

**Tata Steel (Thailand)
welcomes
Analysts and Bank Officials**

**[Results Presentation : Financial quarter ending
30th September 2016]**

10th November 2016



Disclaimer



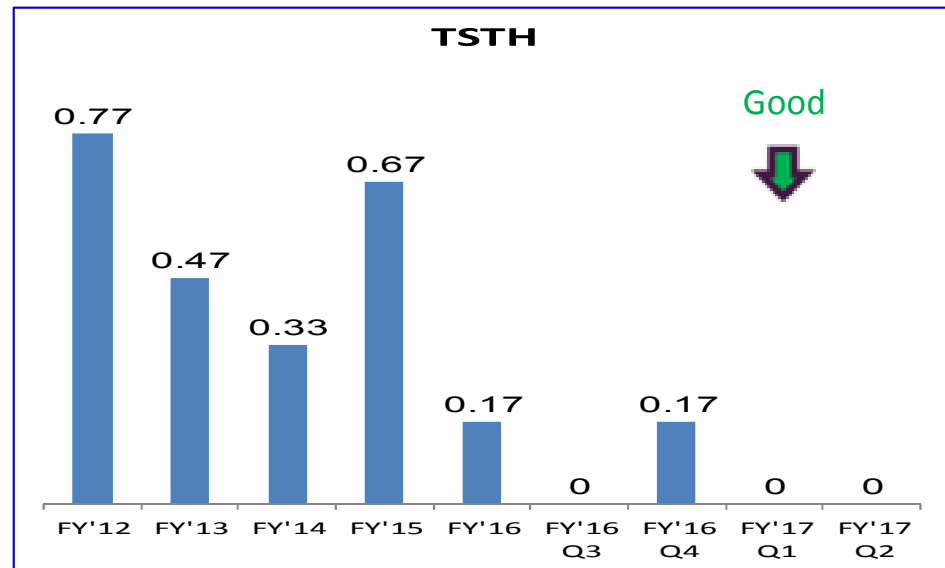
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- **Corporate Citizenship**
- **Economic Scenario & Steel Business**
- **Q2 FY17 Performance**
- **Business Outlook**

Key highlights :

- Quarterly safety campaign and audit for “Slip/Trip/Fall & Hit/Press” (Jul-Sep ‘16)
- Follow up for the higher health risk employees from annual health check by sending them to consult with occupational medical/specialist doctors.
- Conduct various safety audit activities such as Night Observation, PSRM Line Walk and Job Cycle Check.
- Continue to improve amenities – Canteens, Toilets and Rest Areas
- Environment: recycle waste campaign

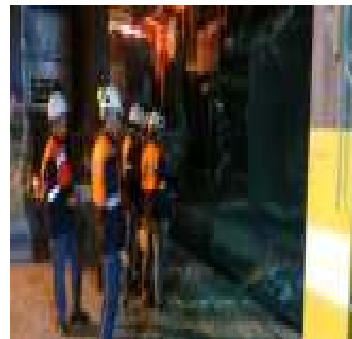
Loss Time Injury Frequency Rate (LTIF)



Slip/Trip/Fall & Hit/Press



Health Check



Safety Audit

Improvement of Amenities



Recycle Waste Campaign 4

Corporate Citizenship



Bangkok
Employees joined recreational program with the patients of Srithanya Mental Hospital



NTS
Hosted blood donation activity



TSTH Group
Organized "Tata Steel Reforestation for Her Majesty the Queen" Project" to celebrate the Queen's birthday .The activity included creating salt lick for wild animals, building temporary dams and planting trees at Khao Chamao, Rayong Province.

SCSC
Candle Offering Ceremony on Buddhist Lent Day



SISCO
Organized Mother's Day painting contest at 2 local schools in Saraburi Province



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World Economic Scenario



GDP Growth

	2015	Projections		Difference from July 2016 WEO Update ¹		Difference from April 2016 WEO ¹		Q4-over-Q4 ⁷			
		2016	2017	2016	2017	2016	2017	2014	2015	Projections	
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
World Output	3.2	3.1	3.4	0.0	0.0	-0.1	-0.1	3.2	3.1	3.1	3.5
Advanced Economies	2.1	1.6	1.8	-0.2	0.0	-0.3	-0.2	1.9	1.8	1.7	1.8
United States	2.6	1.6	2.2	-0.6	-0.3	-0.8	-0.3	2.5	1.9	2.0	1.9
Euro Area	2.0	1.7	1.5	0.1	0.1	0.2	-0.1	1.2	2.0	1.6	1.6
Japan	0.5	0.5	0.6	0.2	0.5	0.0	0.7	-0.9	0.8	0.8	0.8
United Kingdom	2.2	1.8	1.1	0.1	-0.2	-0.1	-1.1	3.5	1.8	1.4	0.8
Canada	1.1	1.2	1.9	-0.2	-0.2	-0.3	0.0	2.4	0.3	1.5	1.9
Other Advanced Economies ²	2.0	2.0	2.3	0.0	0.0	-0.1	-0.1	2.7	2.0	2.1	2.4
Emerging Market and Developing Economies	4.0	4.2	4.6	0.1	0.0	0.1	0.0	4.4	4.2	4.3	5.0
Emerging and Developing Asia	6.6	6.5	6.3	0.1	0.0	0.1	0.0	6.6	6.8	6.3	6.3
China	6.9	6.6	6.2	0.0	0.0	0.1	0.0	7.0	6.9	6.4	6.1
India ³	7.6	7.6	7.6	0.2	0.2	0.1	0.1	7.1	8.1	7.4	7.4
ASEAN-5 ⁴	4.8	4.8	5.1	0.0	0.0	0.0	0.0	4.9	4.8	4.4	5.8

- World economic growth rate forecasted at 3.1% in 2016 and 3.4% in 2017.
- China economic growth expected at 6.6% in 2016. GDP growth projected at 6.4% in Q4/16.
- ASEAN GDP growth forecasted at 4.8% in 2016 and 4.4% in Q4/16. CMLV countries GDP expected to deliver highest growth in this region.

Actual Data and Latest Projections

	2013	2014	2015	2016	2017
ASEAN	5.2	4.7	4.7	4.8	5.1
Brunei Darussalam	-2.1	-2.3	-0.6	0.4	3.9
Cambodia	7.4	7.1	7.0	7.0	6.9
Indonesia	5.6	5.0	4.8	4.9	5.3
Lao P.D.R.	8.0	7.5	7.6	7.5	7.3
Malaysia	4.7	6.0	5.0	4.3	4.6
Myanmar	8.4	8.7	7.0	8.1	7.7
Philippines	7.1	6.2	5.9	6.4	6.7
Singapore	4.7	3.3	2.0	1.7	2.2
Thailand	2.7	0.8	2.8	3.2	3.3
Vietnam	5.4	6.0	6.7	6.1	6.2

