

Mumbai, August 13, 2018

Tata Steel Reports Consolidated Financial Results for the Quarter ended June 30, 2018

Key highlights of the quarter:

- Health and Safety: LTIFR rate improved to 0.42 compared with 0.46 in FY18
- Consolidated revenues increased by 4.7%QoQ to Rs.37,833 crores.
- Consolidated EBITDA stood at Rs.6,559 crores compared to Rs.6,579 crores in 4QFY18; consolidated EBITDA margin was 17.3%.
- Consolidated PAT stood at Rs.1,934 crores compared to Rs.14,688 crores in 4QFY18. Consolidated PAT in 4QFY18 included exceptional gain of Rs.11,376 crores.
- Standalone deliveries grew by 7.9% YoY to 2.97 million tons. Standalone revenues increased by 13.8%YoY to Rs.16,405 crores.
- Standalone EBITDA stood at Rs.5,118 crores with a margin of 31.2% compared to Rs.2,922 crores in 1QFY18; EBITDA/t increased to Rs.17,252.
- The liquidity position of the group remains robust with approximately Rs.24,984 crores comprising of Rs.13,086 crores in cash and cash equivalents and Rs.11,899 crores in undrawn bank lines
- The capital expenditure for the quarter was Rs.1,931 crores

Tata Steel Standalone and Consolidated Highlights

(Figures in Rs. crore unless otherwise specified)

	Standalone			Consolidated		
	1QFY19	4QFY18	1QFY18	1QFY19	4QFY18	1QFY18
Production (mn ton) ²	3.18	3.07	2.94	6.92	6.26	6.23
Deliveries (mn ton)	2.97	3.03	2.75	6.55	6.43	5.83
Turnover	16,405	16,281	14,422	37,833	36,132	30,973
EBITDA	5,118	4,823	2,922	6,559	6,579	4,939
PBT before exceptional items	3,908	3,363	1,412	3,384	3,839	2,291
Exceptional Charges	(335)	(1,607)	(617)	(344)	11,376	(617)
PAT from Continuing Operations	2,318	1,031	506	1,937	14,639	933
PAT from Discontinued Operations	-	-	-	(3)	49	(12)
Reported PAT (A)	2,318	1,031	506	1,934	14,688	921
Other Comprehensive Income (B)	22	13	(129)	1,747	4,509	(3,542)
Total Comprehensive Income (A+B)	2,341	1,044	377	3,681	19,197	(2,621)
Diluted EPS (Rs.)	19.85	9.38	4.49	16.66	96.84	8.38

1. Production numbers for consolidated financials are calculated using Crude steel for India, Liquid steel for Europe and saleable steel for SEA
2. Bhushan Steel Limited financials are consolidated from 18th May, 2018.



Key Operating and Financial Highlights:**Tata Steel India Operations:**

- Total deliveries grew by 7.9%YoY to 2.97 million tons in 1QFY19; domestic deliveries grew by 13.7%YoY, much stronger than 9.2%YoY overall steel demand growth in India.
- The volume growth was broad based and across segments despite a seasonally weaker period. Automotive segment sales increased by 49.5%YoY; Branded products, Retail & Solutions segment sales grew 11.6% YoY; Industrial Products and Projects segment sales grew 36.6% YoY with 67.6% YoY growth in engineering sub segment.
- Total revenues increased 13.8%YoY to Rs.16,405 crores.
- EBITDA for the quarter jumped by 75.2%YoY to Rs.5,118 crores, on account of better realisations and improved operational efficiencies. EBITDA margin for the quarter was 31.2%.
- Exceptional charge of Rs.335 crores primarily includes provision for additional interest on differential royalty on coal.
- Tata Steel remains focused on operational efficiencies and minimizing environmental impact. Tata Steel Jamshedpur continues to be the benchmark in India for Coke consumption rate & Pulverized Coal Injection usage. It has also been able to increase solid waste utilization to 91.4% in 1QFY19.

