

TATA STEEL

#WeAlsoMakeTomorrow



INVESTOR PRESENTATION

September 2021

Resilient | Resolute | Future-ready

Safe harbour 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.

Overview

- **Flagship company of Tata Group**

- **Integrated steel producer** having 34 MTPA steelmaking capacity with operations in India, Europe and Southeast Asia

- **Key Consolidated financials of FY2021:**

- Revenues : Rs.1,56,294 crores / US\$21 billion
- EBITDA : Rs.30,892 crores / US\$4.2 billion
- PAT : Rs.8,190 crores / US\$1.1 billion

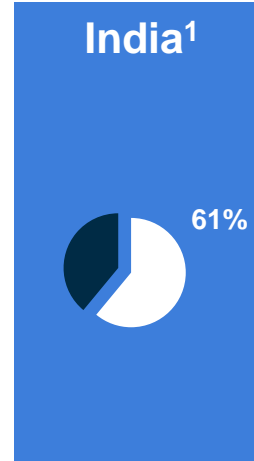
- **Market Capitalisation:** Rs.1.74 trillion / US\$24 billion²

- **Constituent of:** Nifty50, BSE Sensex and MSCI India

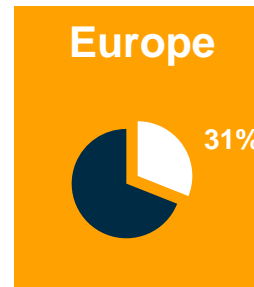
- **Credit Ratings:**

- S&P BB CreditWatch Positive
- Moody's Ba2 Stable

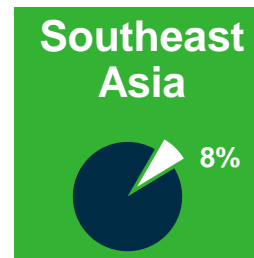
Global scale of operations



- Highly integrated and profitable India operations
- One of the lowest cost producer in the world
- Steelmaking capacity: 19.6 MTPA with 5 MTPA Kalinganagar Phase II expansion underway
- Product portfolio includes Flats (HR, CR, Galvanised, Coated), Longs (Wire Rods, Rebar), Wires and Tubes
- Raw material linkage – 100% integration in Iron ore and ~25-30% integration in Coking coal



- Steelmaking capacity: 12.4 MTPA at Netherlands and UK
- Product Portfolio includes Strip Products (HR, CR, Galvanised, Coated, Plated & Precision), Tubes, Electrical steel



- Steelmaking capacity: 2.15 MTPA across Singapore and Thailand
- Product portfolio includes Rebars, Wires and Wire Rods, Semi-finished steel

● Steel deliveries in FY21

1. Tata Steel India (Tata Steel standalone, Tata Steel BSL and Tata Steel Long Products); 2. As per Bloomberg on 3rd September 2021; HR – Hot Rolled; CR – Cold Rolled; Exchange rate: US\$ = Rs.74.2096; 1 Crores = 10 million