Steel Demand Scenario



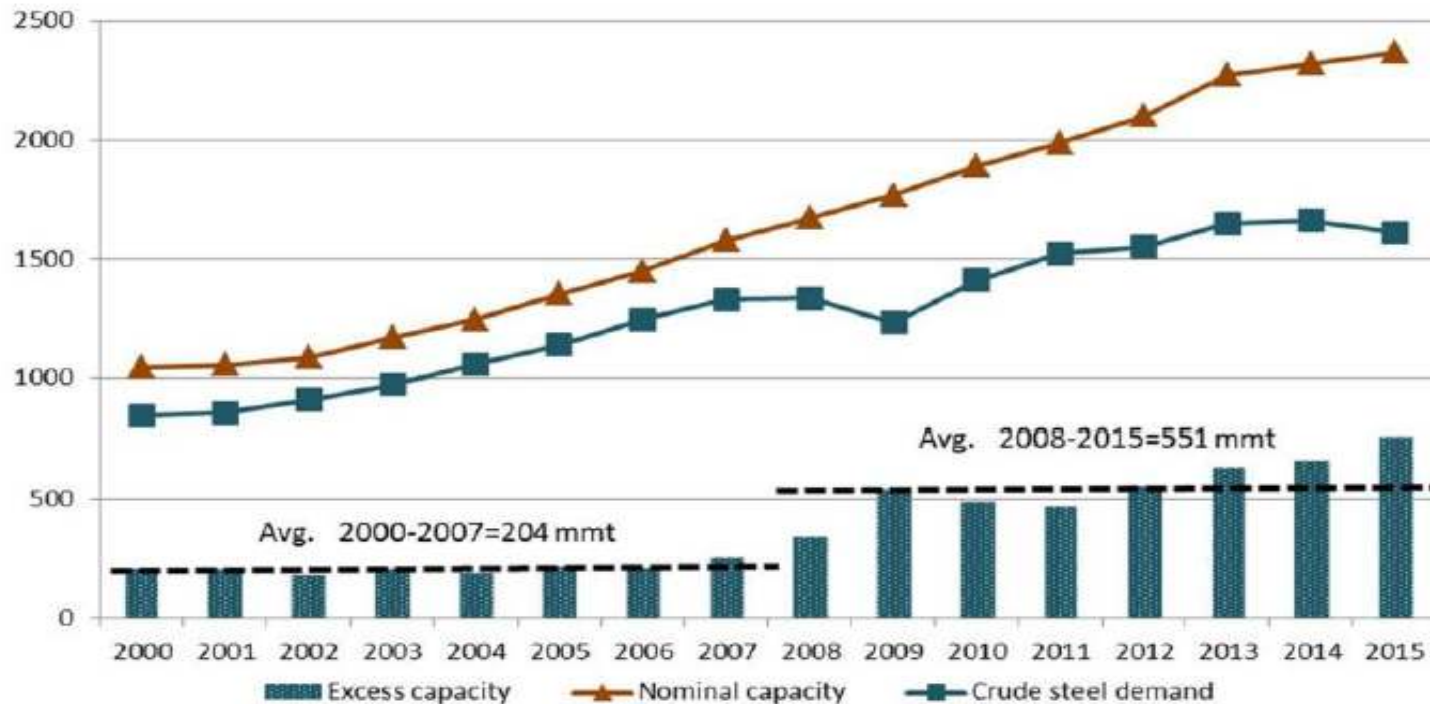
Regions	million tonnes			y-o-y growth rates, %		
	2015	2016 (f)	2017 (f)	2015	2016 (f)	2017 (f)
European Union (28)	153.6	154.8	156.9	2.9	0.8	1.4
Other Europe	40.4	42.1	43.7	9.6	4.1	3.7
CIS	50.5	49.6	50.7	-9.8	-1.6	2.1
NAFTA	133.7	133.6	137.4	-8.2	-0.1	2.9
Central and South America	45.6	40.8	42.5	-6.7	-10.4	4.1
Africa	38.7	39.5	41.1	3.5	2.2	3.9
Middle East	52.9	53.0	53.1	-1.2	0.3	0.1
Asia and Oceania	983.4	987.9	984.3	-3.3	0.5	-0.4
World	1 498.7	1 501.3	1 509.6	-3.0	0.2	0.5
Developed Economies	398.7	399.5	403.8	-3.6	0.2	1.1
Emerging and Developing Economies	1 100.0	1 101.8	1 105.7	-2.7	0.2	0.4
China	672.3	665.6	652.3	-5.4	-1.0	-2.0
MENA	72.0	72.4	73.3	-0.7	0.6	1.2
ASEAN(5)	65.1	70.5	75.0	4.9	8.3	6.3
Thailand	16.7	17.5	17.8	-3.5	4.8	1.5
Vietnam	18.3	21.4	23.5	26.4	17.0	10.0

- China demand projected to decrease by -1% in 2016 and -2% in 2017.
- ASEAN (5) expected to grow by 8.3% and 6.3% in 2016 & 2017 respectively.
- Vietnam: Strong FDI, booming construction sector and infrastructure investment are pushing steel demand up.
- Thailand steel demand growth forecasted to rise by 4.8% in 2016 and 1.5% in 2017.

Supply Demand Gap in Steel



Global excess capacity



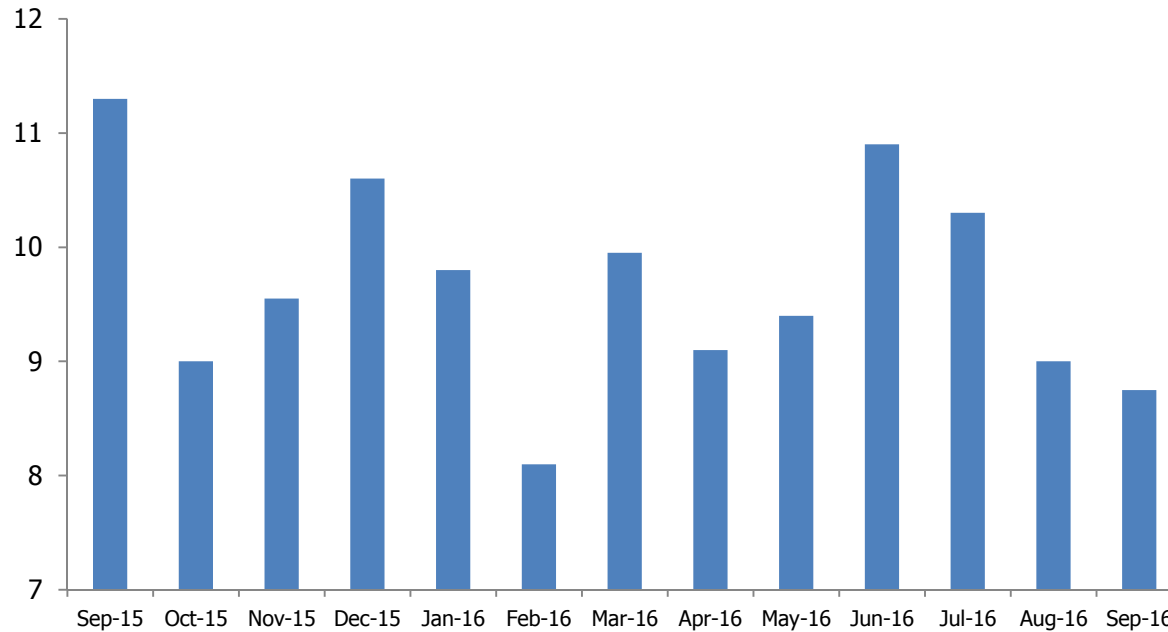
Million tonnes.

- World excess capacity has increased since 2008, the average excess capacity was around 551 MT per year during 2008-2015.
- China target steel cut in 2016 : 45 Million ton. 80% already done by September. However, China crude steel production increased 0.4% in the first nine months.

