

TATA STEEL
WeAlsoMakeTomorrow



Building bridges
to the future
SINCE 1907

Results Presentation

Financial quarter and nine months ended December 31, 2020
February 10, 2021

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

Key performance highlights



Revenue

- **Consolidated revenue improved** 7%QoQ and 11%YoY to Rs.39,594 crores
- **India¹ revenue improved** 9%QoQ and 18%YoY to Rs.25,211 crores



EBITDA

- **Highest ever consolidated EBITDA**; up by 53%QoQ and 161%YoY to Rs.9,540 crores
- **Highest ever India¹ EBITDA**; up by 46%QoQ and 114%YoY to Rs.8,811 crores



Free cashflow

Generated free cash flow of Rs.20,588 crores in 9MFY21 and Rs.12,078 crores in 3QFY21; driven by strong operating performance and better working capital management



Deleveraging

- **Deleveraged sharply; Net debt reduced** by Rs.18,609 crores in 9MFY21 and Rs.10,325 crores in 3QFY21
- **Additional deleveraging** planned in 4QFY21 including ~Rs.6,400 crores repaid till date



Disciplined capital allocation

- **Spent Rs.1,394 crores** in 3QFY21 on consolidated basis
- **Restarting work** on Pellet plant and CRM complex at Tata Steel Kalinganagar



Marketplace initiatives

- **Developed 25 and commercialised 8** new products with applications across construction, automotive and tubes/pipes
- **Digital platform Aashiyana²** scaling up rapidly; Gross revenue generated >Rs.200 crores, up by 40%QoQ and 134%YoY



Reorganization

- **TSBSL merger** into Tata Steel is underway
- **Merger of TML and ISWP** into TSLP is ongoing
- **Separation of TSE** into TSN and TSUK is underway



Sustainable operations

- Committed towards decarbonization, water neutrality and responsible supply chain
- Focus on circular economy and development of environmentally sustainable products

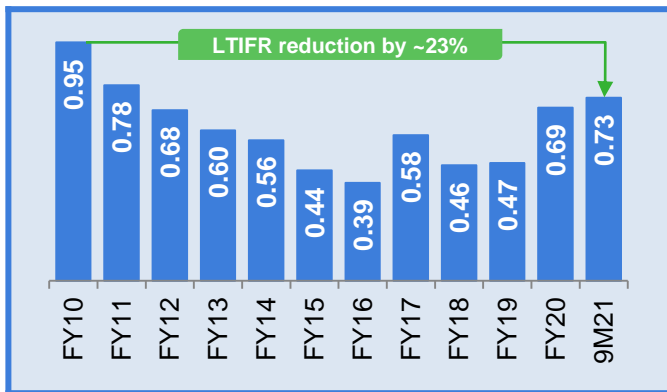
1. Tata Steel India includes Tata Steel Standalone, Tata Steel BSL (TSBSL) and Tata Steel Long Products (TSLP) on proforma basis without inter-company eliminations; 2. Aashiyana is Tata Steel's online/digital steel shopping platform targeted towards generating sales from retail 'Individual home builder' segment across India; TML: Tata Metaliks; ISWP: Indian Steel and Wire Products; TSLP: Tata Steel Long Products; TSE: Tata Steel Europe; TSN: Tata Steel Netherlands; TSUK: Tata Steel UK

Committed towards excellence in Safety, Health & Sustainability



Safety

- Identified 1,200 potential hazards under safety campaign on 'Moving Machinery – Risk perception & Risk elimination'; 86% has been closed
- Launched safety campaign on 'Drive Towards Zero Toppling Incident' across raw material locations



LTIFR: Lost Time Injury Frequency Rate per million man hours worked, for Tata Steel Group



Health

- Completed COVID-19 Seroprevalence study covering 20,000 employees across multiple locations to assess exposure
- Rolled out assessment of Industrial hygiene and implementation of hazard control measures to minimise exposure



Sustainability

- Tata Steel Group, including Europe, has been rated "A-" in the 'Leadership Band' on Climate Disclosure
- Won CII 3R Awards 2020 for demonstrating 3R (Reduce, Reuse, Recycle) principles in by-products management



Our sustainability strategy: Committed to decarbonisation, water neutrality and circular economy practices

Key highlights

Key targets

Decarbonization



- Significant reduction in emission intensity till FY20: i) >27% at TSJ since 2005, ii) >20% at TSK since FY17, iii) 5% TSE since 2008, and iv) >13% TSN since 1990
- TSJ at 2.27 tCO₂/tcs is benchmark in India; TSN at 1.86 tCO₂/tcs is the 3rd most carbon efficient steelworks among the participants of worldsteel's Climate Action Programme in 2020
- Deployed Responsible supply chain policy; Member of ResponsibleSteel™
- Tata Steel Group rated "A-" in the 'Leadership Band' on Climate Disclosure in CDP's 2020 assessment

- Tata Steel India:
 - <2 tCO₂/tcs GHG emission intensity by 2025
 - Certification of all key manufacturing sites under ResponsibleSteel™ in next 2 years
- Tata Steel Europe: 30% CO₂ emissions reduction by 2030 vs. 2018 and carbon neutrality of steel making by 2050

Water Neutrality



- Reduction in specific water consumption till FY20: i) >58% at TSJ since 2005 and ii) >45% at TSK since FY17

- Tata Steel India:
 - <3m³/tcs specific water consumption by 2025
 - Develop long-term plan for water neutrality including initiatives at watershed level

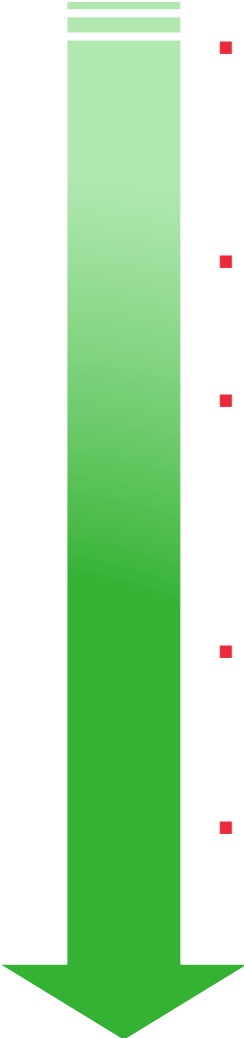
Circular Economy

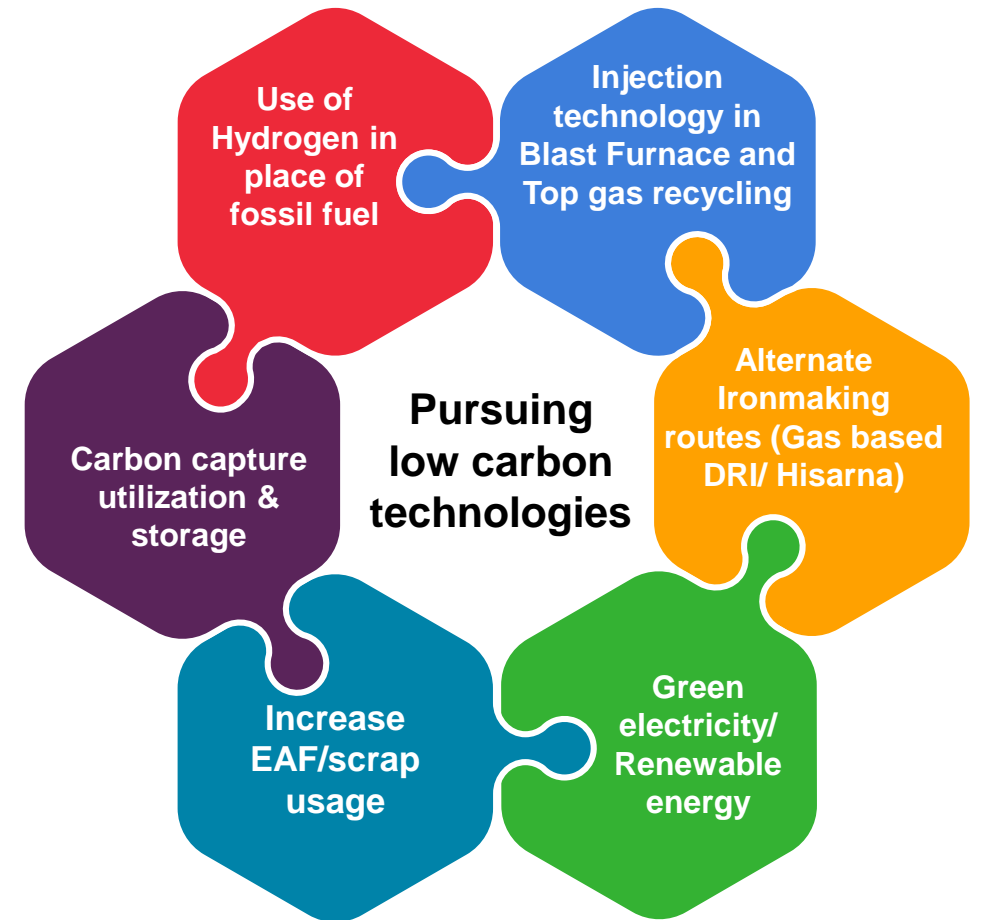


- Implemented "3-R" approach to maximize utilization
- 100% LD Slag utilization by Tata Steel India since FY19; developed "Tata Aggreto" and Tata Nirman" products for construction purpose
- TSE: World's only steel company operating own EPD* program; 100% new products of FY20 scrutinised under the program
- Scrap recycling business in India; Set-up 0.5 MTPA capacity on asset light model

- Tata Steel India:
 - Sustain LD slag utilization at 100%
 - Ensure no net loss of biodiversity
 - Cover 100% products under LCA in next 2 years
- Tata Steel Europe:
 - All TSN and TSUK products certified to BES6001
 - Demonstrate Zinc circularity using Hlsarna in 2 years