Tata Steel is focused on creating sustainable value



**Leadership in
India**



**Consolidate
position as global
cost leader**



**Robust financial
health**



**Leadership in
sustainability**



**Leadership position
in technology
and digital**



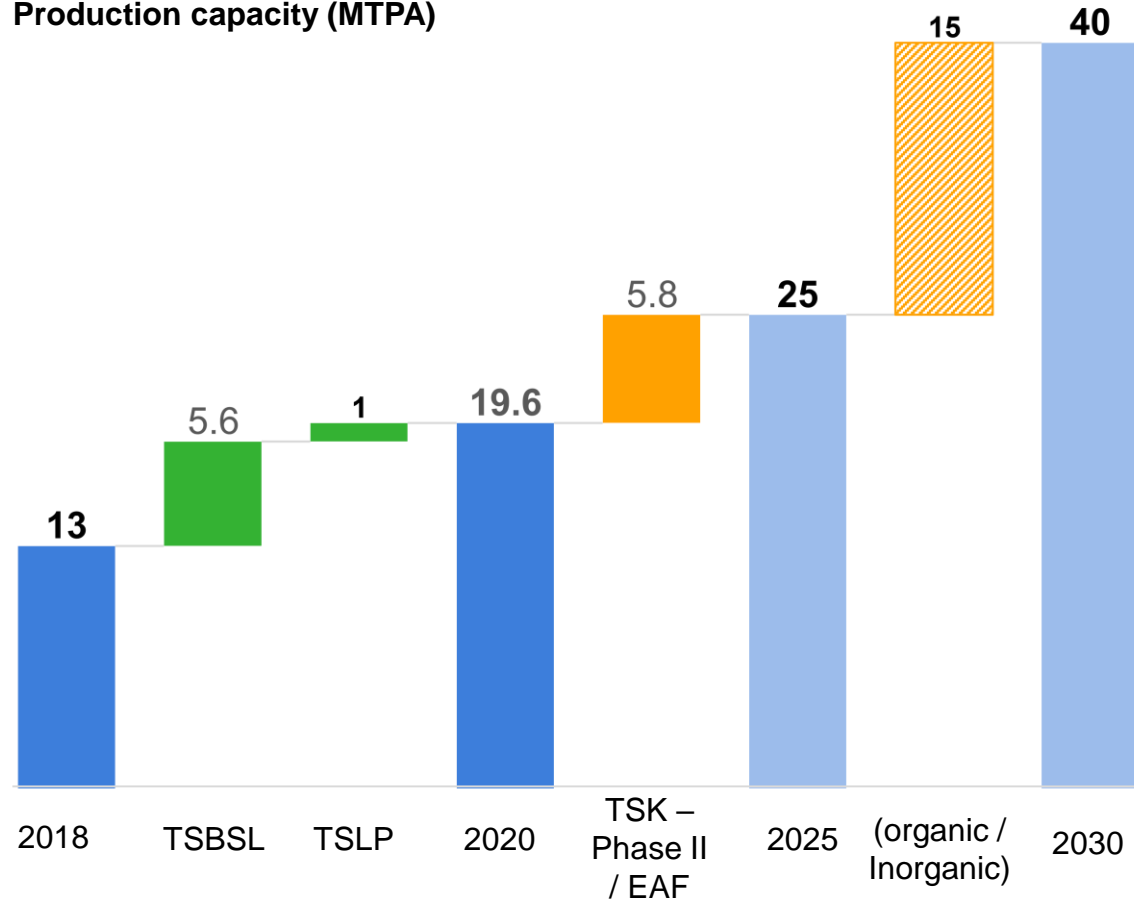
**Become culturally
future ready**

Our strategy is pivoted around capitalizing on India growth story...

