

Mumbai, February 09, 2021

**Tata Steel reports the highest ever consolidated quarterly EBITDA;
Balance Sheet de-leverage continues with Net Debt reduction of Rs.18,609 crores (~\$2.55 bn) in
the first nine months of the financial year**

Highlights:

- Consolidated EBITDA increased 53%QoQ and 2.6x YoY to Rs.9,540 crores with improved realization across key entities
- Consolidated Profit after tax improved 2.4x QoQ and 4.3x YoY to Rs.4,011 crores.
- Consolidated Free Cash Flow was Rs.12,078 crores during 3QFY21 and Rs.20,588 crores in the first nine months of the current financial year driven by strong operating performance, disciplined capital expenditure and working capital management.
- The company continues to prioritize on capital expenditure; it spent Rs.1,394 crores on capex during the quarter. The Company has decided to restart work on Pellet plant and Cold Roll Mill complex at Tata Steel Kalinganagar. Both the Pellet plant and Cold Roll Mill complex, once completed, will expand margin.
- As part of the enterprise deleveraging plan, Tata Steel has completed reduction of net debt by Rs.18,609 crores in the first nine months of the current financial year. During the third quarter, the company reduced the leverage by Rs.10,325 crores. As part of the continued de-leveraging strategy further deleveraging is being undertaken in 4QFY21.
- India¹ operations –
 - Crude steel production remained strong at 4.60 mn tons; registered a 3%YoY growth in 3QFY21,
 - Domestic deliveries grew 8%QoQ and 4%YoY to 4.16 mn tons. Exports shrank below 11% of overall deliveries. Sales witnessed strong momentum but was constrained by lower opening inventory.
 - Achieved the highest ever quarterly EBITDA of Rs.8,811 crores with 46%QoQ and 2.14x YoY growth; driven by higher prices, better product mix, lower exports and operating efficiency initiatives. This translates into an EBITDA per ton of Rs.18,931 and an EBITDA margin of 34.9%.
 - Tata Steel standalone achieved the highest ever quarterly EBITDA Rs.6,737 crores with 43%QoQ and 78%YoY growth. This translates into an EBITDA per ton of Rs.20,175 and an EBITDA margin of 37.5%.
 - Key Indian subsidiaries also delivered robust financial performance with Tata Steel BSL and Tata Steel Long Products generating an EBITDA of Rs.1,634 crores and Rs. 440 crores during the quarter. This translates into an EBITDA/t of Rs.14,223 and Rs.26,471, respectively.
- TSBSL merger with Tata Steel is progressing ahead. The merger of Tata Metaliks and Indian Steel and Wire Products with Tata Steel Long Products is also underway.
- Following the termination of the discussions with SSAB on Tata Steel Netherland (TSN), the company will be focusing on performance and cash flows in the immediate term. Tata Steel is committed to arrive at a strategic and sustainable resolution for its European portfolio. Tata Steel's IJmuiden plant is among the most environmentally efficient and cost competitive steel producers in Europe. The process to separate Tata Steel Netherlands and Tata Steel UK is currently underway.

¹India includes Tata Steel Standalone, Tata Steel BSL Ltd. and Tata Steel Long Products Ltd. on proforma basis without inter-company eliminations

- Tata Steel is committed to sustainability of operations. We are taking initiatives to adopt best available technologies and pursuing collaborations for decarbonization and water neutrality. We are also increasing our efforts towards ensuring a responsible supply chain and circular economy including development of environmentally sustainable products. Tata Steel continues to drive increased transparency and disclosure on climate standard. Tata Steel's climate disclosure has been rated "A-" by CDP² in its recent review.

Financial Highlights:

Key profit & Loss account items <i>(All figures are in Rs. Crores unless stated otherwise)</i>	India ¹			Consolidated ²		
	3QFY21	2QFY21	3QFY20	3QFY21	2QFY21	3QFY20
Production (mn ton) ³	4.60	4.59	4.47	7.20	6.73	6.99
Deliveries (mn ton)	4.65	5.05	4.85	6.88	7.40	7.31
Turnover	25,211	23,067	21,299	39,594	37,154	35,520
EBITDA	8,811	6,025	4,111	9,540	6,217	3,659
Adjusted EBITDA ⁴	8,811	6,025	3,790	8,283	5,425	2,643
EBITDA (Rs. Per ton)	18,931	11,924	8,484	13,876	8,396	5,003
PBT before exceptional items	6,289	3,349	1,456	5,714	2,205	(216)
Exceptional Items	(226)	(9)	349	(154)	43	(329)
PAT from Continuing Operations	4,832	2,606	1,194	3,989	1,635	(1,166)

1. India includes Tata Steel Standalone, Tata Steel BSL Limited and Tata Steel Long Products Limited on proforma basis without inter-company eliminations; 2. Consolidated figures don't include NatSteel Holding and Tata Steel Thailand which are classified as 'Assets Held for Sale'; 3. Production numbers for consolidated financials are calculated using Crude steel for India and liquid steel for Europe 4. 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

Management Comments:

Mr. T V Narendran, CEO & Managing Director:

"The recovery in the global and Indian economy has led to sharp improvement in steel demand in India. We pivoted our deliveries to domestic markets, to cater to the requirements of our local customers by reducing exports. All the segments, especially automotive, have performed extremely well supported by our continuous focus on strong customer relationships, superior distribution network, brands and new product developments. We are also making good progress on our various initiatives to de-risk the business while our digital marketing platforms are helping us reach new markets and be future ready. The investments in infrastructure and recent policy developments, to drive economic growth, should drive steel demand in India. Given strong market conditions and our success with deleveraging, we have restarted work on the pellet plant and the CRM complex at Kalinganagar which will help in reducing costs and improving revenues.

In Europe, our underlying performance has improved quarter on quarter while the reported EBIDTA was negatively impacted by few one offs. We remain committed to arrive at a strategic and sustainable solution for Tata Steel Europe, though in the immediate term, we will focus upon business performance and cash flows."

Mr. Koushik Chatterjee, Executive Director and CFO:

"Continuing with the recovery from the deep impact of the pandemic in the first quarter of the financial year, Tata Steel has delivered one of the best financial performance during this quarter with the highest ever consolidated EBITDA of Rs.9,540 crores and free cash flows of over Rs 12,000 crores on the back of strong underlying operating performance of the India business, sharp focus on capital allocation and working capital management. All our operating hubs in India have performed exceptionally well with the stand alone EBIDTA margin at 37.5%. Our key subsidiaries Tata Steel BSL and Tata Steel Long Products have also reported the highest ever profitability in recent years.

² CDP is an international non-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts

Our enterprise strategy on debt management continues to be on target. After reduction in net debt by Rs.8,285 crores in the first half which surpassed our annual de-leveraging target of \$1 billion, we continued to aggressively reduce our net debt by Rs.10,325 crores and gross debt by Rs.5,640 crores during the quarter, taking the nine month reduction in net debt by Rs.18,609 crores and gross debt by Rs.7,649 crores. This has significantly improved the credit metrics of the company. Our cash flow generation remains strong and in addition to the de-leveraging in the first nine months, we will further reduce the gross debt by more than Rs 12,000 crores in the fourth quarter of the current financial year. We have restarted allocating capital on margin expansionary growth projects in India within the contours of the targeted financial framework.”

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 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 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, Best Risk Management Framework & Systems Award (2020) by CNBC TV-18, and Award for Excellence in Financial Reporting FY20 by ICAI, among several others.

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