Our sustainability journey - Way forward

- 
- Improving transparency and disclosures by engaging in sector initiatives for best practices, certification, traceability, and policy advocacy; First Indian Company to adopt “Task Force on Climate-related Financial Disclosures”
 - Deploying responsible supply chain policy across value chain including 3rd party assessment
 - Contributing towards the future circular economy by – i) using low-quality raw materials, ii) securing value from by-products, iii) increasing scrap recycling, and iv) innovating in products that are lighter, more durable, flexible, re-usable and 100% recyclable at end-of-life
 - Implementing the best available technologies to improve energy efficiency and reduce emissions intensity; pursuing low carbon technologies through a variety of measures
 - Collaborating with customers to develop environmentally sustainable products using ‘Life cycle assessment’ approach; Environmental Product Declaration / GreenPro Certification

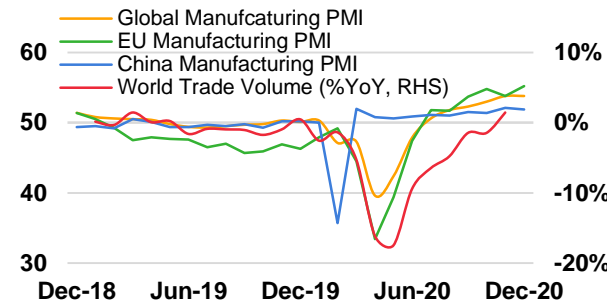


Policy support necessary to drive enabling technology, infrastructure and make “Net Zero” steel competitive

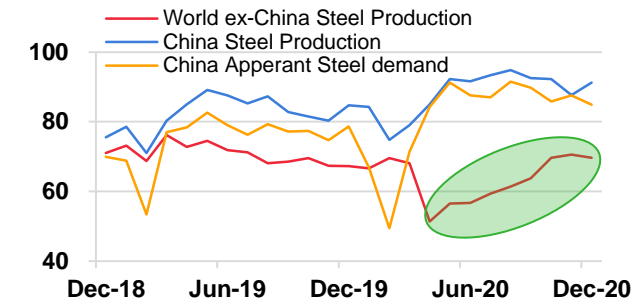
Global macro environment

- Global economy continues to recover from COVID-19 pandemic; expected to grow 5.5%YoY in 2021 driven by policy support and improving sentiment amidst vaccine progress
- Chinese economic growth was stronger than estimate for Dec'20 quarter; expected to grow 8.1%YoY in 2021
- China's crude steel production decreased 3.4%QoQ; World-ex China production improved to pre-COVID levels
- China's apparent steel demand softened in Dec'20 quarter amidst harsh winters; Inventories fell to pre-COVID levels before rising again in Jan'21 ahead of New Year holidays
- Iron Ore prices remain buoyant on supply side constraints and sustained Chinese demand; Broadly stable Coking Coal prices jumped recently due to severe Australian weather concerns
- Regional gross spot spreads improved sharply as steel prices rose consistently with demand recovery including restocking, tight supply and cost push; Chinese steel prices and spread have softened in Jan'21 ahead of New Year holidays

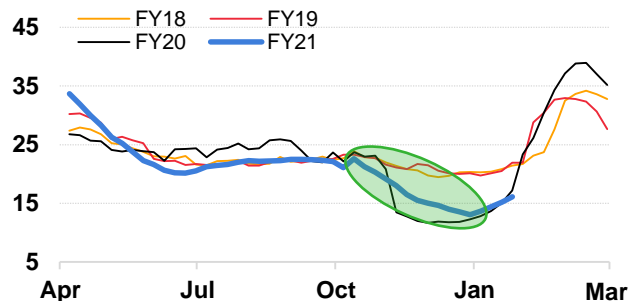
World trade volume and Manufacturing PMIs



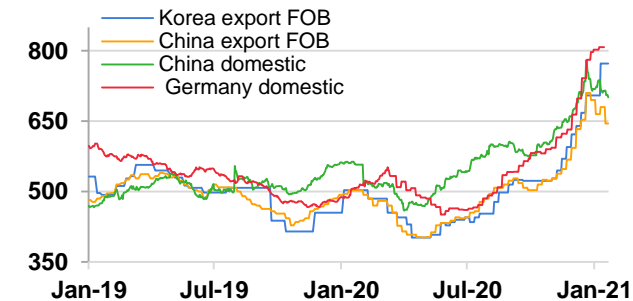
Steel demand and production (mn tons)



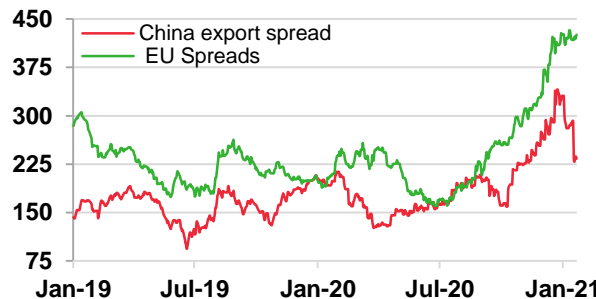
China Steel inventory (mn tons)



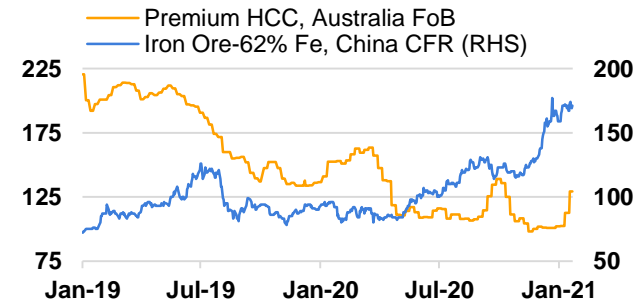
Global HRC prices (\$/t)



Spot HRC spreads (\$/t)



Key raw material prices (\$/t)



Sources: World Steel Association, IMF, Bloomberg, Steelmint, Morgan Stanley and Tata Steel; China HRC spot spreads = China HRC exports FOB – 1.65x Iron Ore (62% Fe China CFR) - 1x Coal (Premium HCC Australia FoB); EU HRC spot spreads = HRC (Germany) - 1.6x iron ore (fines 65%, China spot, R'dam) - 0.7x premium hard coking coal (Australia spot, R'dam) - 0.1x scrap (HMS, R'dam)

Business environment in India and Europe

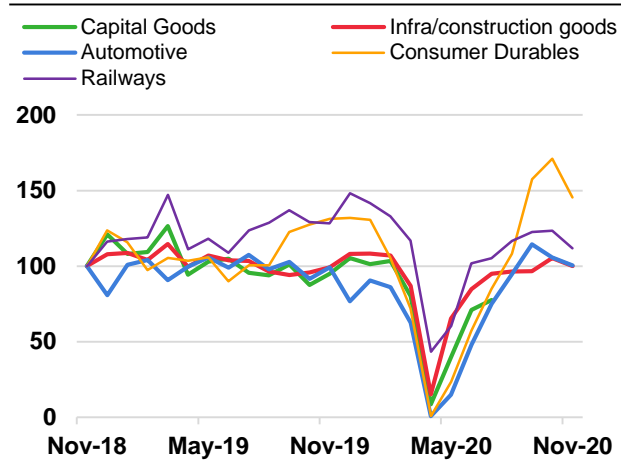
India:

- Economic activities witnessed a sustained recovery in India; most of the steel consuming sectors rebounded on economic recovery, government spending, pent-up demand, festive push and easing liquidity
- Apparent steel consumption improved by 17.8%QoQ and 10.7%YoY in 3QFY21
- Indian steel prices increased following international steel prices amidst robust demand, restocking and supply tightness

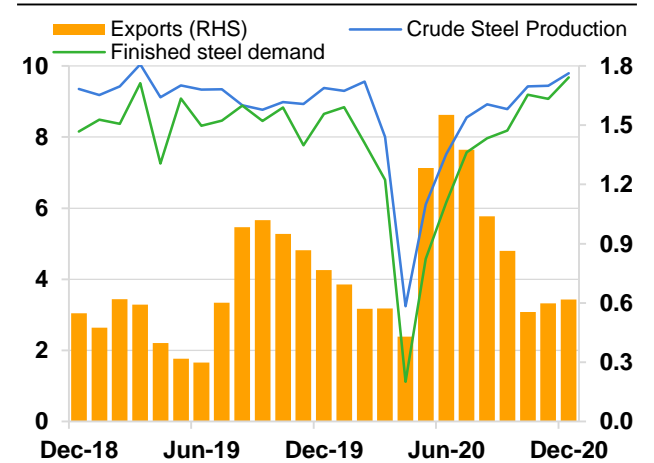
Europe:

- New lockdowns amid resurgence of COVID-19 cases weighed on economy recovery in 3QFY21
- EU steel imports have declined due to low margins. However, the market share of imports remains high
- EU spot spread has improved with continuing increase in Steel prices on the back of demand recovery, extended EU mills lead time and cost push driving EU spot spreads; expected to translate through P&Ls from 4QFY21

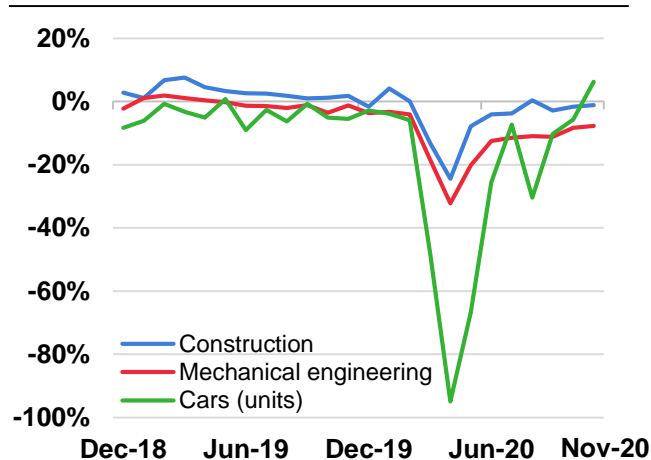
India key economic growth indicators*



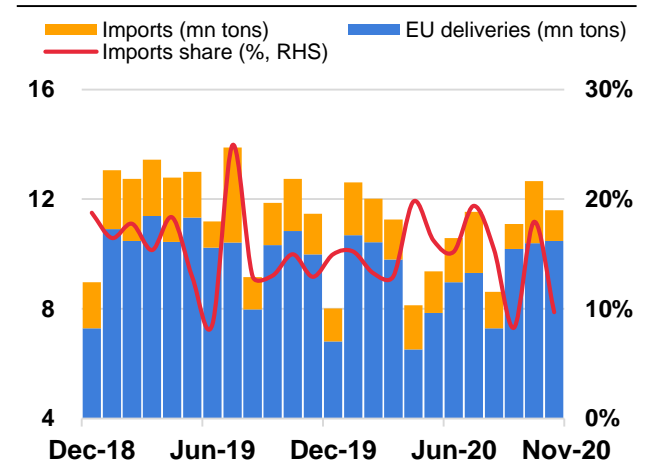
India steel volumes (mn tons)