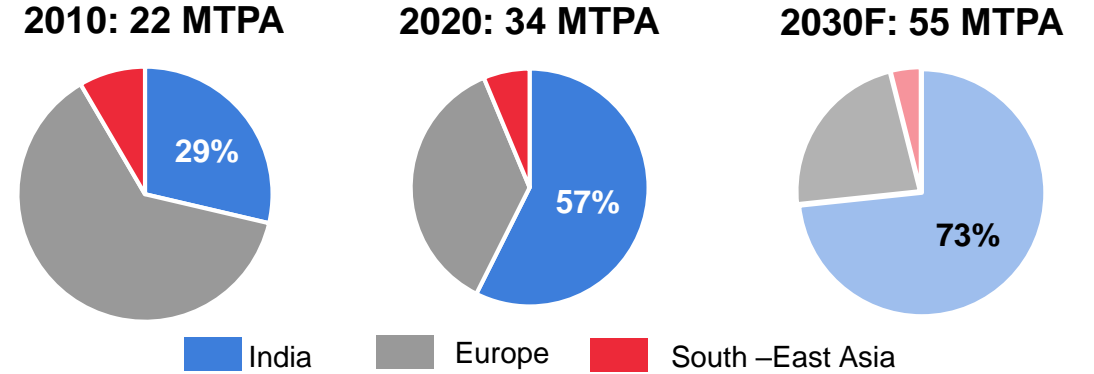


Targeting value accretive growth in India

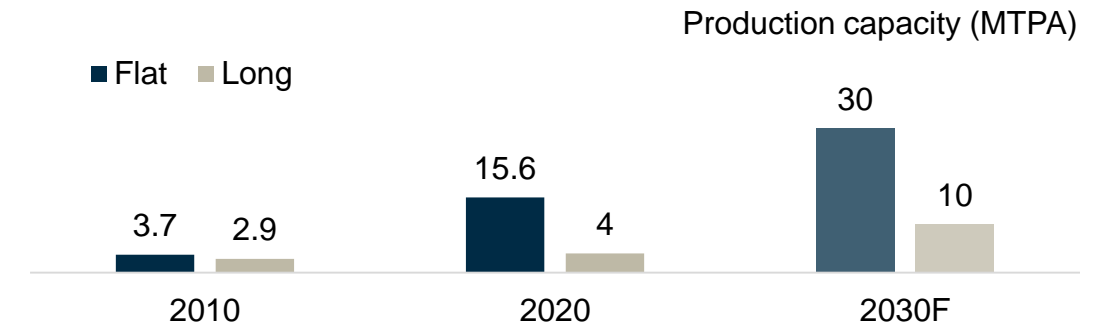
Production capacity (MTPA)



India to be the dominant manufacturing base for Tata Steel going forward



Optimizing product portfolio is a key target in India



...with future investments focussed upon sector leading returns



India Steel Production



Downstream Portfolio in India



New & Allied Business



- › Complete 5 MTPA Kalinganagar expansion
- › Raw Material expansion to 50 MTPA of Iron Ore

- › Cold Rolled Products – From 4.3 MTPA to 6.5 MTPA
- › Ductile Iron Pipes - From 0.2 MTPA to 1 MTPA
- › Tinsplate – From 0.4 MTPA to 1 MTPA
- › Tubes – From 1.3 MTPA to 2 MTPA
- › Wires – From 0.45 MTPA to 1 MTPA

- › Electric arc furnace low carbon Steel
- › Composites
- › New Materials Business
- › Commercial mining

Continuous focus to attain and retain leadership in chosen segments for strong market presence



Preferred supplier for auto customers



40 brands across customer segments contribute >1/3rd of India revenue



Over Rs.10,000 crores / US\$1.3 billion of annual retail sales

Service centers for last point processing

50+ Product Application Engineers

100% fleet covered by vehicle tracking system










TOC³ enabled supply chain

250+ distributors and 14,600+ dealers

Covering 95% districts across India

6 Hubs¹ and 14 spokes²

Leadership position in chosen segments in India	Market share	
	FY18	FY21
 <ul style="list-style-type: none"> 1 in every 3 outer panels 2 in every 3 wheels 	45% ⁴	58% ⁴
 <ul style="list-style-type: none"> 1 in every 2 LPG cylinders in India 	40%	52%
 <ul style="list-style-type: none"> 2 in every 3 continuous welding electrodes 	55%	62%
 <ul style="list-style-type: none"> Tata Shaktee - 1 out of 2 GC roofs 	35%	45%
 <ul style="list-style-type: none"> Tata Tiscon – Rs.7,500 crores/US\$1 billion plus brand 	14%	15%
 <ul style="list-style-type: none"> Tata Astrum - 1st in the world laser marking on HR Coils (2019) 	18%	21%
 <ul style="list-style-type: none"> Tata Steelium - 1st in branding CR (2003) 	18%	15%

1. Hubs: large warehouses, 2. Spokes: Small warehouses ; 3. Theory of constraints; 4. Auto flat product market share; ECA: Emerging customer accounts (small & medium enterprises); GC - Galvanised Corrugated; All % market share include Tata Steel BSL from FY19 onwards; Exchange rate: US\$ = Rs.74.2096; 1 Crores = 10 million



Services & Solutions



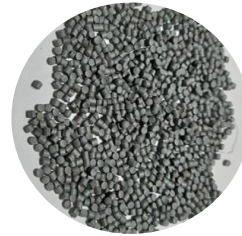
- › Servitizing steel to de-risk business
 - Pravesh – Doors and windows
 - Nest-in – solutions for society