Steel Exports from China



China's steel exports, million t

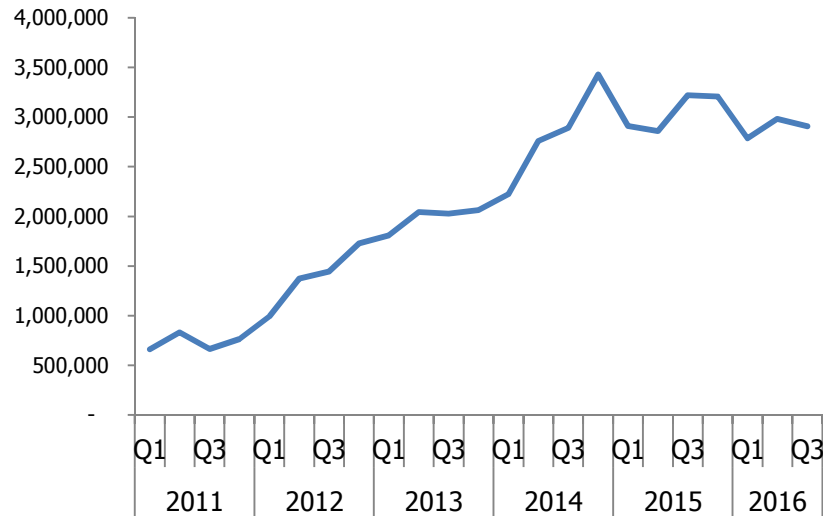


- During Jan-Sep 2016, exports increased by 2.4% (over last year) to 85 Million ton
- Total export volume expected in 2016 : 112.4 Million ton, the volume same as 2015
- China long products are mainly exported to ASEAN countries

Wire Rod Export from China



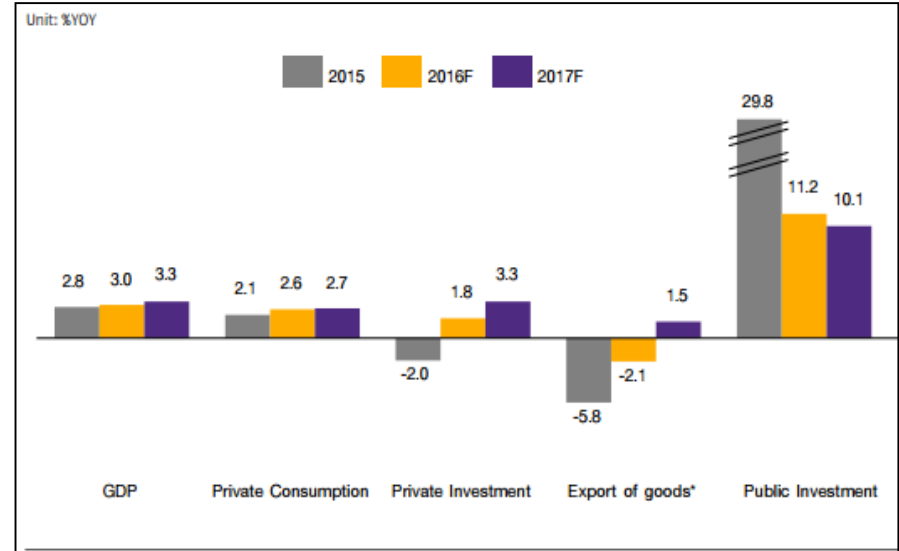
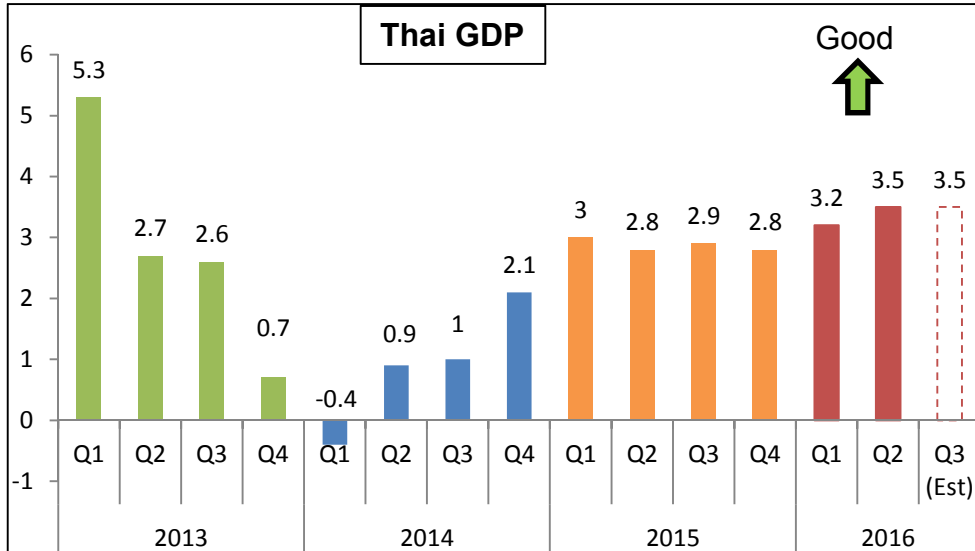
China's Export of Wire rod



Wire Rods		Tons			
		2016		2015	
	Country	September	Jan-Sep	September	Jan-Sep
Carbon Steel	Japan	14,102.20	117,854.75	10,446.15	125,338.83
	Korea, Republic of	4,788.44	54,650.48	2,014.34	25,102.65
	Taiwan Province of China	2,476.81	30,188.10	3,521.99	28,758.74
	Germany	705.98	7,453.96	536.06	8,104.40
	India	986.38	4,804.42	641.96	11,301.09
	United Kingdom	488.69	3,772.94	143.68	1,645.62
	Other	2,477.21	15,381.17	500.16	5,775.45
Carbon Steel Total		25,039.33	229,301.39	17,804.34	206,026.78
Stainless Steel	Taiwan Province of China	1,830.83	17,598.02	3,137.75	12,945.77
	China	1,844.42	12,812.38	435.89	11,394.69
	Japan	693.37	5,730.34	845.39	6,841.08
	Korea, Republic of	518.90	4,414.71	88.07	1,313.75
	Other	8.69	406.72	92.15	432.85
Stainless Steel Total		4,896.21	40,962.16	4,599.25	32,928.14
Other (Alloy Steel)	China	72,650.56	920,430.99	65,849.17	931,461.38
	Japan	9,780.90	84,885.07	9,797.35	86,824.51
	Korea, Republic of	370.93	4,555.64	1,371.80	6,195.03
	Other	1,345.94	8,864.93	449.86	8,239.96
Other (Alloy Steel) Total		84,148.34	1,018,736.62	77,468.18	1,032,720.88
Total		114,083.87	1,289,000.17	99,871.78	1,271,675.80

- Chinese wire rod export steadily increased since 2011 and has remained at the high level since 2014.
- Thailand : in first 9 months of 2016, Chinese wire rods imports have declined by -1% to 920,431 tons.

Thailand Economy – Key indicators



Key drivers for Thailand economy

- Government measures supporting household purchasing power
- Progress on infrastructure development mega-projects
- Tourism sector grew at healthy rate

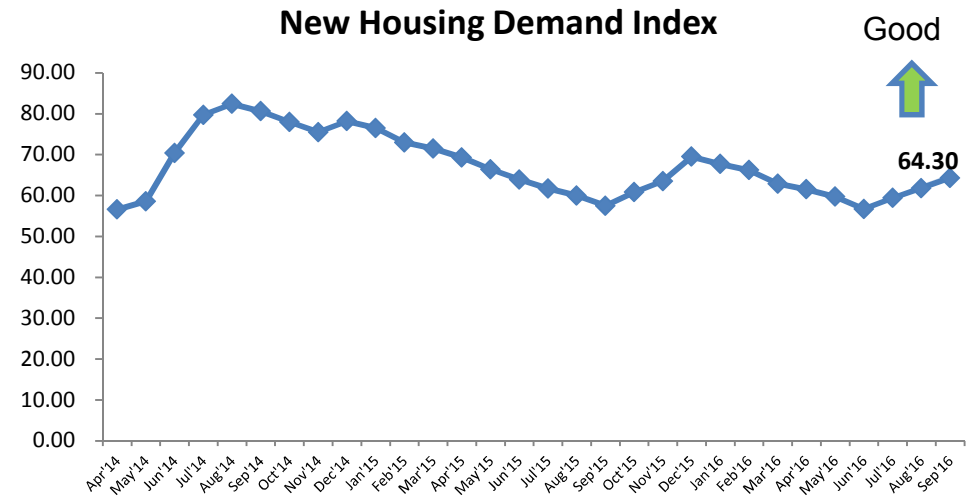
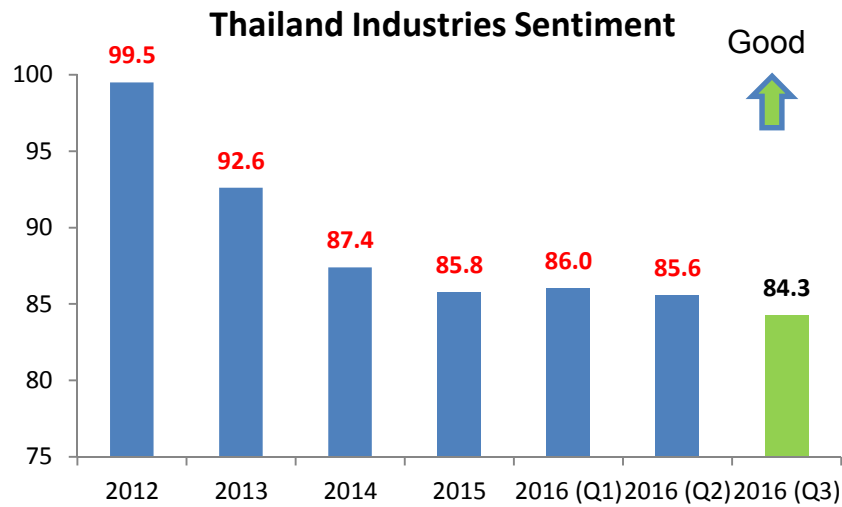
Risks