EU key steel consuming sectors (monthly output, 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, consumer durables and railways are rebased to Nov'18=100 using FY12 index based sector weights; number of units produced as per SIAM; growth of key steel consuming sector is calculated by removing sub-segments which do not consume steel

Consolidated¹ financial performance

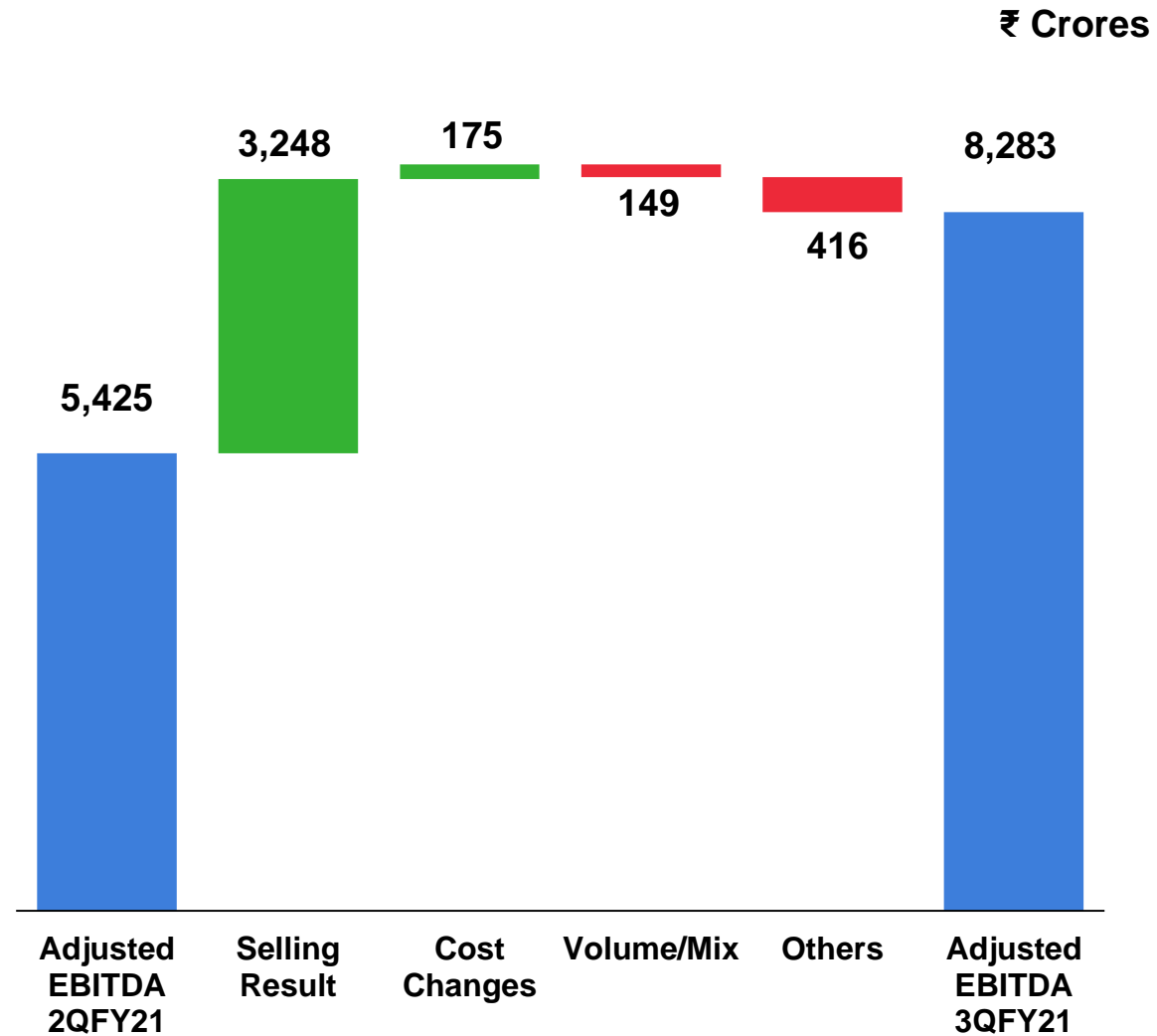
<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY21	2QFY21	3QFY20
Production (mn tons)²	7.20	6.73	6.99
Deliveries (mn tons)	6.88	7.40	7.31
Total revenue from operations	39,594	37,154	35,520
Raw material cost ³	13,713	12,104	13,754
Change in inventories	(801)	3,220	3,356
EBITDA	9,540	6,217	3,659
Adjusted EBITDA⁴	8,283	5,425	2,643
EBITDA per ton (Rs.)	13,876	8,396	5,003
Pre exceptional PBT from continuing operations	5,714	2,205	(216)
Exceptional items	(154)	43	(329)
Tax expenses	1,572	613	621
PAT from Continuing Operations	3,989	1,635	(1,166)

Highest ever
consolidated EBITDA

Note:

1. Consolidated figures don't include NatSteel Holding and Tata Steel Thailand which are classified as 'Assets Held for Sale'
2. Production Numbers: Tata Steel Standalone, Tata Steel BSL & Tata Steel Long Products - Crude Steel Production, Europe - Liquid Steel Production.
3. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products.
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

Consolidated Adjusted EBITDA¹ movement

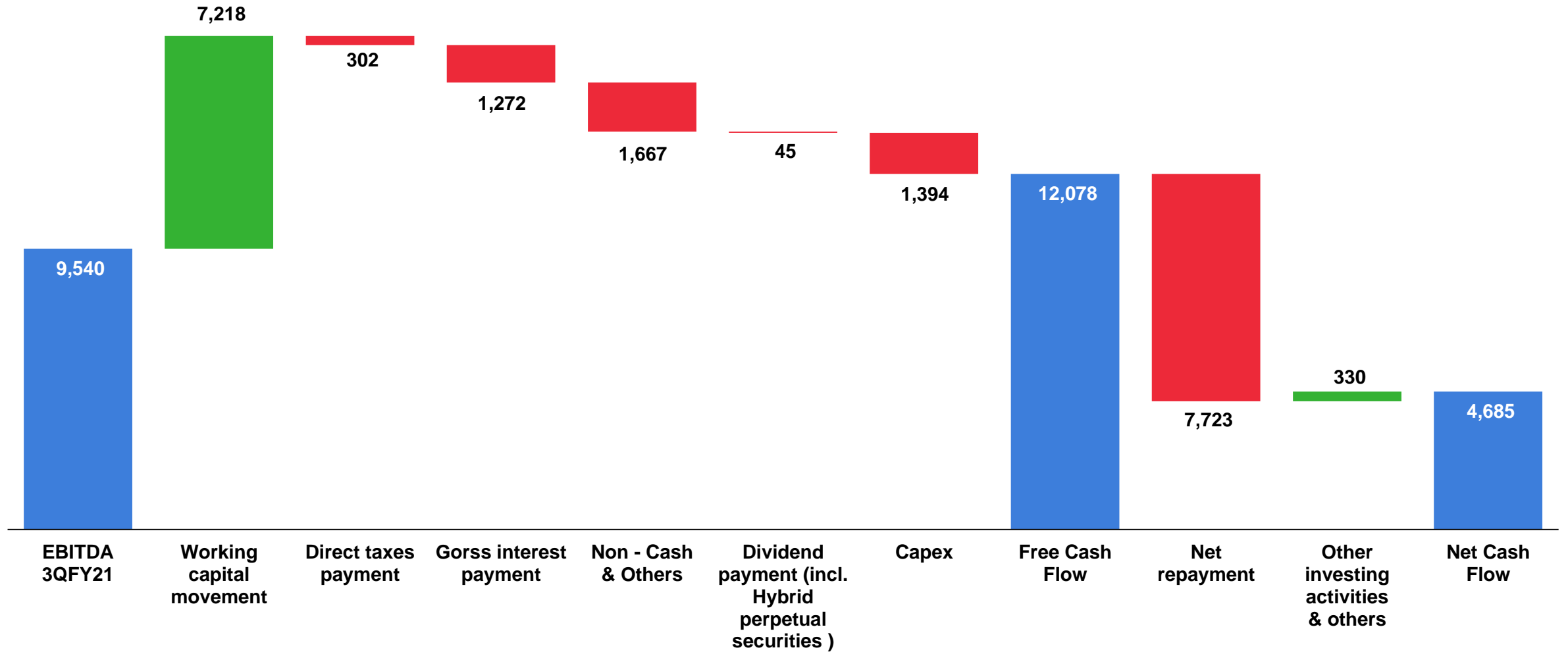


- Selling results reflect partial impact of sequential increase in steel prices across the key entities
- Cost changes reflect lower price of imported coal; partially offset by higher production at Tata Steel Europe and higher iron ore prices across the entities except at Standalone
- Volume/mix impact primarily due to lower steel deliveries which were constrained by lower opening inventory; largely offset by lower exports from Indian entities and improved product mix
- Others reflect higher provision for emission rights and reversal of wage support at Tata Steel Europe; partially offset by improved profitability at most of operating entities