New Material Business

Composite



Graphene



Medical Materials



- › Capitalizing future needs of existing segments while adding new ones

Commercial Mining



- › Chrome business
- › Mine Developer and Operator business
- › Strategic minerals play

Continuous structural and operational improvements key to achieve our financial goals

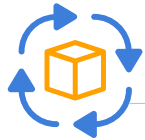


Global cost leader

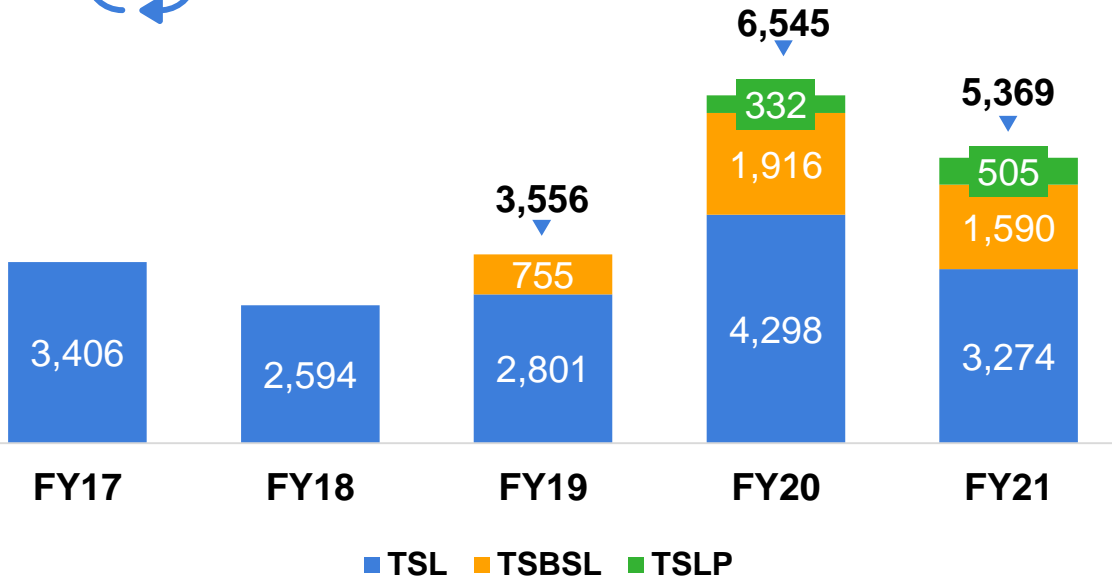
Among the lowest 3 on the global HRC cash cost curve

