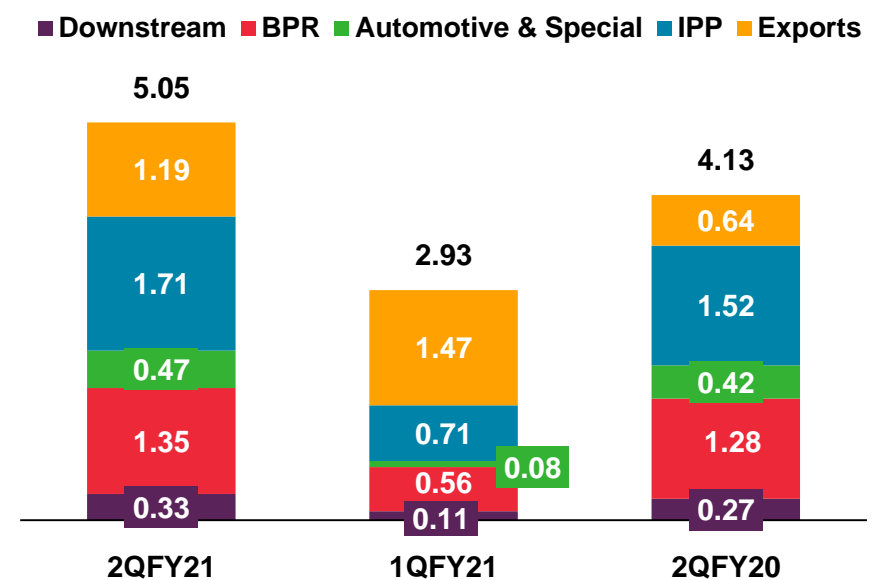
Crude Steel Production (mn tons)



Total deliveries (mn tons)



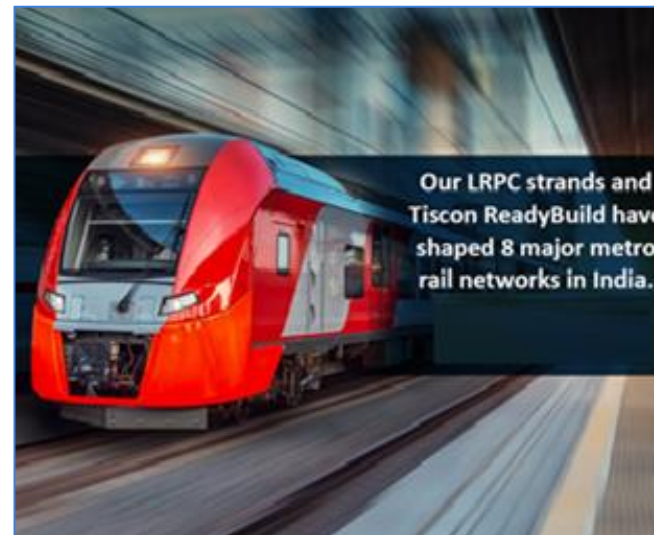
Segment-wise deliveries (mn tons)



1. Tata Steel India includes Tata Steel Standalone, Tata Steel BSL (TSBSL) and Tata Steel Long Products (TSLP) on proforma basis without inter-company eliminations; Downstream indicates transfers to downstream units

# Tata Steel India<sup>1</sup> – segmental highlights

- **Automotive & special products:** launched digital VAVE<sup>2</sup> platform “e-DRIVE” enabling to engage with automotive customers for the workshops virtually – first in India
- **Branded products and retail:**
  - Aashiyana<sup>3</sup> clocked a turnover of Rs.159 crores in 2QFY21, registering a growth of 121% YoY; only steel company that guarantees 72 hours delivery anywhere in India
  - Tata Astrum recognised as India’s Leading Brand for 2020 by ‘The Brand Story’,
  - ECA coated segment deliveries grew 22%YoY in 1HFY21
- **Industrial products and projects:**
  - Entry of ‘Sm@rtFAB’ (a prefabricated welded wire fabric solution) in 2 new segments – Metro Railway and Gas Pipeline
  - Oil & Gas segment deliveries grew 9x YoY in 1HFY21
- **Downstream divisions<sup>4</sup>:**
  - Tubes division achieved the highest ever quarterly deliveries with 133%QoQ and 5%YoY; driven by strong performance in Retail and Automotive segments
  - Wires division achieved delivery growth of 119%QoQ and 6%YoY; driven by strong performance in Retail, Auto and Infrastructure segments