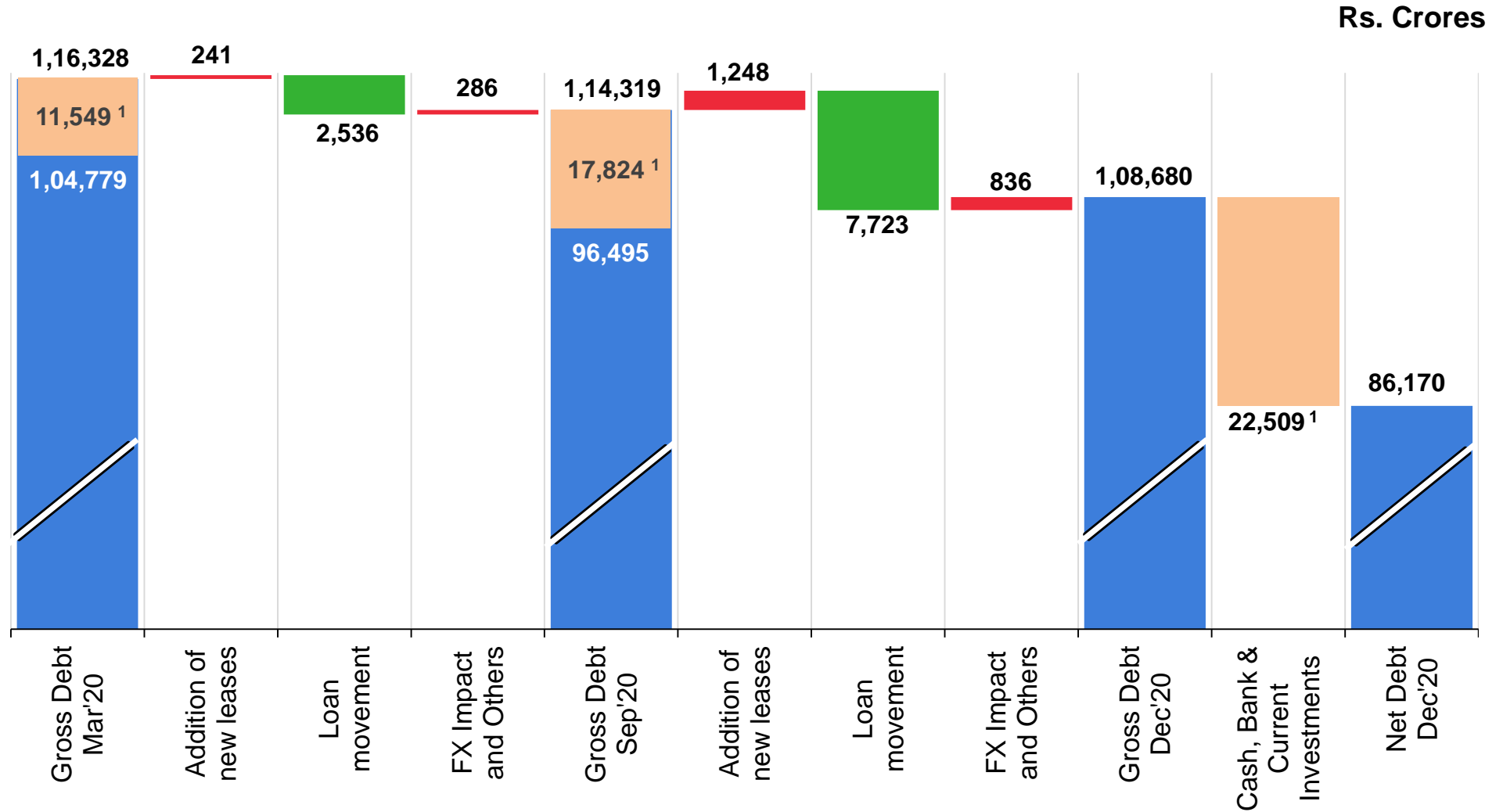
1. EBITDA adjusted for revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings

Consolidated Cash Flow movement during 3QFY21

₹ Crores



Consolidated² Debt movement



- Gross debt reduced by Rs.5,640 crores and Rs.7,649 crores in 3QFY21 and 9MFY21, respectively
- Net debt reduced by Rs.10,325 crores and Rs.18,609 crores in 3QFY21 and 9MFY21, respectively

Further reduction in gross debt of more than Rs.12,000 crores planned in 4QFY21

1. Cash, bank & current investments

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

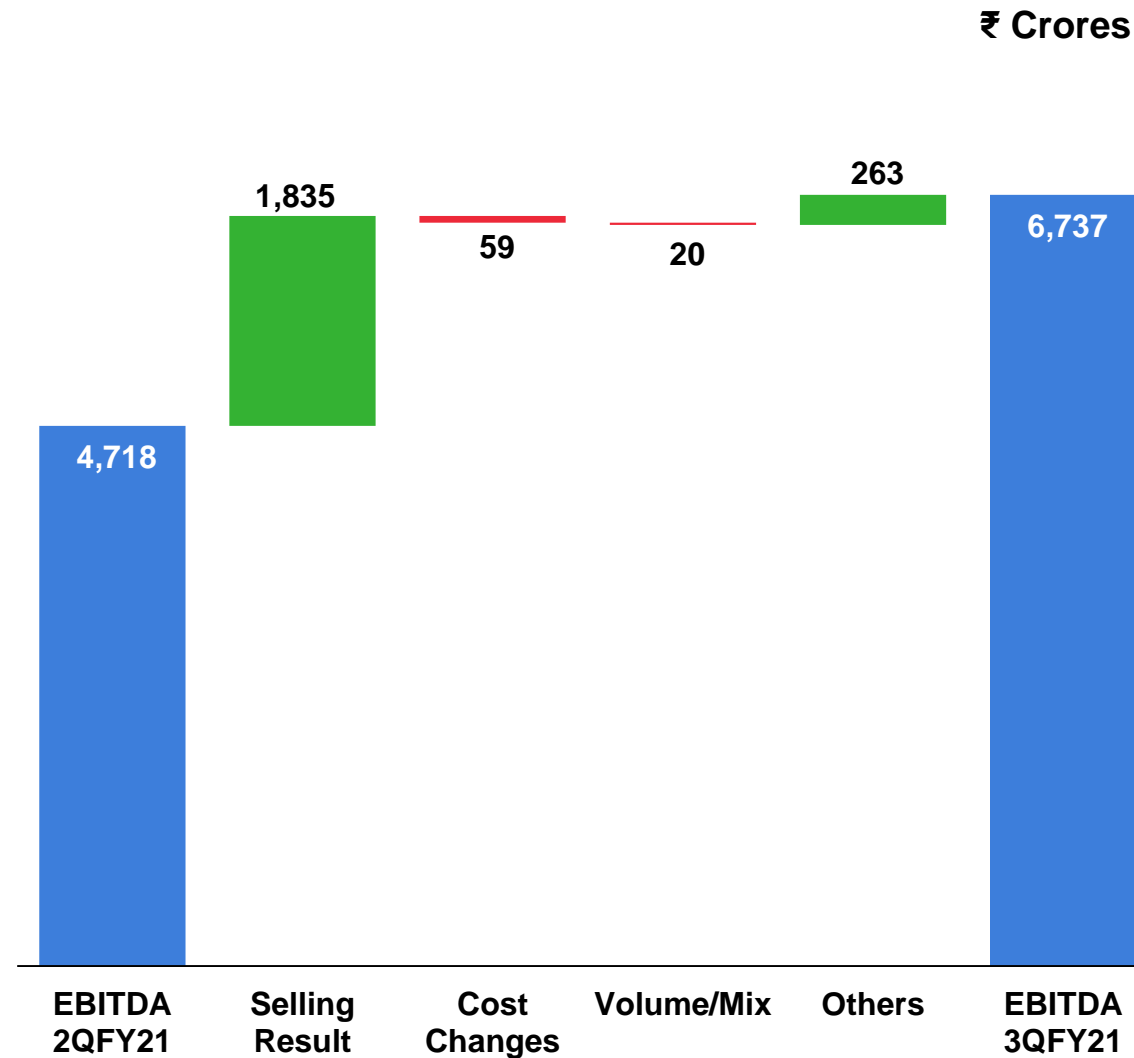
Tata Steel Standalone: Financial performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY21	2QFY21	3QFY20
Total revenue from operations	17,966	16,362	15,262
Raw material cost ¹	4,166	3,957	4,210
Change in inventories	307	1,216	1,326
EBITDA	6,737	4,718	3,791
Adjusted EBITDA²	6,737	4,718	3,470
EBITDA per ton (Rs.)	20,175	13,127	11,059
Pre exceptional PBT from continuing operations	5,071	2,949	2,066
Exceptional items ³	(226)	(9)	349
Tax expenses	1,231	735	611
Reported PAT	3,615	2,205	1,804

Superior business model drives strong performance and highest ever EBITDA

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products; 2. 3QFY20 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. 3QFY21 exceptional items primarily include Rs.238 crores charge under special early separation scheme at Jharia location

Tata Steel Standalone: EBITDA movement

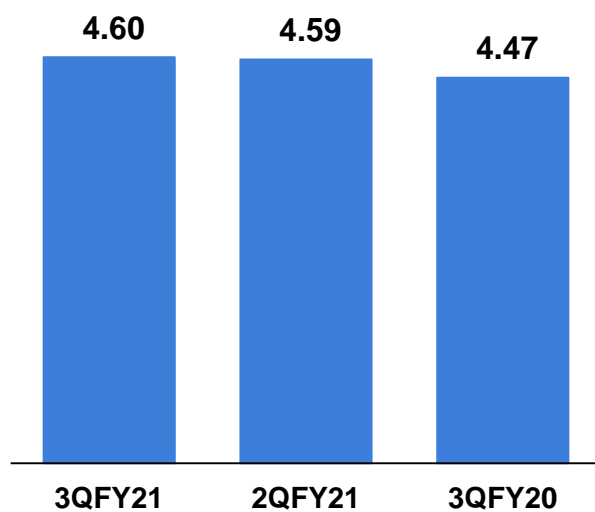


- Selling results reflects partial impact of sequential increase in steel prices
- Cost changes reflect higher use of imported coal and higher bonus provision, partially offset by lower imported coal prices
- Volume/mix impact is primarily due to lower deliveries which were constrained by lower opening inventory; largely offset by improved product mix and lower exports
- Others are primarily due to higher income from Iron ore sale to group companies and higher income from profit centers in India; partially offset by lower dividend and other income. Also, 2QFY21 had benefit from reversal of certain provisions