All figures are in Rs. crores

5 year cost savings at Tata Steel India operations



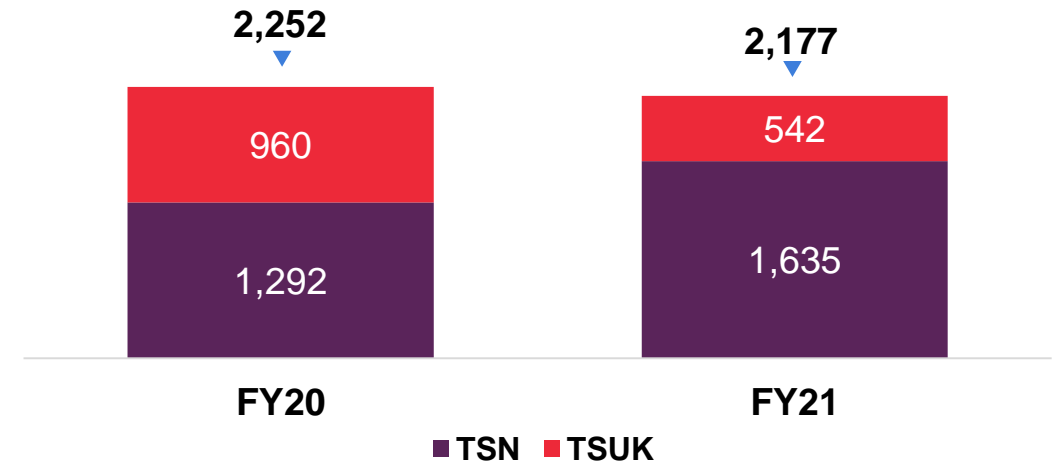
Cost and Supply chain Optimisation



Transformation programme at Tata Steel Europe



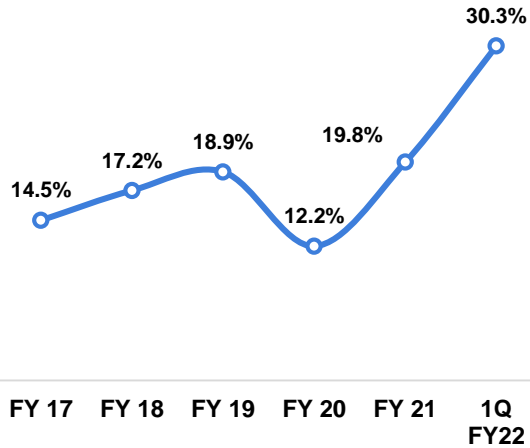
Overhead cost reduction



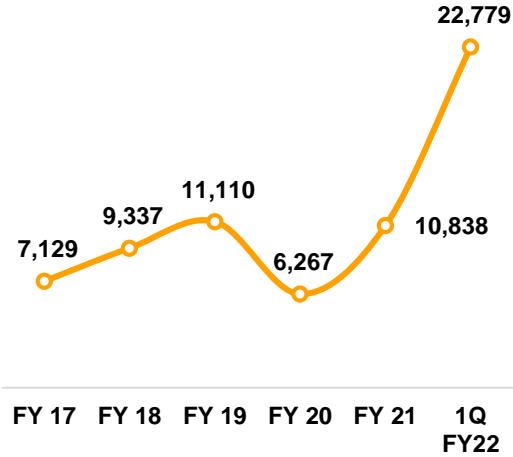
All key metrics continue to improve



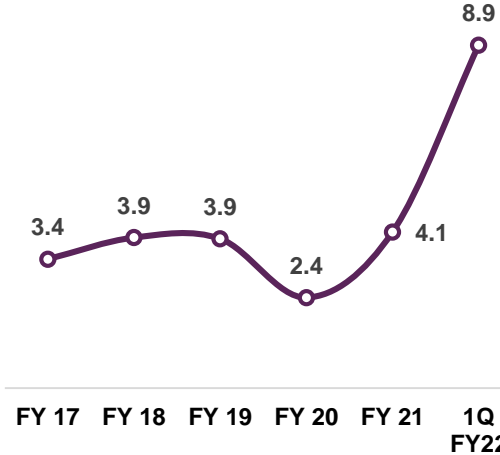
EBITDA Margin (%)¹



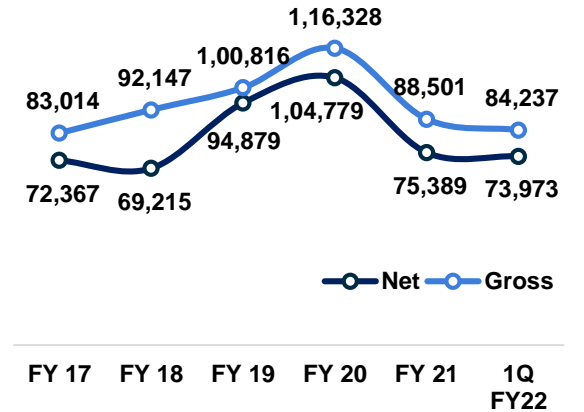
EBITDA / ton (Rs.)¹



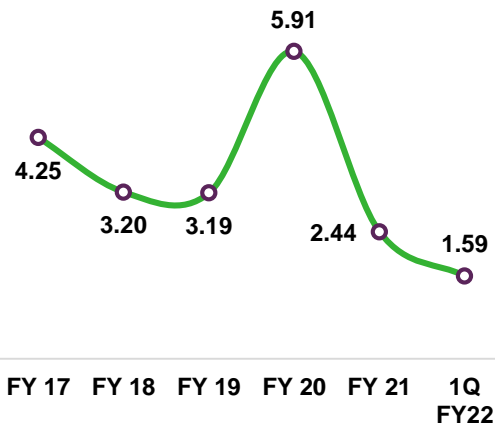
Interest Coverage Ratio (x)^{1,2}



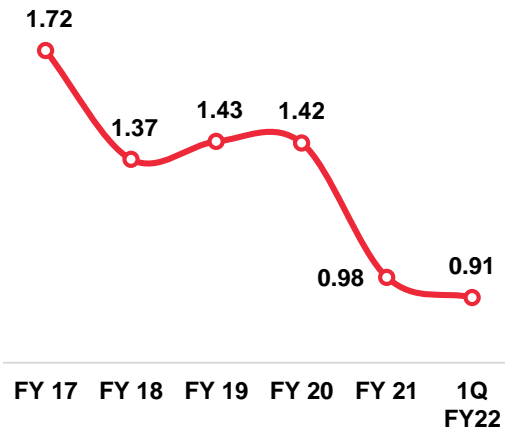
Gross & Net Debt (Rs. crore)



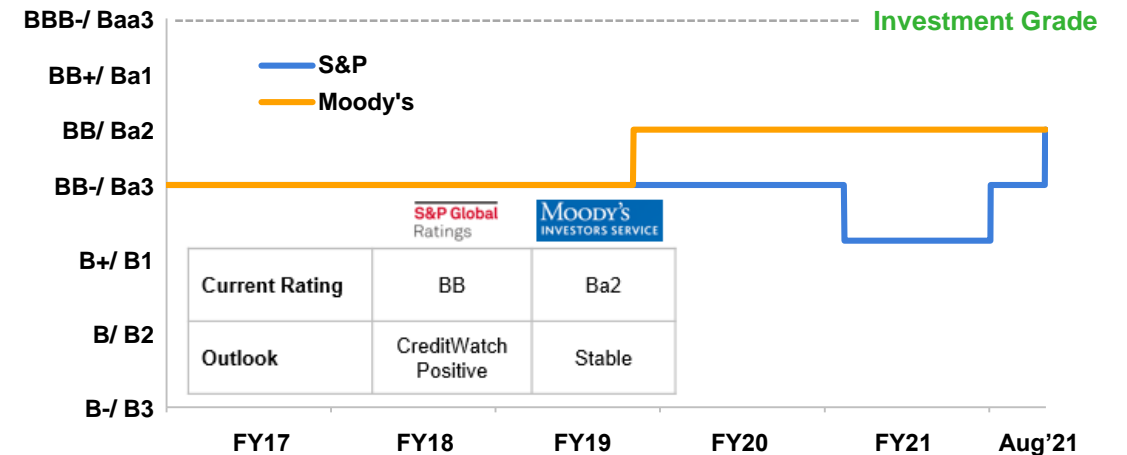
Net Debt / EBITDA (x)³



Net Debt / Equity (x)



Credit Rating



All data is on consolidated basis; 1. FY20 and FY21 includes Southeast Asia (SEA) Operations which is reclassified as continuing operations; 2. Interest Coverage Ratio: EBITDA / Interest; 3. 1QFY22 based on 12 trailing month EBITDA; 1 Crores = 10 million

Pathway for our future financial strategy



Short-term (FY22 targets)

- Investment grade financial metrics; strong earnings and cashflow performance
- US\$2 billion+ gross debt reduction while prioritize off-shore debt pre-payment
- Continued focus on capital allocation, cashflow and working capital management
- Capex of ~Rs.10,000-12,000 crores / ~US\$1.3-1.6 billion



Medium-term (Across cycle targets)