- Shrinking exports due to global slow down and shortening global supply chains
- Mounting global debts may lead to a new global financial crisis.
- Household income in the agricultural sector under pressure as low prices of key agricultural products (rice, tapioca, and rubber)
- Government stimulus policies may slow down after the accelerated disbursement phase

Number of inbound tourists stood at 7.6 million persons or grew by 8.2 percent



Business Environment in Thailand

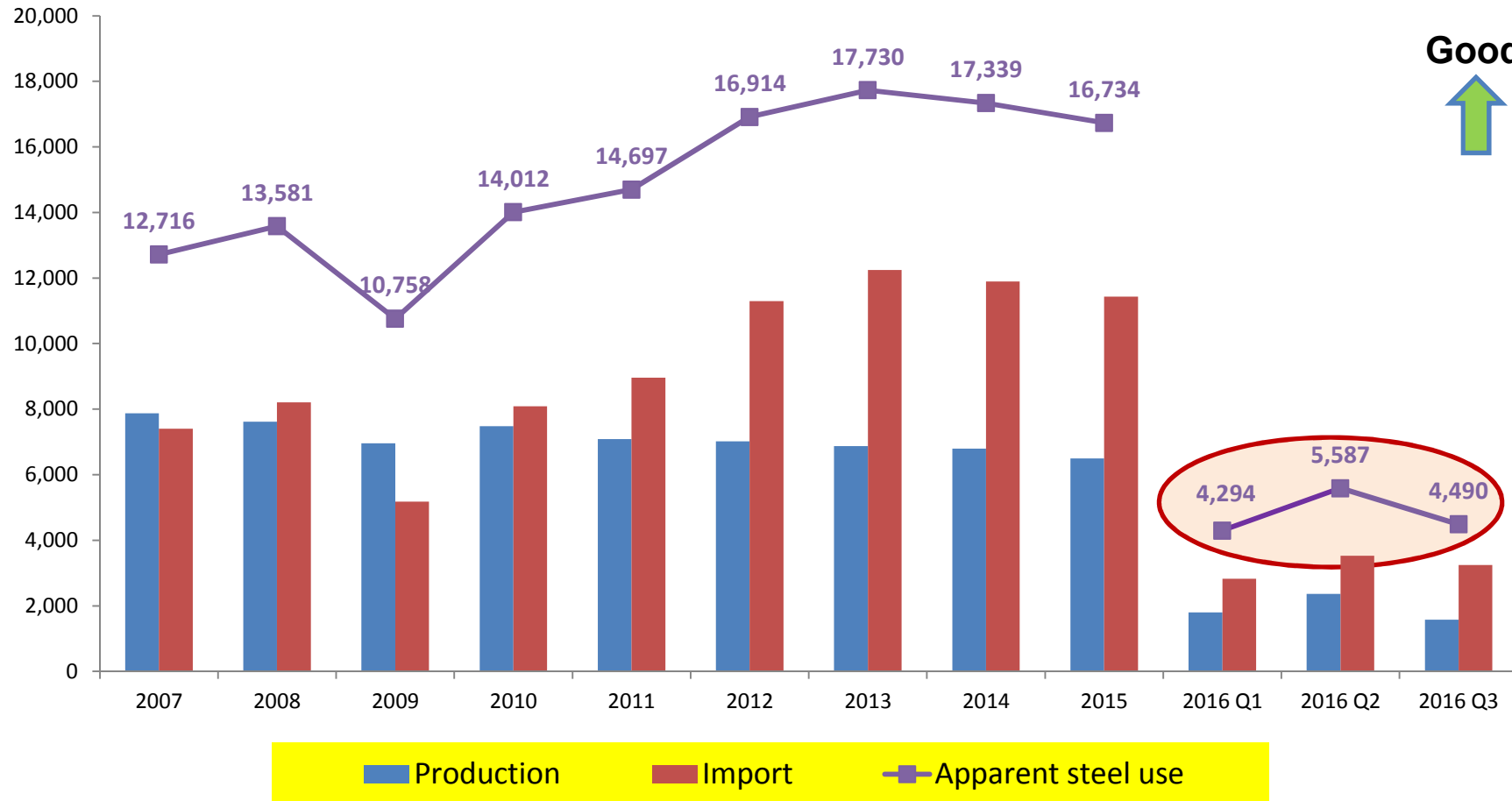


New Housing Index rebounded to increase since July'16. Highest in September'16 during last 6 months.

Steel Consumption in Thailand



Good
↑



Steel consumption declined in Q3 2016 mainly due to prolonged monsoons and high channel inventory

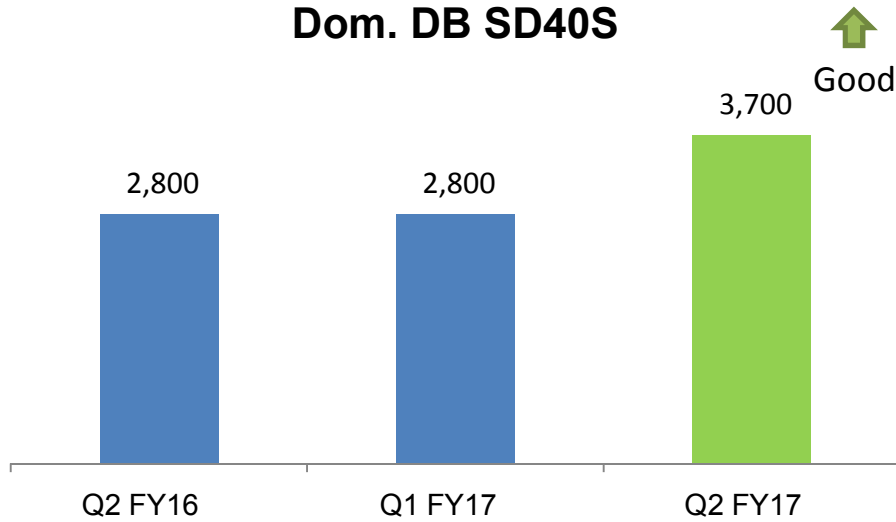
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Steady increase in value added products sale