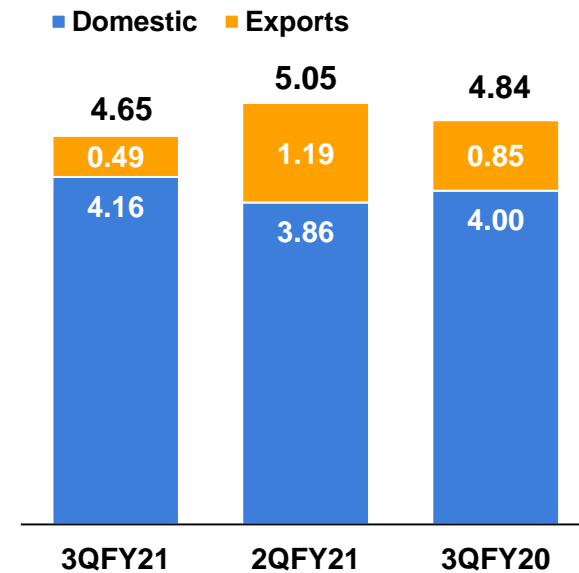
Tata Steel India¹: Production and delivery volumes

- India's crude steel production in 3QFY21 remained strong at 4.60 mn tons, registering a 3%YoY growth
- Sales momentum was strong in 3QFY21, however, deliveries were lower by 8%QoQ and 4%YoY to 4.65 mn tons primarily due to lower opening inventory post strong sales in 2QFY21
- Domestic deliveries sharply ramped-up to 4.16 mn tons which translates to an increase of 8%QoQ and 4%YoY; Exports shrank below 11% of overall deliveries
- Automotive & Special Products' segment deliveries grew 48%QoQ on the back of higher production by Auto OEMs and our increased presence with new product approvals; 'Branded Products & Retail' segment deliveries grew by 5%QoQ

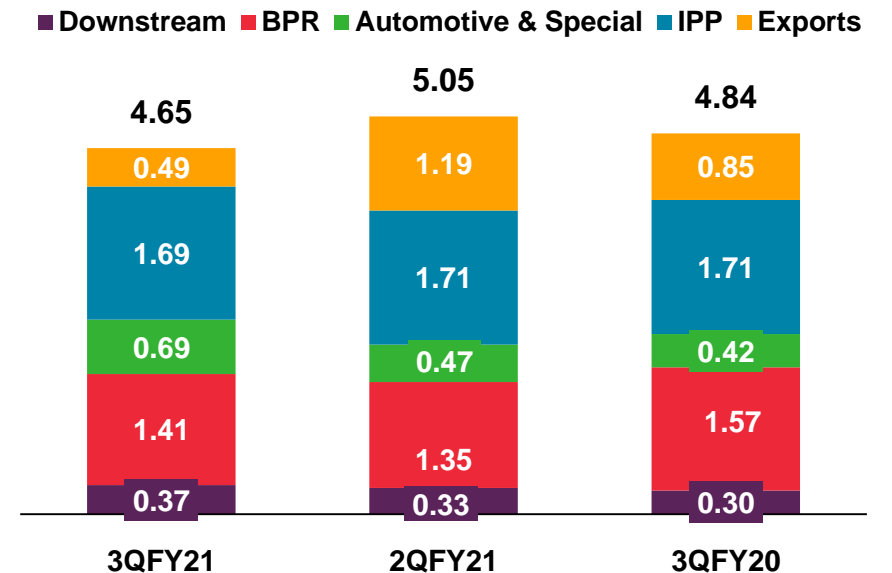
Crude Steel Production (mn tons)



Total deliveries (mn tons)



Segment-wise deliveries² (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;
 2. Downstream indicates transfers to downstream units

Tata Steel India¹ – segmental highlights

■ Automotive & special products:

- Received approval for Hi Tensile DP590 grade (CR & GA) from 2 new OEMs

■ Branded products and retail:

- B2C brands Tata Shaktee and Tata Tiscon achieved best-ever quarterly sales, serving more than 1.5 lacs and 5.5 lacs consumers, respectively, in 3QFY21
- A new coated brand “Galvanova” was launched to meet the evolving needs of ECA customers with applications in Appliances, False Ceiling and Solar segments

■ Industrial products and projects:

- Deliveries in high-end segments like Oil & Gas, Pre-Engineered Building, Lifting & Excavation & Solar registered a growth of 33%QoQ and 100%YoY
- Secured order of Tata TISCON CRS rebars for the prestigious New Parliament Building Project with 100% share of business till date

■ Downstream divisions²:

- Tubes division achieved best ever quarterly deliveries with growth of 14%QoQ and 13%YoY enabled by strong customers engagement and higher rural penetration
- Wires division achieved best ever quarterly deliveries with growth of 7%QoQ and 6%YoY



TATA STEEL
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Ushering in
A New Coated Brand Offering to Harness the Power of Endurance

Galvanova
Al Zn Alloy coated product by Tata Steel produced from Tata Steel BSL Sahibabad

Advantages of Galvanova

- Superior Corrosion Resistance
- Better Yield
- Anti Fingerprint
- Superior Paintability
- Superior Scratch Protection

Launched on: November 23, 2020

Chief Guest: **Mr. Peeyush Gupta**
(VP Steel M&S)

GalvaReS ColonoVa Galvanova

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Earthquake resistant homes.

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JOY OF BUILDING

TATA STEEL
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TATA WIRON

Speeding up
India's Tomorrow

Tata Wiron - A Proud Contributor of India's Metro Rail Projects

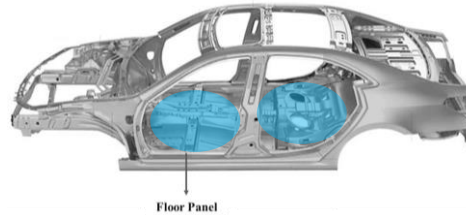
1. Tata Steel India includes Tata Steel Standalone, Tata Steel BSL (TSBSL) and Tata Steel Long Products (TSLP) on proforma basis without inter-company eliminations; 2. Downstream divisions include Tubes, Wires, Bearings, etc.

Tata Steel India¹ – New products developed for Automotive customers

DP High Tensile (Cold Rolled High Strength Steel): Auto-internals with enhanced mechanical properties, weldability and adhesive compatibility



IFHS 440 (Cold Rolled High Strength Steel): High formable IF based high strength steel with 440 Mpa min tensile strength



DP 600 in GA & GI (Coated Steel): High strength coated steel with 600 Mpa min tensile strength for 'Pillars' and 'Reinforcement' applications



Secondary Coating (Coated Steel): Thin secondary coating on GA – enables improved performance during forming due to increased surface lubrication



E410HF / E450HF (Hot Rolled High Strength Steel): Hot Forming grades, with improved internal soundness and mechanical property for 'Axle housing' application



FB590 / SPFH540 / YST38 (Hot Rolled High Strength Steel): Advanced High Strength Steel with improved formability, hole expansion and fatigue (endurance) properties for 'Wheel Disc'



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

Tata Steel India¹ – Progress on new initiatives

Aashiyana²

- Highest ever quarterly gross revenue generated through ‘Aashiyana’ of Rs.223 crores in 3QFY21, up 40%QoQ and 134%YoY
- 27 lacs+ visitors on the website since launch; 20,000+ unique consumers served in 5,000+ pin-codes since inception



Steel Recycling Business

- Commissioned 1st state-of-the-art Steel Recycling plant in India
- 1st standardized product: baled Ferrous Scrap launched
- FerroHaat™ launched to build a digital supply chain for scrap; 1st of its kind mobile app in the world



Service & Solutions

- >22,000 Tata Pravesh units sold during 3QFY21, registering a growth of 26%QoQ and 23%YoY
- Tata Pravesh forays successfully into Odisha government schools
- Nest-In has obtained largest single order to construct a 55,000 sq.ft. multi-storey building



New Material Business

- Installed 100 TPA Graphene powder production, the world’s largest single site facility, at Jamshedpur
- Manufactured and supplied FRP furnished AC 1st Coach to Modern Coach Factory
- Supplied first export (indirect) order of FRP poles



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. Aashiyana is an online platform by Tata Steel targeted towards ‘Individual home builder’ segment; FRP: Fibre Reinforced Polymer

Tata Steel BSL: Consolidated performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY21	2QFY21	3QFY20
Crude Steel production (mn tons)	1.11	1.14	1.15
Deliveries (mn tons)	1.15	1.27	1.26
Total revenue from operations	5,881	5,519	5,038
Raw material cost ¹	2,846	2,558	2,630
Change in inventories	59	488	744
EBITDA	1,634	1,113	284
EBITDA per ton (Rs.)	14,223	8,735	2,261
EBITDA Margin (%)	27.8%	20.2%	5.6%
Reported PAT	913	342	(497)

Key updates

- Revenue from operations increased 17%YoY and 7%QoQ amidst higher steel prices and improved mix
- Achieved the highest ever EBITDA of Rs 1,634 crores and PAT of Rs 913 crores
- Free Cashflow generation driven by stronger operating performance; net debt reduced by Rs.1,683 crores including prepayment of Rs.1,000 crores in 3QFY21
- Focus on product mix enrichment with improvement in market share and operational parameters:
 - Branded Products sales grew 245%YoY with ramp up of newly launched ECA coated brands 'GalvaRoS', 'Colornova' and 'Galvanova'
 - Auto sales grew 45%YoY with increasing share of business with existing customers, adding new customers and new product development; 41%YoY growth in automotive special products sales such as H&T and HTSS
 - Fuel rate improved to 525 kg/thm in 3QFY21 vs. 529 kg/thm in 2QFY21