Target Leverage

Net Debt/EBITDA at 2x
Interest Cover at 4x



Target RoIC

15%



Dividend Policy

Progressive dividend policy; robust pay-out



Sustainability is deeply embedded in Tata Steel ecosystem



	Key achievements	2025 goals	2030 goals
Climate change	<ul style="list-style-type: none"> TSI: 19% reduction in emission intensity since 2005 TSJ is Indian benchmark 	<ul style="list-style-type: none"> TSI: Achieve <math><2\text{ tCO}_2\text{ /tcs}</math> carbon emission 	<ul style="list-style-type: none"> TSI: Achieve <math><1.8\text{ tCO}_2\text{ /tcs}</math> carbon emission TSE: 30% reduction in specific emissions over 2020
Water	<ul style="list-style-type: none"> Reduction in fresh-water consumption since 2005: <ul style="list-style-type: none"> - 66% at TSJ - 52% at TSI 	<ul style="list-style-type: none"> TSI: Achieve specific freshwater consumption of 2 m³/tcs 	<ul style="list-style-type: none"> TSI: Achieve specific fresh-water consumption of <math><1.5\text{ m}^3\text{/tcs}</math>, aim for water neutrality TSE: EU benchmark for water intensity
Circular Economy	<ul style="list-style-type: none"> Commissioned 0.5MTPA Steel Recycling Business TSI: 100% steel making slag utilization 	<ul style="list-style-type: none"> Achieve material efficiency of 99% 	<ul style="list-style-type: none"> Build 5 MTPA recycling business
Bio-diversity	<ul style="list-style-type: none"> All Raw Material locations have Biodiversity Management Plan 	<ul style="list-style-type: none"> Develop and implement Biodiversity Management Plan for operations sites 	<ul style="list-style-type: none"> Aspire for no net loss of biodiversity

Long term decarbonization roadmap created

Pursuing low carbon technologies

Circular Economy integrated as part of business model

Deploying Responsible Supply Chain Policy across value chain

Improving transparency and disclosures

Building blocks of sustainable and responsible finance

Transition to Low carbon business with pathway milestones

Climate aligned Capital Allocation

Assessment of Risk and Opportunities

Reporting of ESG Performance

Align and Report Fund based Green Finance Framework

TSI – Tata Steel India (Tata Steel standalone, TSBSL and TSLPL); TSJ: Tata Steel Jamshedpur TSE – Tata Steel Europe; tcs – tons of crude steel; material efficiency is defined as percentage of crude steel and co-products (by-products) material out of total output material

We aspire for leadership position in identified technology areas



Use of low-quality Iron ore, coal and ferro alloy minerals

Technologies for generation /usage of green/blue H₂ in steel value chain

Technologies for Water neutrality through Reduce, Reuse & Recycle

Use of AI to drive process excellence and 'first time right' in steel value chain

Low Quality Raw Materials

Hydrogen

Water

Digital



Carbon Capture and Utilization

Mobility

Coatings

Technologies for CO₂ Capture, Storage and Utilisation

Material leadership in mobility domain

Breakthrough coating solutions serving needs better than competition



Strengthening enablers for Future of 'Work', 'Workforce' and 'Workplace'



Our efforts are recognized globally and nationally



TSL and TSE recognized as 'Sustainability Champions' by Worldsteel (4th time in a row)



Safety & Health Excellence Recognition 2020 for Digitalization of Process Safety Performance Indicators (PSPI)



Recognized as the world's most ethical companies for the 10th time by Ethisphere Institute



Rated 'A-' (Leadership band) for our Climate Change and Supply Chain disclosure



Certified as the Best Workplace in Manufacturing 2021



3 Assets recognized as Global Lighthouses by WEF (Jamshedpur, Kalinganagar and IJmuiden)

Member of **Dow Jones Sustainability Indices**
Powered by the S&P Global CSA

Rated amongst top 5 Steel Companies globally.

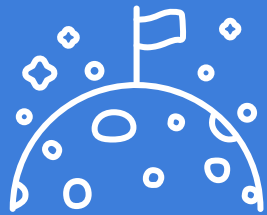


Dun & Bradstreet Corporate Award 2019 in the category of Corporate Social Responsibility



Recipient of Prime Minister's Trophy for 11 times (out of 25) for the Best Performing Integrated Steel Plant

We are on our way to build the Tata Steel of the Future



Most respected and valuable steel company in the world by 2030



▪ **Most respected and preferred supplier** by discerning customers



▪ Be one of the **lowest cost producer globally**



▪ Strong focus on Free cash flow to **create shareholder value**



▪ **Leadership in sustainable practices:** low carbon business model at scale



▪ Recognized as **technology & innovation** leader by customers, peers, employees and investors



▪ **Culture and values** for the next generation and global benchmark in **corporate citizenship**