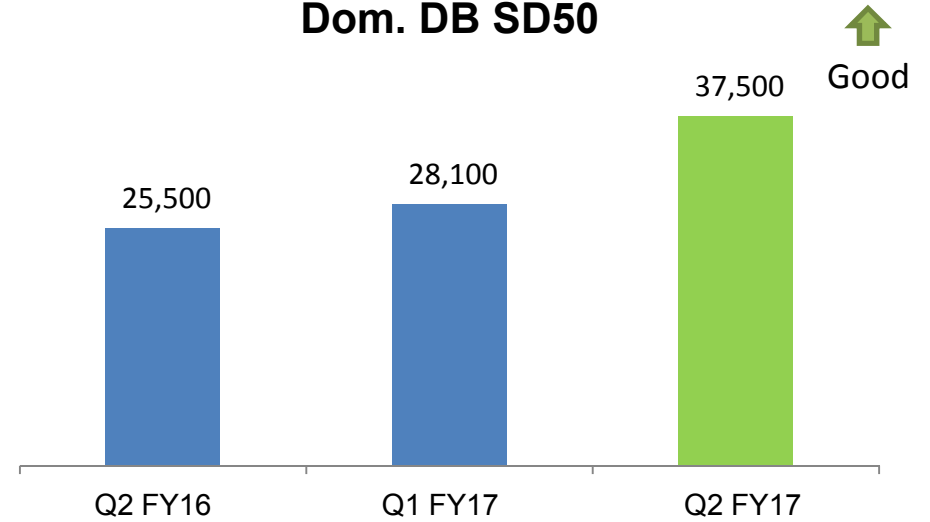
Unit : Tons



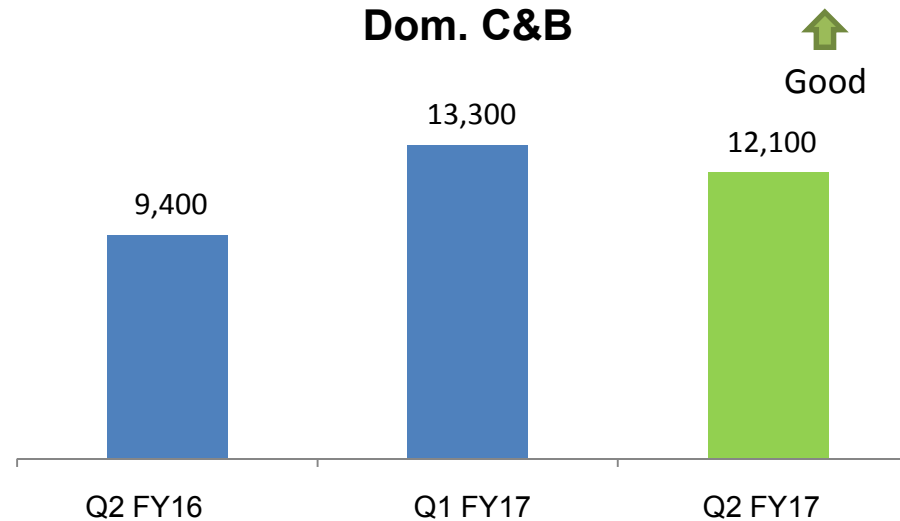
Dom. DB SD40S



Dom. DB SD50

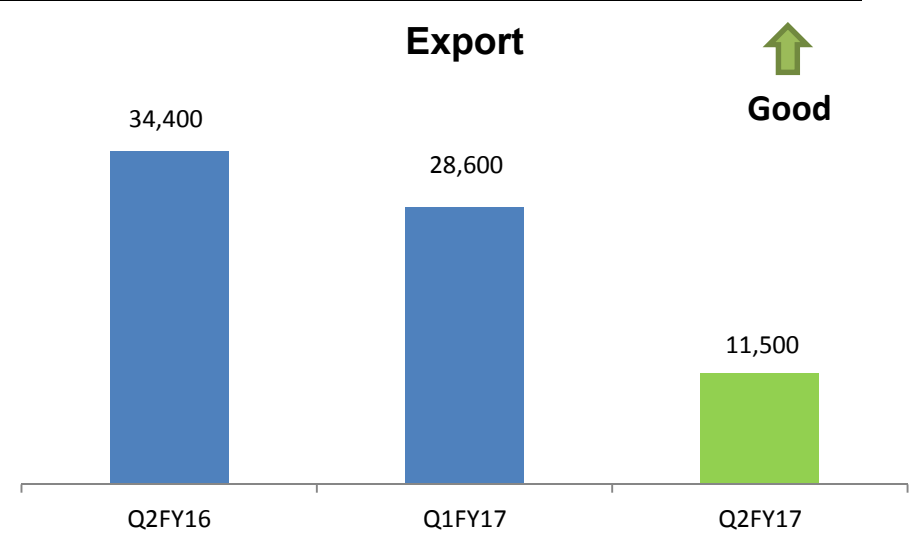
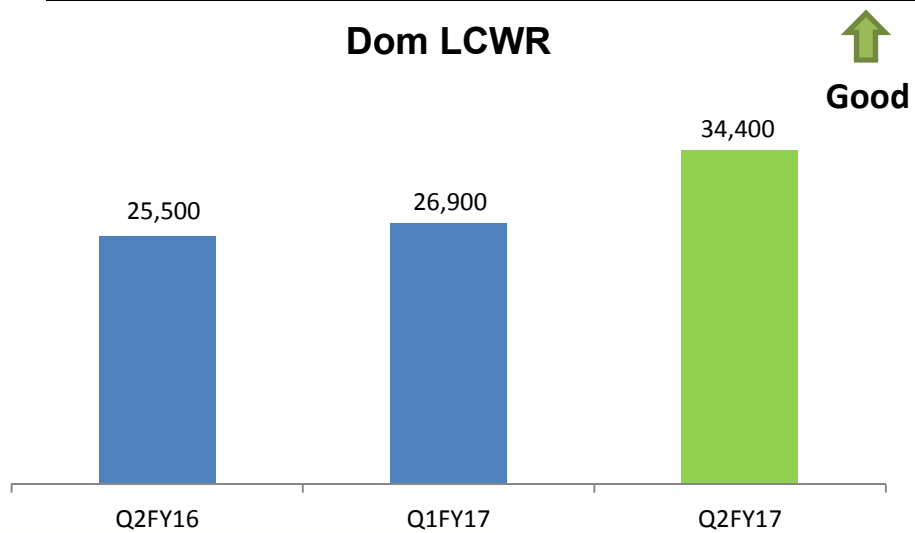
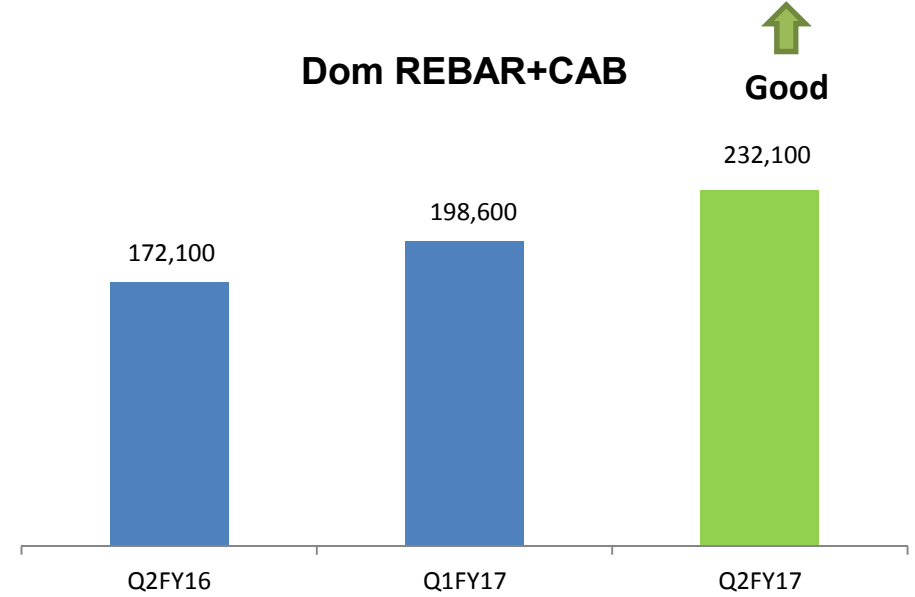
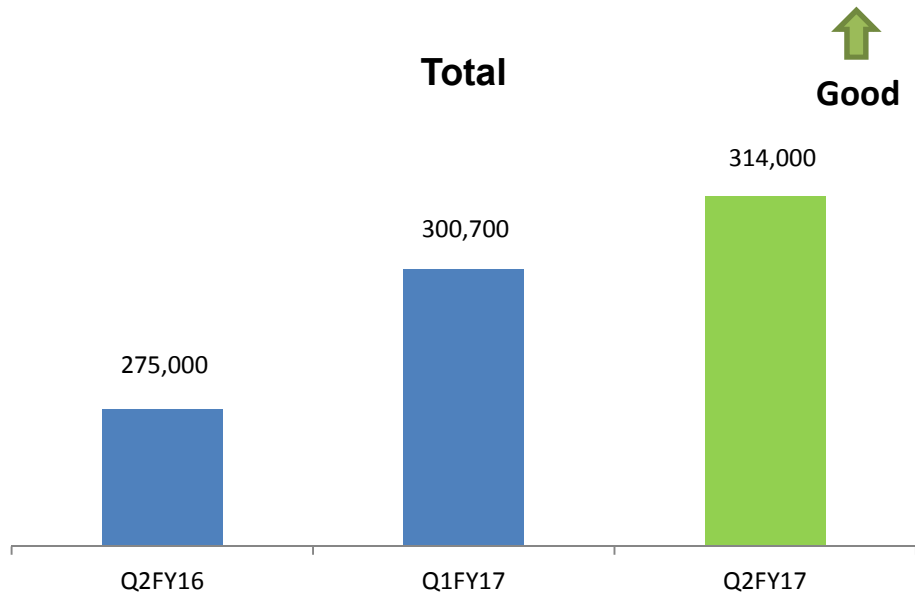