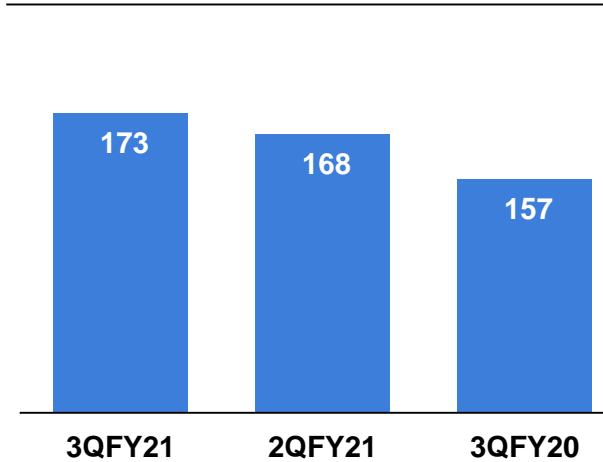
Focus on cashflows and deleveraging

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products
H&T: Hardened & Tempered; HTSS: Hardened & Tempered Steel Strip

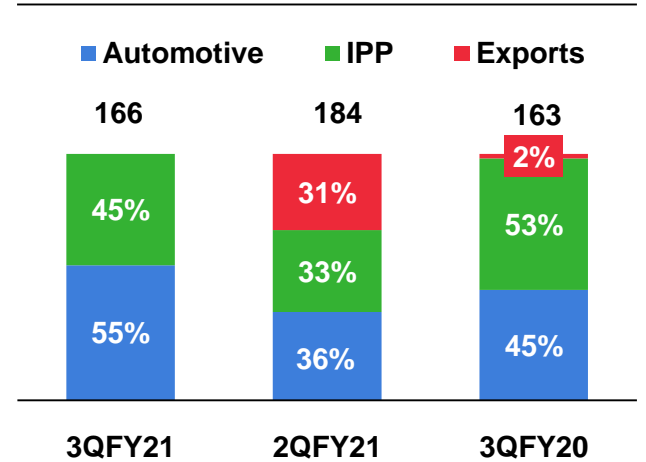
Tata Steel Long Products: Steady improvement in operations and the marketplace

- Despite maintenance shutdowns, achieved the highest ever quarterly crude steel production with a growth of 3%QoQ and 10%YoY on the back of debottlenecking and arcing
- Steel deliveries were lower 10%QoQ as constrained by lower opening inventory but increased 3%YoY; achieved best-ever quarterly Rolled Product steel sales with 17%QoQ growth, Alloy Wire Rod sales was also the best-ever with a 26%QoQ growth
- Enhancing and diversifying presence in Automotive with the strong recovery in marketplace
 - Approval from key PV OEM
 - Approval from global OEM to ramp-up volume for component exports
 - Gained market share at both Automotive domestic level (17% in 3QFY21 vs. 14% in 2QFY21) and for Auto components exports market (20% in 3QFY21 vs. 18% in 2QFY21)
- Maintained presence with the strategic customers in Tractor segment

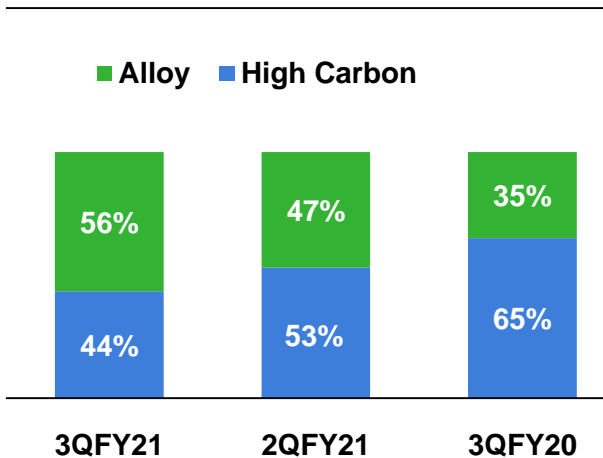
Crude Steel Production (K tons)



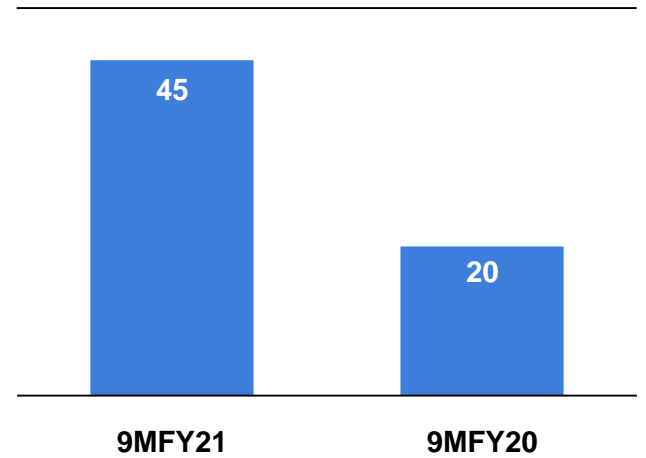
Steel deliveries (K tons)



Continued focus on mix enrichment (%)



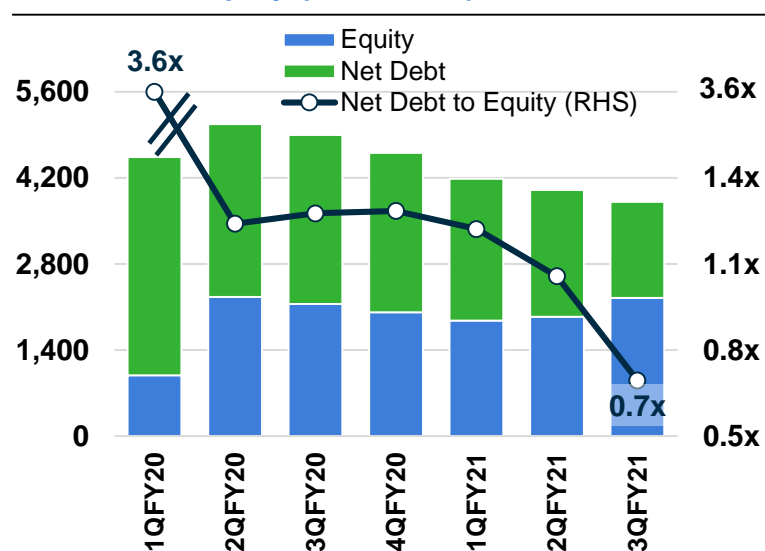
New products developed (Nos)



Tata Steel Long Products: Consolidated Financial performance

(All figures are in Rs. Crores unless stated otherwise)	3QFY21	2QFY21	3QFY20
Total revenue from operations	1,364	1,186	999
Raw material cost	549	577	588
Change in inventories	1	85	63
EBITDA	440	194	36
EBITDA per ton (Rs.)¹	26,471	10,512	2,253
EBITDA Margin (%)	32.2%	16.4%	3.7%
Reported PAT	304	59	(112)

Net Debt & Equity (Rs. crores)



- Achieved highest ever EBITDA of Rs 440 crores and PAT of Rs.304 crores
- Free Cashflow generation driven by stronger operating performance and working capital release
- Reduced Net debt by Rs.495 crores in 3QFY21 including prepayment of ~Rs.199 crores
- Gearing improved sharply to 0.7x with ~Rs.1,250 crores net debt reduction over last 5 quarters

Strong operational turnaround and buoyant market drives deleveraging

1. EBITDA/Steel deliveries

Tata Steel Long Products: Set to scale up with merger

- TSLP to transform into a high value added, diversified long product steel company
- Combination of mini, integrated steel plants to –
 - Drive scale and future growth
 - De-risk the business through diversification
 - Strengthen the balance sheet
 - Generate upstream operational synergies

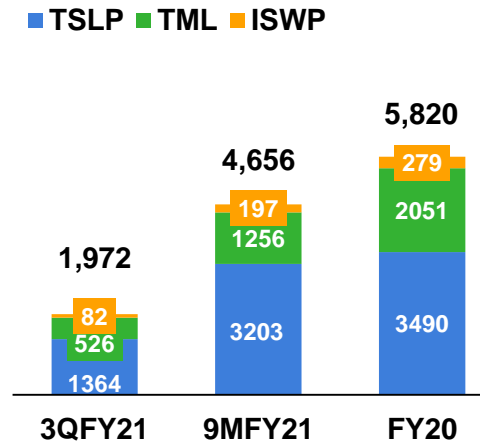
Tata Metaliks (TML): An established 200 KTPA ductile iron pipe company in high growth water infrastructure segment



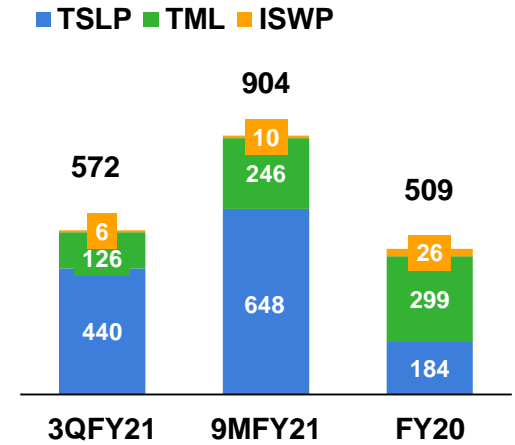
Indian Steel and Wire Products (ISWP): A downstream steel producer of nails, fasteners and welding products



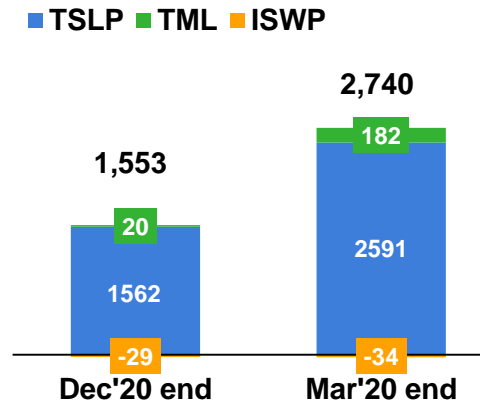
Revenue¹ (Rs. crores)