Tata Steel European Operations:

- Liquid steel production was marginally up at 2.81 million tons compared to 1QFY18 and grew by 7.1%QoQ.
- Deliveries improved by 1.9%YoY to 2.45 million tons in 1QFY19, however, declined by 3.8%QoQ in seasonally weaker quarter.
- EBITDA improved significantly by 42%QoQ to £183 million on account of higher selling price and better operational performance.
- Three new products were launched during the quarter, including a new automotive offering and a defect free cold forming steel for applications like cranes and other heavy vehicles.

Tata Steel South-East Asian Operations:

- Revenues decreased by 1%QoQ to Rs.2,604 crores in 1QFY19 primarily on account of lower deliveries, partially offset by better realisations in Singapore.
- EBITDA increased by 15.3% QoQ to Rs.110 crores in 1QFY19 due to improved realisations and deliveries at NatSteel, partially offset by increase in input metallic cost.

Update on Bhushan Steel acquisition and its Jun'18 quarter operations:

- On 18th May, 2018, Tata Steel acquired Bhushan Steel Limited under the Insolvency and Bankruptcy Code – 2016. The take-over process was smooth and the Company is focused on ramping up production and achieving operational efficiencies.



- Bhushan Steel's financials have been consolidated with effect from 18th May, 2018. The company has launched a program for transformation and realization of synergies with Tata Steel.

Other key corporate Developments:

- Kalinganagar Phase II expansion project is making good progress. Total estimated project cost is Rs.23,500 crores, including Rs.16,000 crores up to HRC stage. The project also includes raw material handling facilities, a state-of-the-art 2.2 MTPA cold rolling complex and other downstream facilities.
- On June 30, Tata Steel and thyssenkrupp AG signed definitive agreements to form a 50:50 joint venture in Europe. The JV will focus on quality and technology leadership, and the supply of premium and differentiated products to customers with annual shipments of about 21 MTPA. The Company is working towards the JV formation, including securing approvals from the relevant regulatory authorities.

Management Comments:**Mr. T V Narendran, CEO & Managing Director:**

"Tata Steel delivered strong performance across all geographies on the back of strong steel demand and buoyant spreads. Tata Steel India domestic deliveries grew by 14%YoY, significantly higher than the market which saw a 9%YoY growth. All verticals saw strong growth, with our Automotive and Branded Products segments now contributing to 19% and 33% of total volumes, respectively. Tata Steel Europe also saw stronger profitability with an improvement in spreads and operational performance.

We continue to execute our strategy of expanding our footprint in India. Our Kalinganagar Phase 2 expansion is progressing well, with work starting on the Cold Rolling Complex. Our Bhushan Steel acquisition is another significant milestone in our growth plans and we are confident that it will add significant value to our portfolio.

We are working on seeking all relevant approvals for our 50:50 JV with thyssenkrupp for our European business and look forward to a strong and sustainable European business.

We expect underlying steel demand to be strong, particularly in India. However, the rising trade tensions and the impact on the global economic momentum is a cause of concern".

Mr. Koushik Chatterjee, Executive Director and CFO:

"The performance of Tata Steel in this quarter has been very strong and Tata Steel India delivered a stand out performance of 31% EBIDTA margin on the back of strong underlying business performance and improved market conditions. This reflected in the financial results of the company with Tata Steel India EBITDA at Rs.5,118 crores implying an EBITDA per ton of Rs.17,252 and quarterly EBIDTA of Tata Steel Europe at Rs.1,666 crores registering an EBITDA per ton of Rs.6,801. Our quarterly consolidated EBIDTA grew 33% YoY and increased to Rs.6,559 crores, with an EBITDA margin of 17%.



During the quarter, Tata Steel also successfully closed the acquisition process of Bhushan Steel under the Insolvency and Bankruptcy Code process with a transaction structure that provides us close to 100% economic interest in the company. The funding for the acquisition was designed with a prudent capital structure with significant equity component to ensure future value creation. The integration of the company is underway and is expected to deliver synergies over the next 24 months.”

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.

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