1. Tata Steel India includes Tata Steel Standalone, Tata Steel BSL (TSBSL) and Tata Steel Long Products (TSLP) on proforma basis without inter-company eliminations; 2. Value Analysis & Value Engineering; 3. Aashiyana is an online platform by Tata Steel targeted towards ‘Individual home builder’ segment; 4. Downstream divisions include Tubes, Wires, Bearings, etc.



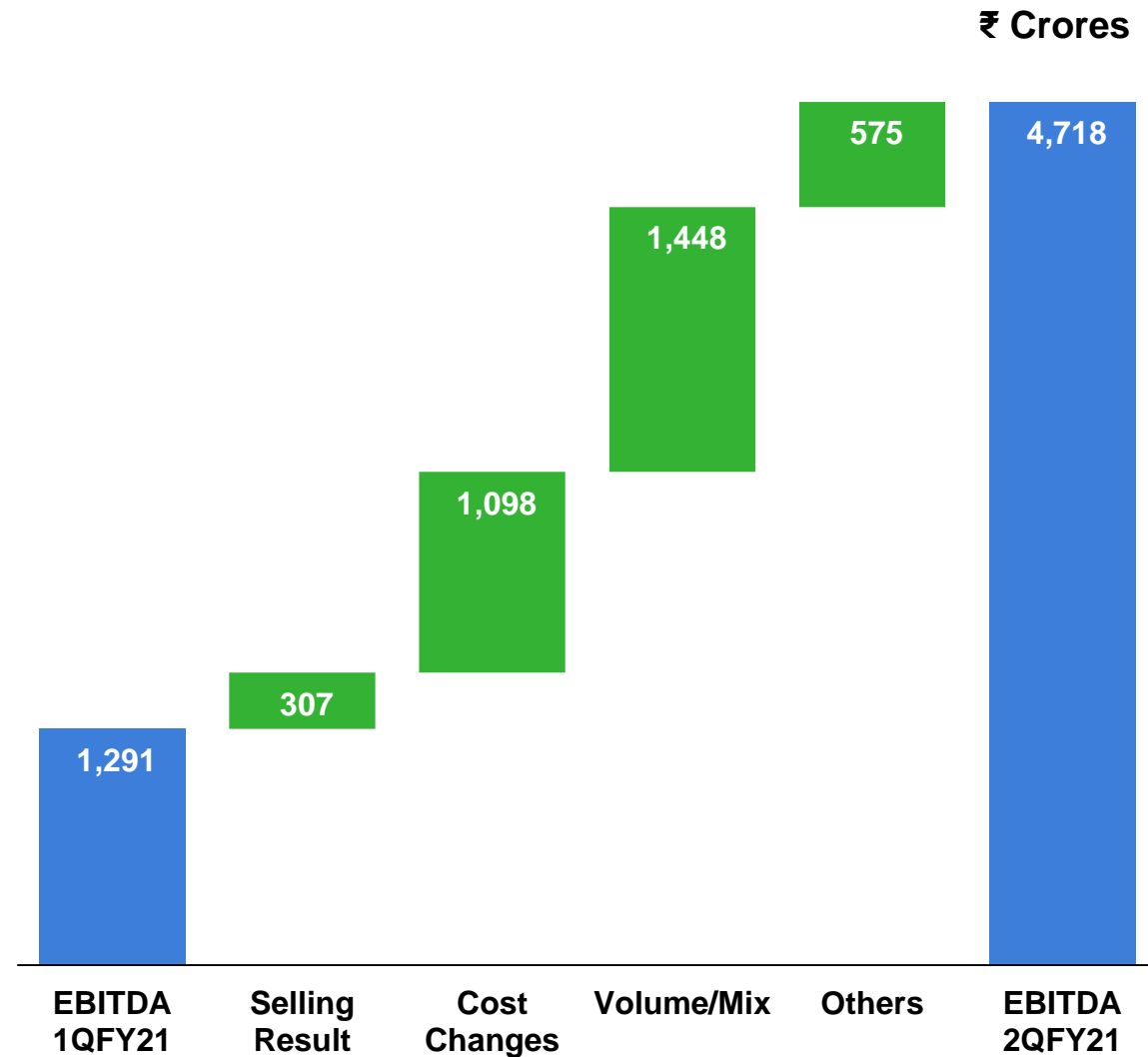
## Tata Steel Standalone: Financial performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	2QFY21	1QFY21	2QFY20
<b>Total revenue from operations</b>	<b>16,362</b>	<b>9,339</b>	<b>14,871</b>
Raw material cost <sup>1</sup>	3,957	2,516	5,151
Change in inventories	1,216	45	(366)
<b>EBITDA</b>	<b>4,718</b>	<b>1,291</b>	<b>3,546</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>4,718</b>	<b>1,291</b>	<b>3,331</b>
<b>Adjusted EBITDA per ton (Rs./t)</b>	<b>13,127</b>	<b>6,100</b>	<b>11,200</b>
Pre exceptional PBT from continuing operations	2,949	(505)	1,891
Exceptional items <sup>3</sup>	(9)	2,059	(3)
Tax expenses <sup>4</sup>	735	360	(1,949)
<b>Reported PAT</b>	<b>2,205</b>	<b>1,193</b>	<b>3,838</b>