Dom. C&B



FY17 Q2 Sales

Unit : Tons

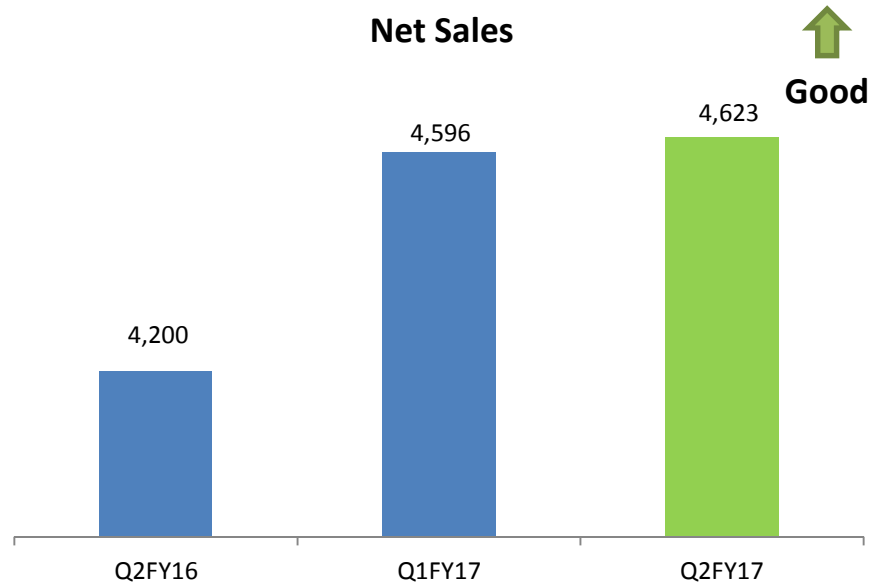


Financial Performance

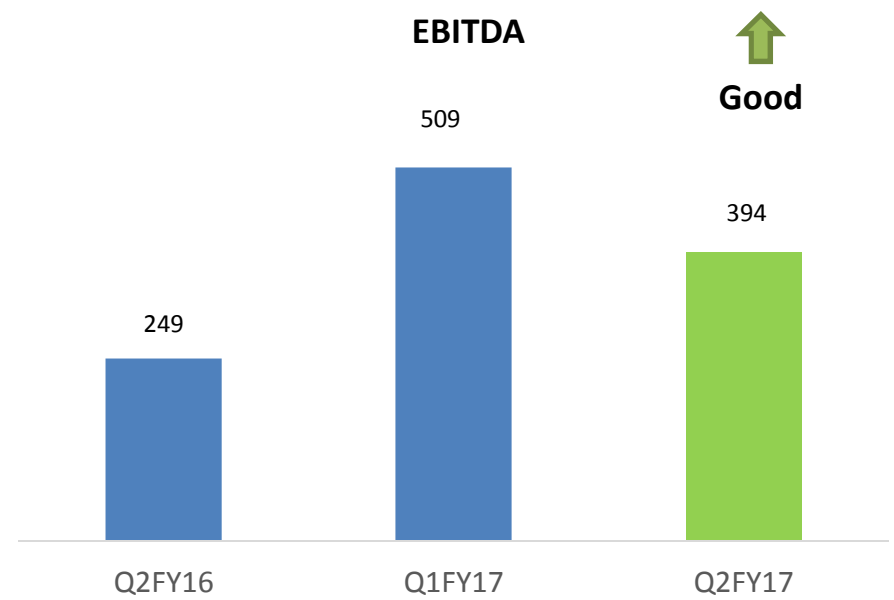
Unit : Mn Baht



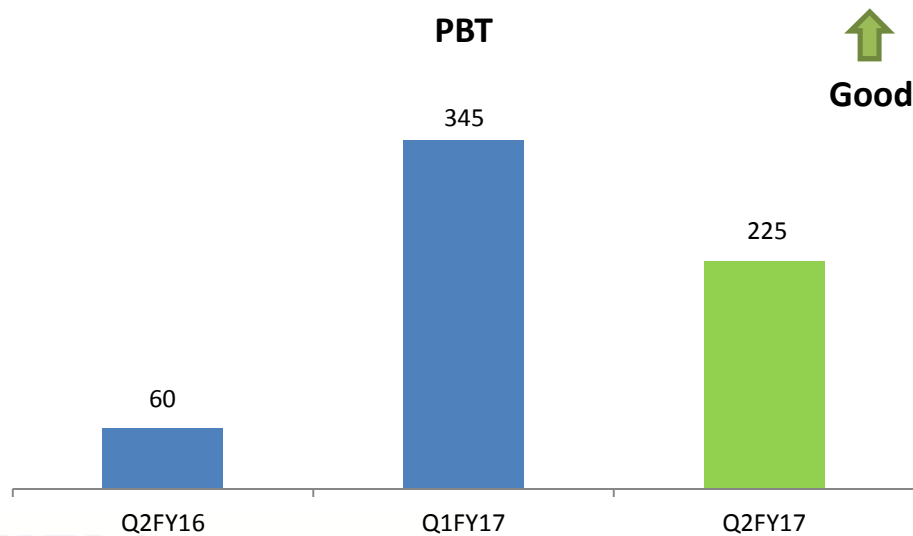
Net Sales



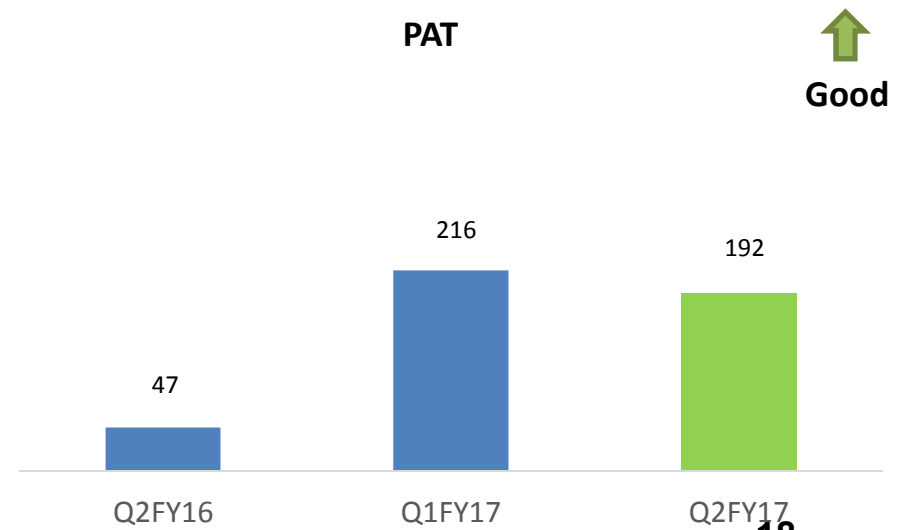
EBITDA



PBT



PAT

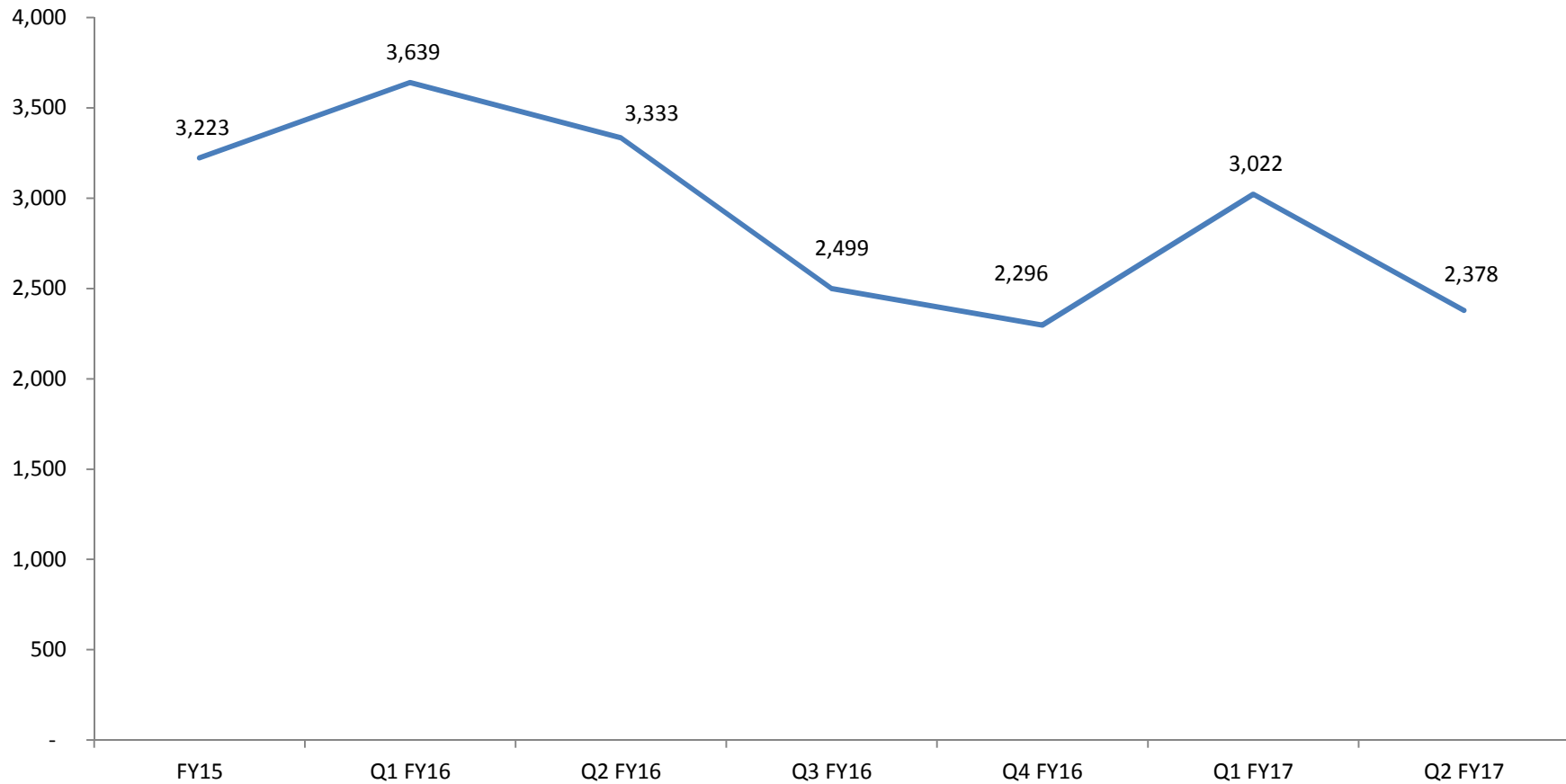


Tight control on inventory has helped release cash

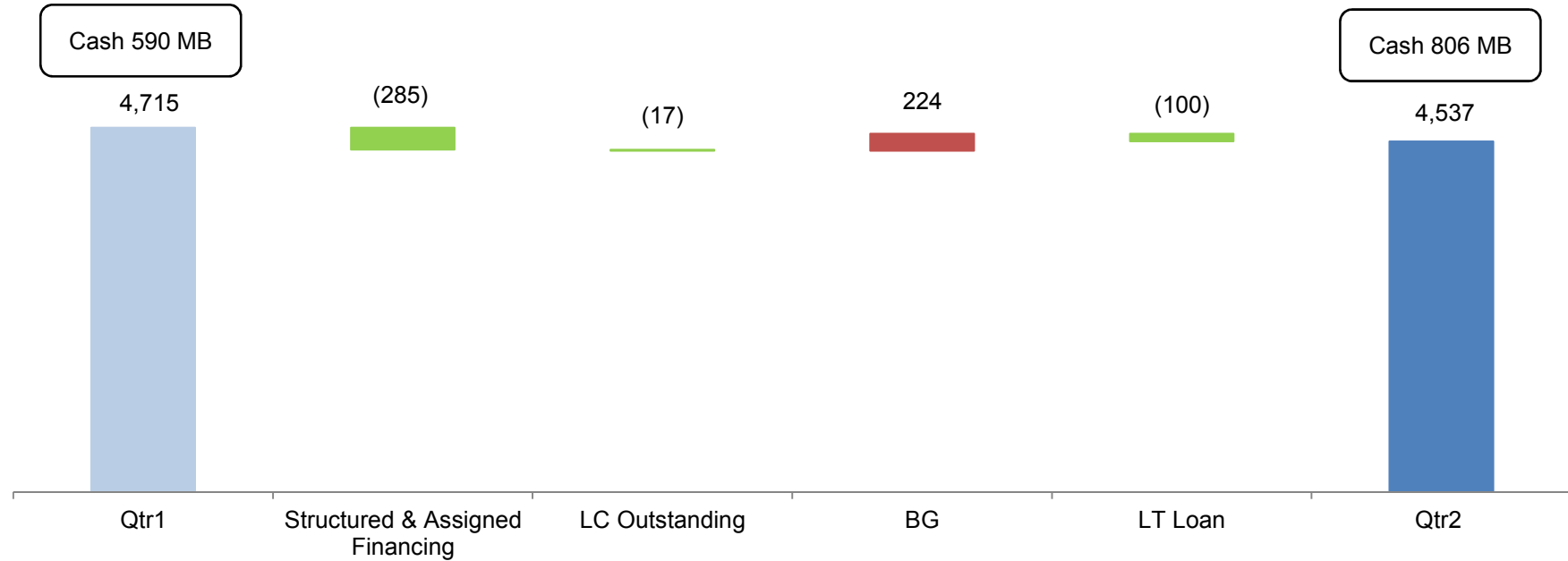
Unit : Mn Baht



Total Inventory



Gross Debts Qtr2 FY17

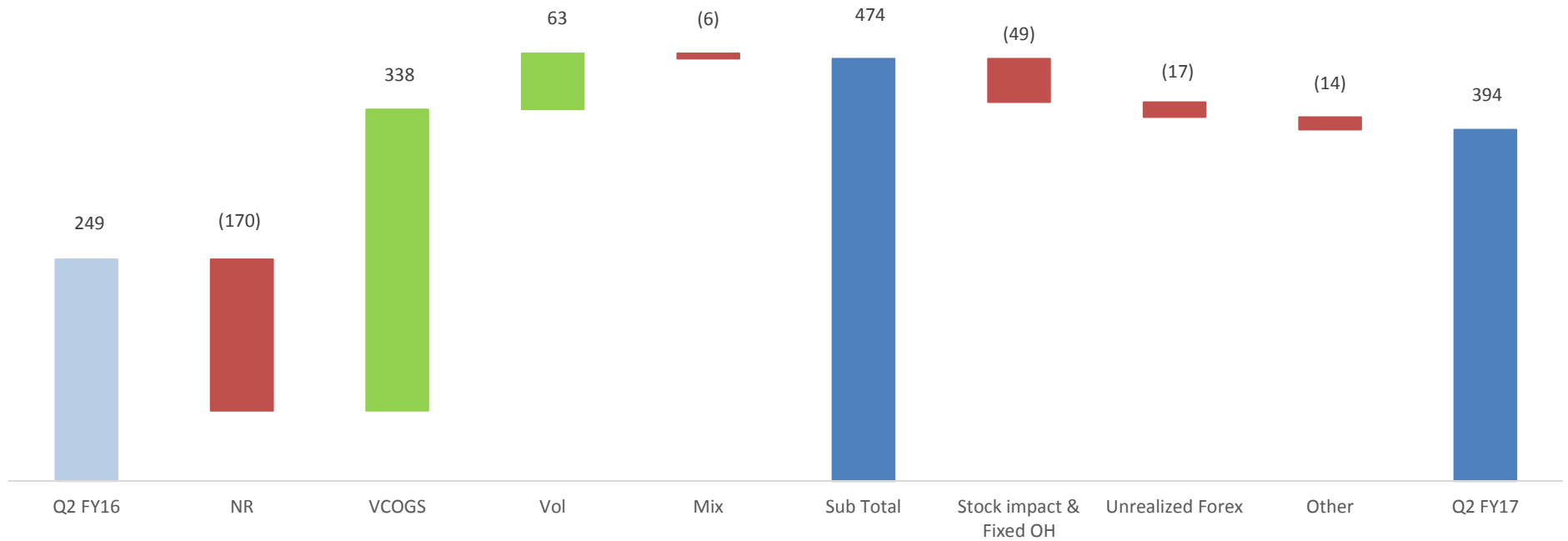


Gross Debts	Q1 FY17	Q2 FY17
Structured & Assigned Financing	2,887	2,602
LC Outstanding	1,184	1,167
BG	273	497
Curr Portion to TSGH	271	271
LT Loan	100	-
Total Gross Debts	4,715	4,537