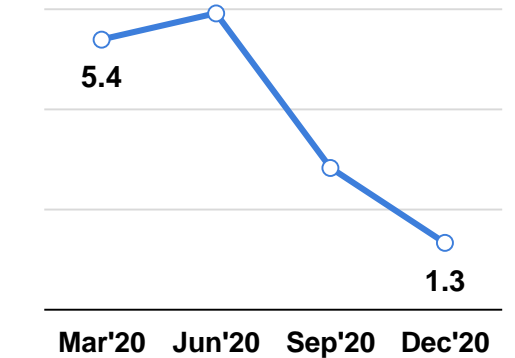
EBITDA¹ (Rs. crores)



Net Debt¹ (Rs. crores)



Net debt/ EBITDA¹ (x, LTM)



¹ All numbers are on proforma basis without any inter company eliminations

Tata Steel Europe: performance and key updates

Committed to find a
strategic sustainable
solution

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	3QFY21	2QFY21	3QFY20
Liquid Steel production (mn tons)	2.59	2.15	2.51
Deliveries (mn tons)	2.11	2.27	2.35
Total revenue from operations	14,070	13,498	13,821
Raw material cost ¹	6,583	4,931	6,240
Change in inventories	(1,179)	1,444	1,198
EBITDA	(724)	(462)	(956)
EBITDA per ton (Rs.)	(3,436)	(2,036)	(4,062)

Key updates

- Steel production improved 21%QoQ to replenish inventory ahead of improving market condition and seasonally better 4QFY21
- Steel sales volume decreased 7%QoQ due to lower opening inventories and COVID-19 impact; mix improved with higher deliveries in Automotive and Engineering segments
- Reported EBITDA loss increased with lower deliveries, reversal of wage support from the Netherlands government which was recognized in 2QFY21 and higher provision for carbon emission in 3QFY21
- Tata Steel Netherlands has launched a multi-year €300 million environmental improvement plan. It is also in discussions with the Netherlands government on future decarbonisation plans

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 expand in 4QFY21 with improving economic activity across the regions
 - India steel demand continues to be buoyant; supported by economic recovery, government spending, and easy liquidity
 - Demand from Automotive sector is gradually improving in EU and UK while demand from Packaging and construction sectors is expected to remain strong
 - Re-imposition of mobility restrictions in certain economies and policy support tapering may impact recovery
-

Steel prices

- Asian steel prices are expected to improve post Chinese New Year holidays
 - India steel prices to remain supported by strong international prices, robust raw material prices, and steel demand recovery in seasonally stronger quarter
 - EU and UK steel prices are expected to improve further in seasonally strong quarter; supported by strong global steel prices
-

Iron Ore

- Seaborne iron ore prices are expected remain elevated with increased steel capacity utilization and continued supply tightness
-

Coking Coal

- Coking coal prices should soften from Mar'21 once severe Australian weather concerns subside
-

Annexure – I: Tata Steel Consolidated QoQ variations

Rs Crores	3QFY21	2QFY21	Key Reasons
Income from operations	38,806	36,476	Higher with improved steel realisation and better product mix across key entities, partially offset by lower deliveries
Other operating income	788	678	Higher primarily at Standalone and Tata Steel BSL
Raw materials consumed	12,443	11,224	Primarily due to higher cost of Iron ore bearing material at TSE and TSBSL, and higher production at TSE; partly offset by lower Coking coal cost
Purchases of finished, semis & other products	1,270	880	Higher primarily at Standalone and Tata Steel Europe
Changes in inventories	(801)	3,220	Primarily due to inventory replenishment at Tata Steel Europe
Employee benefits expenses	5,315	4,248	Higher primarily at Tata Steel Europe and Standalone
Other expenses	11,904	11,471	Higher mainly due to provision for carbon emission rights at Tata Steel Europe; partially offset by favorable FX impact at overseas entities and cost saving initiatives
Depreciation & amortisation	2,275	2,261	At par
Other income	215	222	At par
Finance cost	1,778	1,940	Lower with sharp deleveraging
Exceptional Items	(154)	43	Mainly due to charge under special Early Separation Scheme at Jharia location; partially offset by reversal of provisions no longer required
Tax	1,572	613	In-line with profitability level
Other comprehensive income	(1,807)	609	Primarily on account of re-measurement gain/loss on actuarial valuation and FX translation impact

Note: Consolidated figures don't include NatSteel Holding and Tata Steel Thailand which are classified as 'Assets Held for Sale'

Annexure – II: Tata Steel Standalone QoQ variations

Rs Crores	3QFY21	2QFY21	Key Reasons
Income from operations	17,670	16,110	Due to improved realisations and favourable mix; partially offset by lower deliveries
Other operating income	296	252	Primarily due to higher sale of seconds steel and reversal of old liabilities no longer required
Raw materials consumed	3,778	3,758	Higher with improved product mix, partially offset by lower coal consumption cost
Purchases of finished, semis & other products	387	199	Higher purchase of TMT and scrap
Changes in inventories	307	1,216	Due to higher liquidation of inventory in 2QFY21
Employee benefits expenses	1,341	1,196	Primarily due to higher bonus provision in 3Q; 2Q included benefit from reversal of excess provisions made earlier
Other expenses	5,450	5,369	Primarily due to higher repair & maintenance expenses
Depreciation & amortisation	971	1,006	At par
Other income	141	186	Primarily due to lower income from dividend and interest income
Finance cost	800	856	Lower with reduction in debt level
Exceptional Items	(226)	(9)	Primarily due to charge under special Early Separation Scheme at Jharia location
Tax	1,231	735	In-line with profitability level
Other comprehensive income	17	16	At par

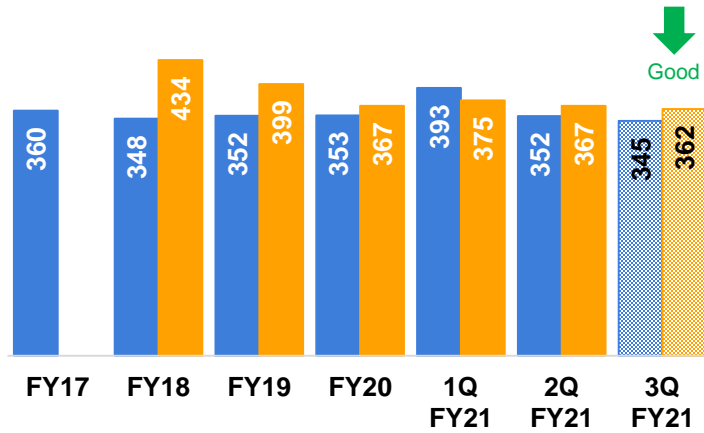
Annexure – III: Tata Steel Long Products QoQ variations

Rs Crores	3QFY21	2QFY21	Key Reasons
Income from operations	1,364	1,186	Primarily due to higher steel and DRI realisations, improved mix and increased volume of pellet conversion for TSL; partially offset by lower Steel and DRI deliveries
Raw materials consumed	549	577	Primarily due to lower DRI production, increase captive iron ore usage and lower coal price, partially offset by higher Crude steel production
Changes in inventories	1	85	2QFY21 had impact of sharp inventory decline
Employee benefits expenses	56	61	Due to performance bonus provision in 2Q and actuarial assumptions
Other expenses	347	280	Primarily due to increase in Royalty on higher captive Iron Ore dispatches, improved product mix, and arcing
Depreciation & amortisation	85	79	At par
Other income	36	16	One off write-back with favourable judgement on entry tax litigation
Finance cost	57	63	Due to pre-payment of term loans and reduction in interest rate
Exceptional Items	-	-	
Tax	(0)	(1)	At par
Other comprehensive income	1	3	At par

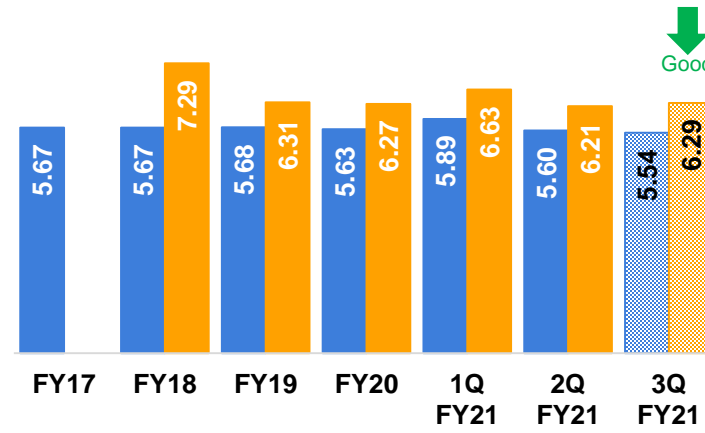
Annexure – IV: Tata Steel Standalone: Key sustainability parameters

■ Tata Steel Jamshedpur
 ■ Tata Steel Kalinganagar

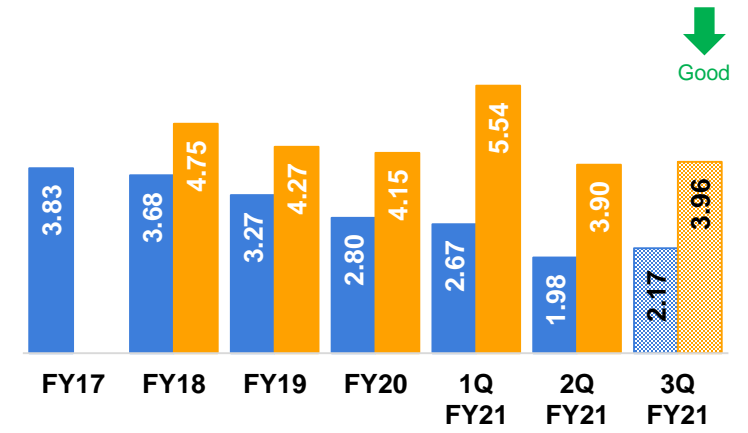
Coke Rate (kg/tcs)