Superior business  
model drives strong  
performance

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products; 2. 1QFY20 EBITDA is adjusted for fair value changes on account of exchange rate movement on Preference share investments in T Steel Holdings, however, there is no adjustment from 4QFY20 onwards as the investment was converted in to equity; 3. 1QFY21 exceptional items primarily include gain on fair valuation of preference shares held at Tata Steel BSL amounting to Rs.2,032 crores; 4. Tax expenses in 2QFY20 included favourable impact of Rs. 2,425 crores on adoption new corporate tax rate by Tata Steel Standalone and some of the subsidiaries

## Tata Steel Standalone: EBITDA movement

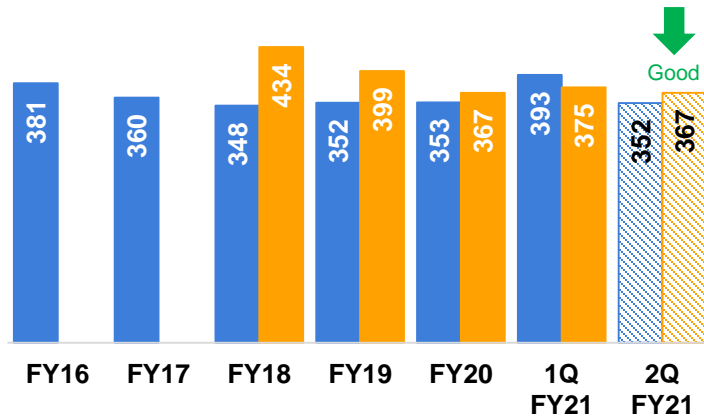


- Selling results reflect partial impact of increase in steel prices due to lag effect
- Cost change reflects benefits of cost efficiency initiatives and impact of idle/ abnormal cost owing to lower level of capacity utilization in 1QFY21
- Volume/mix impact is primarily due to higher volumes, lower exports share in overall deliveries and favourable change in product mix
- Others are primarily due to higher income from higher income from profit centers in India and reversal of provisions no longer required

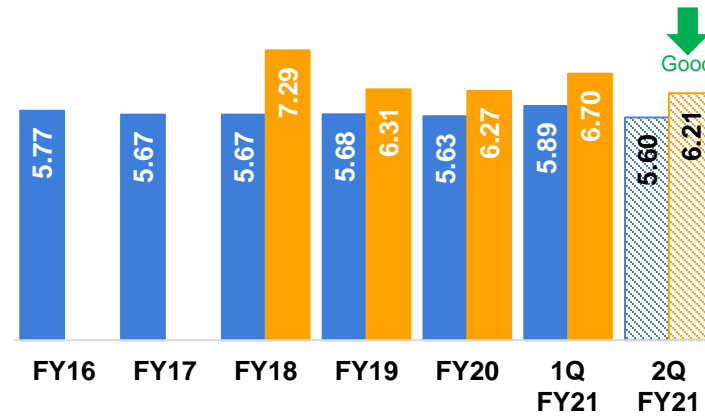
# Tata Steel Standalone: Key sustainability parameters