TSGH- T S Global Holdings Pte, BG - Bank Guarantee, LC - Letter of Credit , ST- Short term, LT- Long term

EBITDA Waterfall Q2 FY17 vs. Q2 FY16

Unit : Mn Baht



225 Mn THB Impact on Net Contribution

NR=Net realisation, VCOGS=variable cost of goods sold, EBITDA=Earning before interest taxes depreciation & ammortisation, FOH- Factory overheads, ADM- Administrative overheads

Other Highlights



- Received “Prime Minister Industry Award” for Safety Management at SCSC
- 100 KT sales for 5th consecutive months in H1
- Regional Sales reached 21.5 KT in August (best ever monthly)
- All long term debts stand repaid
- Sustainability Strategy workshop.
- 17 Green Belt (Six Sigma expert) certified.
- 1 Small Group Activity achieve ‘Gold Award’ in International Convention on Quality Control Circle.

- **Corporate Citizenship**
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- As Thailand is in mourning, business sentiment will be subdued for some time.
- The government push forward stimulus measures likely to continue
- Coking coal prices have sky rocketed. Will create cost pressures on Blast furnace route
- 'Price cycles' are becoming shorter. Managing down cycle critical

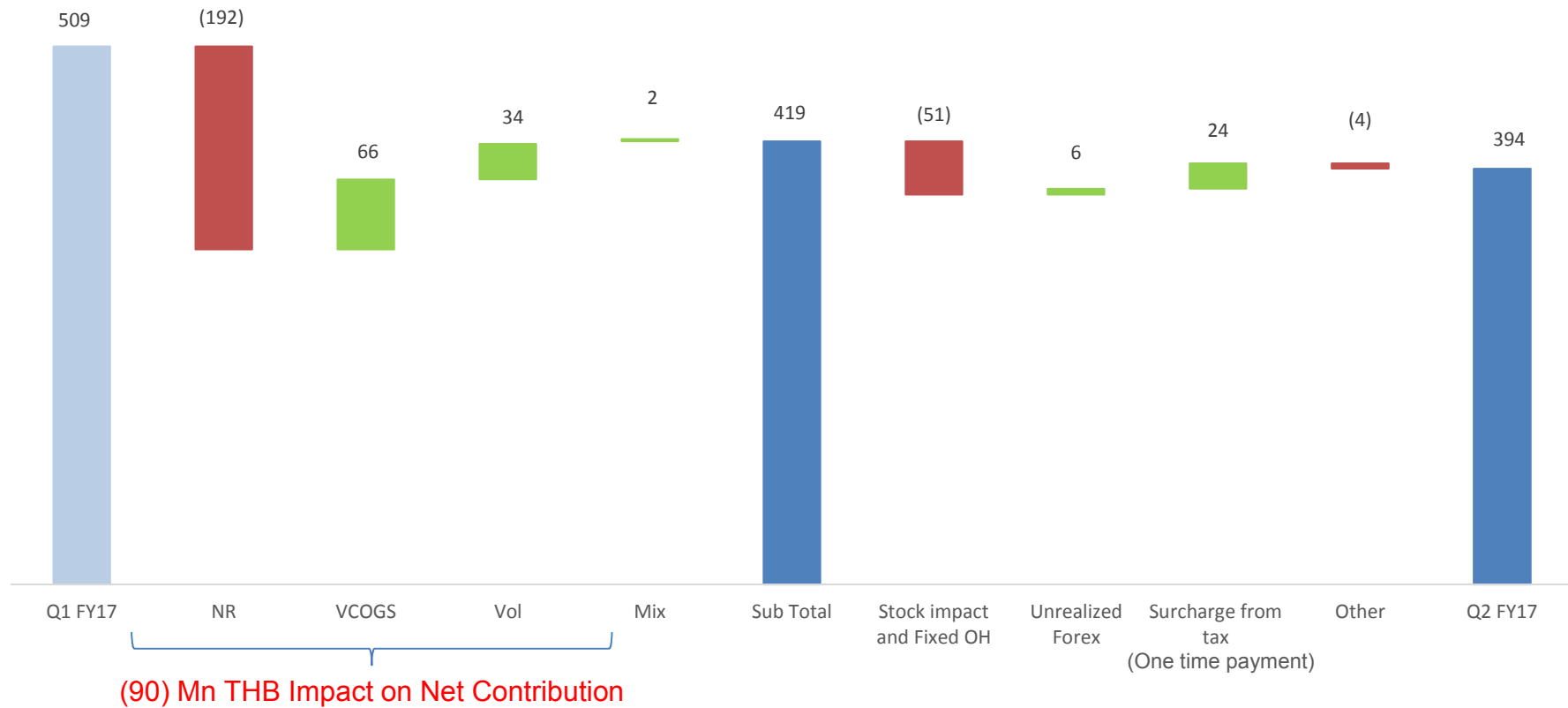
Thank you for your attention

BACKUP

EBITDA Waterfall Q2 FY17 vs. Q1 FY17



Unit : Mn THB



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