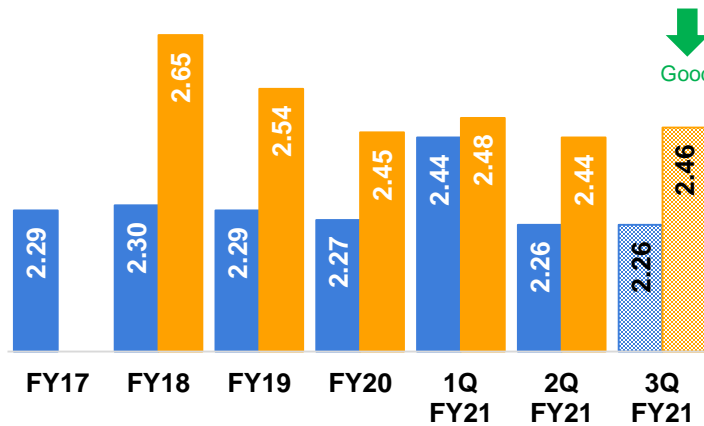
Specific Energy Consumption (Gcal/tcs)



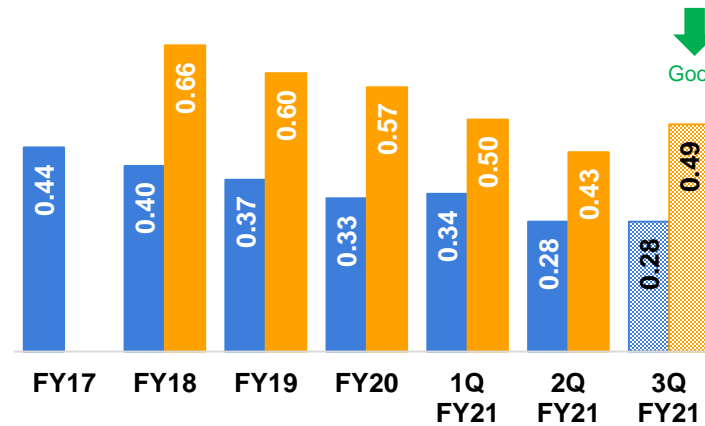
Specific Water Consumption (m³/tcs)



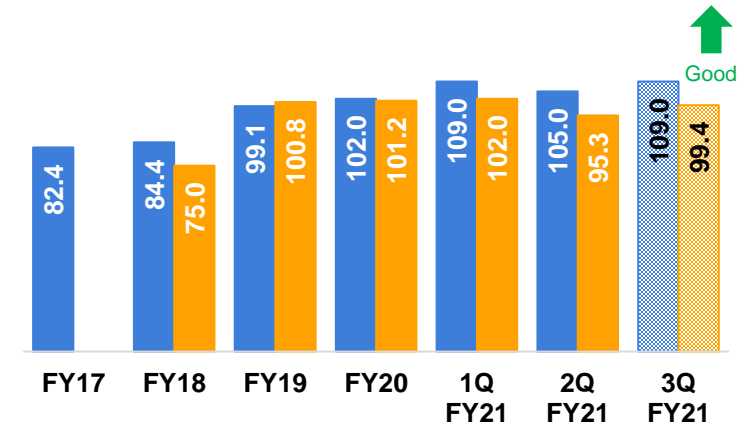
CO₂ Emission Intensity (tCO₂/tcs)



Specific Dust Emission (kg/tcs)

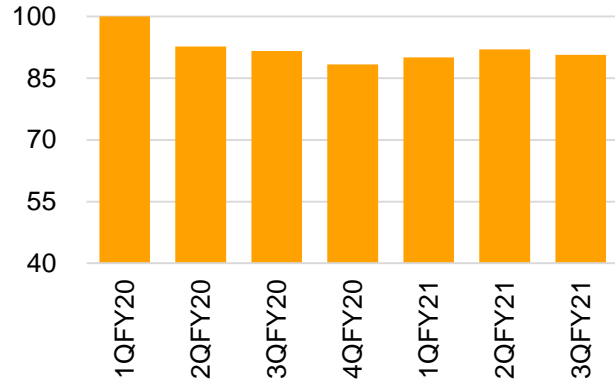


Solid Waste utilisation (%)

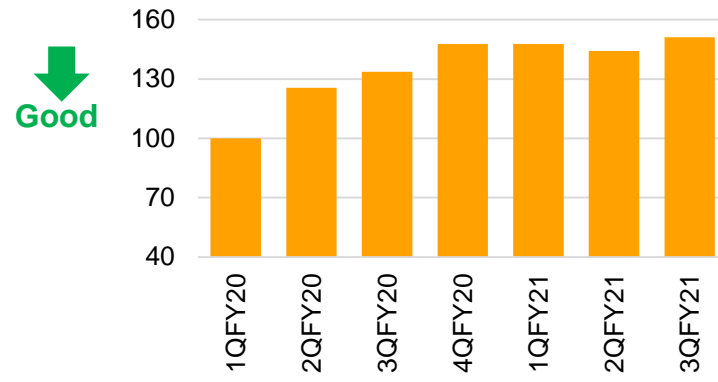


Annexure – V: Tata Steel Long Products: Consistent improvement in key operational parameters

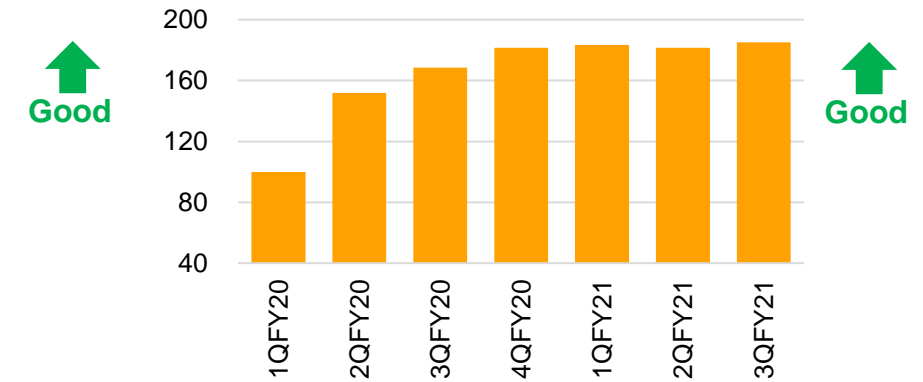
Coke rate (kg/thm, Indexed 1QFY20=100)



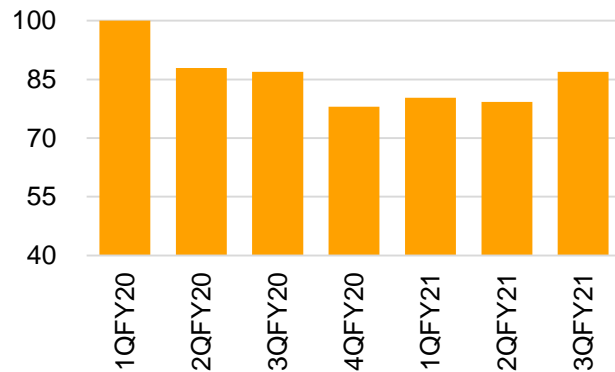
PCI rate (kg/thm, Indexed 1QFY20=100)



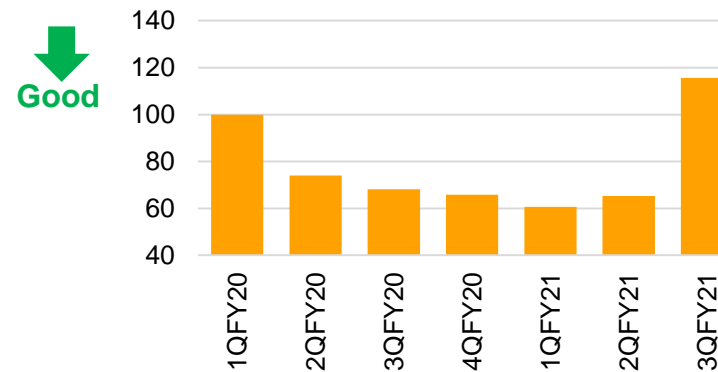
Raw Material handling through Rake (% Indexed 1QFY20=100)



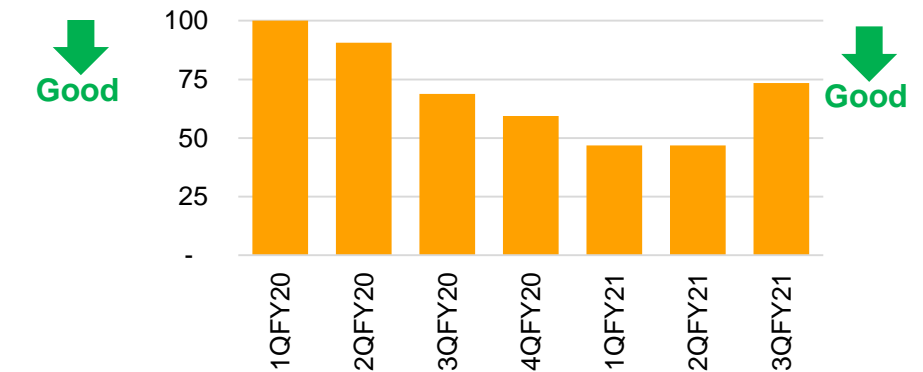
Power consumption¹ (kwh/tcs, Indexed 1QFY20=100)



Electrode consumption¹ (kg/tcs, Indexed 1QFY20=100)



Oil consumption at Mill² (ltr/ts, Indexed 1QFY20=100)



1. Increased due to Arcing
 2. Increased due to lower availability Blast Furnace gas amid maintenance shutdowns



Investor enquiries :

Sandep Agrawal

Tel: +91 22 6665 0530

Email: sandep.agrawal@tatasteel.com