■ Tata Steel Jamshedpur  
■ Tata Steel Kalinganagar

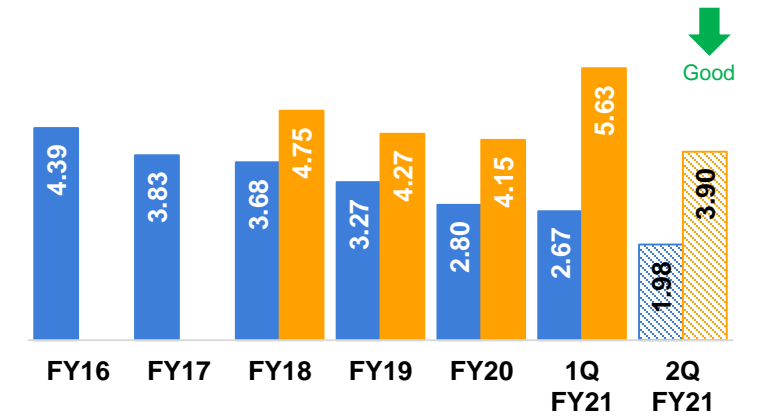
### Coke Rate (kg/tcs)



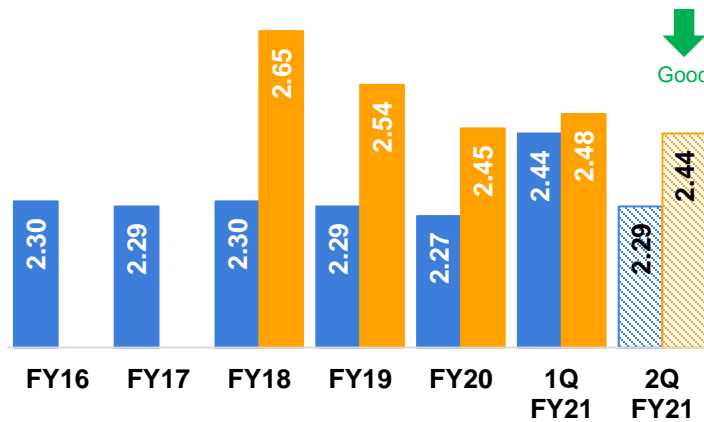
### Specific Energy Intensity (Gcal/tcs)



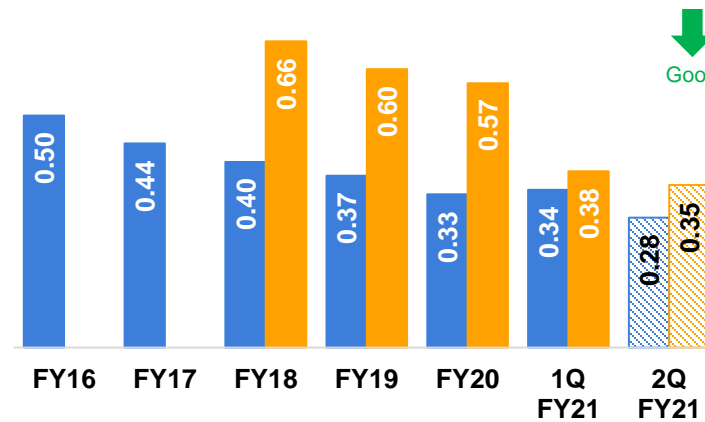
### Specific Water Consumption (m³/tcs)



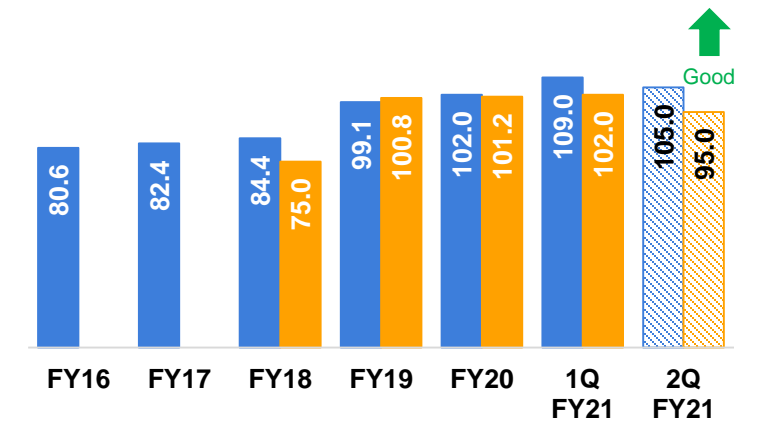
### CO<sub>2</sub> Emission Intensity (tCO<sub>2</sub>/tcs)



### Specific Dust Emission (kg/tcs)



### Solid Waste Utilization (%)



## Tata Steel BSL: Consolidated performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	2QFY21	1QFY21	2QFY20
<b>Crude Steel production (mn tons)</b>	<b>1.14</b>	<b>0.66</b>	<b>1.07</b>
<b>Deliveries (mn tons)</b>	<b>1.27</b>	<b>0.70</b>	<b>1.04</b>
<b>Total revenue from operations</b>	<b>5,519</b>	<b>2,697</b>	<b>4,555</b>
Raw material cost <sup>1</sup>	2,558	1,336	2,719
Change in inventories	488	261	52
<b>EBITDA</b>	<b>1,113</b>	<b>150</b>	<b>527</b>
<b>EBITDA/t (Rs.)</b>	<b>8,689</b>	<b>2,156</b>	<b>5,062</b>

### Key updates

- Free Cashflow generation driven by stronger operating performance and working capital release; net debt reduced by Rs.1,398 crores including prepayment of ~Rs.1,000 crores
- Achieved highest-ever quarterly deliveries of 1.27 mn tons; capacity utilization is now back to pre-COVID levels
- Achieved highest ever Profit After Tax of Rs.342 crores during the quarter
- Focus on operational parameters, product mix enrichment and market share improvement –
  - Improvement in PCI rate to 157kg/thm in 2QFY21 from 149kg/thm in FY20
  - Reduction in power rate to Rs.4.79/kWhr in 2QFY21 from Rs.6.04/kWhr in FY20
  - Branded Products Sales sales grew 65%YoY with ramp up of newly launched ECA Coated Brands ‘GalvaRoS’ and ‘Colornova’
  - Increased Share of Business in precision tubes with key 2W & 3W Automotive OEMs

Focus on cashflows  
and deleveraging

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

## Tata Steel Long Products: Consolidated performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	2QFY21	1QFY21	2QFY20
<b>Production ('000 tons)</b>			
- Crude Steel	168	121	150
- Sponge	225	134	170
<b>Deliveries ('000 tons)</b>			
- Steel	184	117	118
- Sponge	192	104	140
<b>Total revenue from operations</b>	<b>1,186</b>	<b>653</b>	<b>778</b>
Raw material cost	577	384	642
Change in inventories	85	3	(95)
<b>EBITDA</b>	<b>194</b>	<b>15</b>	<b>(40)</b>

### Key updates

- Free Cashflow generation driven by stronger operating performance and working capital release; net debt reduced by Rs.244 crores including prepayment of Rs.172 crores
- Achieved highest-ever quarterly steel production and sales; DRI sales was also highest-ever
- Focus on diversification and product mix enrichment –
  - Developed 31 new products and added 30 new customers in 1HFY21
  - Increased “Alloy Wire Rods” volumes mix to 52% in 2QFY21 vs. 32% in 1QFY20, and
  - Increased market share within the tractor segment to 16% in 2QFY21 vs 9% in 1QFY21

Focus on cashflows and deleveraging



## Tata Steel Europe: performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	2QFY21	1QFY21	2QFY20
Liquid Steel production (mn tons)	2.15	2.15	2.45
Deliveries (mn tons)	2.27	1.98	2.29
Total revenue from operations	13,498	11,225	14,035
Raw material cost <sup>1</sup>	4,931	5,349	6,431
Change in inventories	1,444	387	340
<b>EBITDA</b>	<b>(462)</b>	<b>(626)</b>	<b>165</b>
<b>EBITDA/t (Rs.)</b>	<b>(2,036)</b>	<b>(3,155)</b>	<b>720</b>

### Key updates

- Deliveries improved by 15% on QoQ basis with recovery in steel demand; steel production remained stable
- EBITDA loss came down with higher deliveries, favourable product mix and partial benefit of improved spot steel spreads since Aug' 20; full impact of recovery in spreads is yet to be captured due to lag effect
- Entered into discussions with SSAB for sale of our Netherlands business to create a strong and sustainable steel European enterprise with greater scale, a wide and high-end product suite and technology leadership
- Focused on to find a sustainable solution for operations; engaged with governments to seek short and longer-term support

Working towards a  
structural resolution

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

# Business Outlook

---

## Steel Demand

- Global steel demand is expected to improve gradually; full year decline in 2020 is expected to be lower than earlier estimates
  - India steel demand continues to improve; supported by government spending on infrastructure, festive season and higher rural consumption on the back of good monsoon
  - Europe steel demand is recovering gradually; expected to decline by about 15% on full year basis in 2020
  - Re-imposition of lockdowns amid resurgence of COVID-19 infections poses a key risk
- 

## Steel prices

- Asian steel prices are expected to remain robust amidst resilient steel demand in China
  - India steel prices to remain supported by strong international prices, robust raw material prices, recovery in steel demand and tight supply situation
- 

## Iron Ore

- Seaborne iron ore prices are expected to soften with improvement in supply; demand from China remains stable with strong steel production
- 

## Coking Coal

- Coking coal prices remains soft on import curbs by China amid political tensions with Australia; expected to gradually increase with potential weather-related supply disruptions in 4QFY21
-

## Annexure – I: Standalone QoQ variations

Rs Crores	2QFY21	1QFY21	Key Reasons
Income from operations	16,110	9,146	Due to higher deliveries, improved realisations with favourable mix
Other operating income	252	193	Primarily due to higher sale of seconds steel
Raw materials consumed	3,758	2,433	In line with higher production level partially offset by marginally lower coal prices
Purchases of finished, semis & other products	199	83	Due to higher level of operations
Changes in inventories	1,216	45	Due to decrease in inventory with sales higher than production
Employee benefits expenses	1,196	1,310	Primarily due to reversal of excess provisions made earlier
Other expenses	5,369	4,217	In line with higher operating levels; partially offset by cost reduction
Depreciation & amortisation	1,006	969	At par
Other income	186	121	Primarily due to higher income from sale of Mutual Funds and dividend
Finance cost	856	908	Lower with reduction in debt level
Exceptional Items	(9)	2,059	Charge for ESS under SBKY scheme
Tax	735	360	In-line with profitability level
Other comprehensive income	16	14	At Par

## Annexure – II: Consolidated QoQ variations

Rs Crores	2QFY21	1QFY21	Key Reasons
Income from operations	36,476	23,813	Due to higher deliveries, improved realisations with favourable mix across the key entities
Other operating income	678	476	Higher primarily at Standalone and Tata Steel BSL
Raw materials consumed	11,224	9,006	In line with higher production in India; partially offset by marginally lower coal prices across the key entities
Purchases of finished, semis & other products	880	609	Higher primarily at Standalone and Tata Steel Europe
Changes in inventories	3,220	786	Due to decrease in inventory with sales higher than production across the key entities
Employee benefits expenses	4,248	4,546	Lower across the key entities
Other expenses	11,471	8,837	Higher in line with higher operating level and provision for carbon emission rights at Tata Steel Europe; partially offset by favorable FX impact at overseas entities and cost saving initiatives
Depreciation & amortisation	2,261	2,111	At par
Other income	222	193	At par
Finance cost	1,940	1,998	At par
Exceptional Items	43	58	Due to reversal in provisions related to redundancy and rationalization at Tata Steel Europe
Tax	613	1,272	Higher at Standalone with improved profitability; partially offset by deferred tax credit at Tata Steel Europe
Other comprehensive income	609	(4,983)	Primarily on account of re-measurement gain/loss on actuarial valuation and favourable FX translation impact

Note: Consolidated numbers doesn't include NatSteel Holdings and Tata Steel Thailand as these have been classified as "Discontinued operations"



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