

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

**[Results Presentation : Financial quarter ending 31st
March 2016]**

17th May 2016



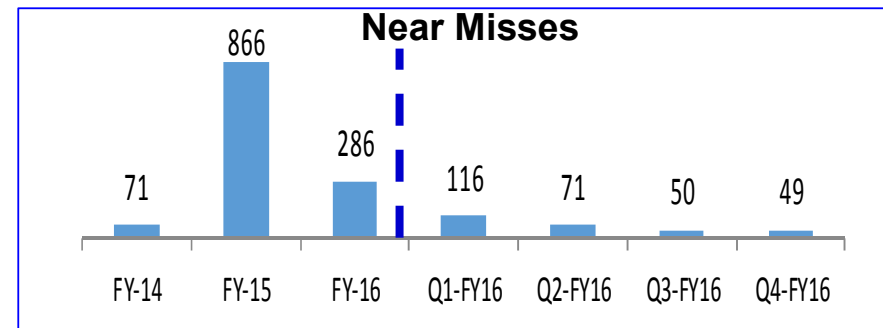
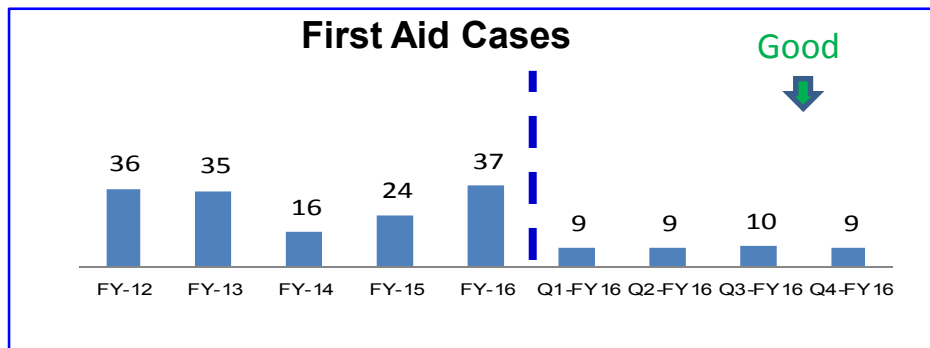
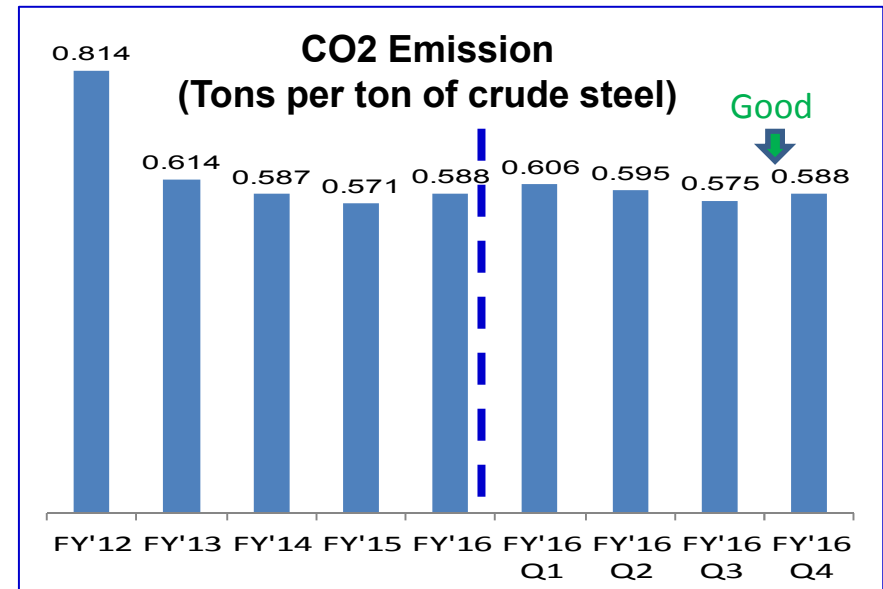
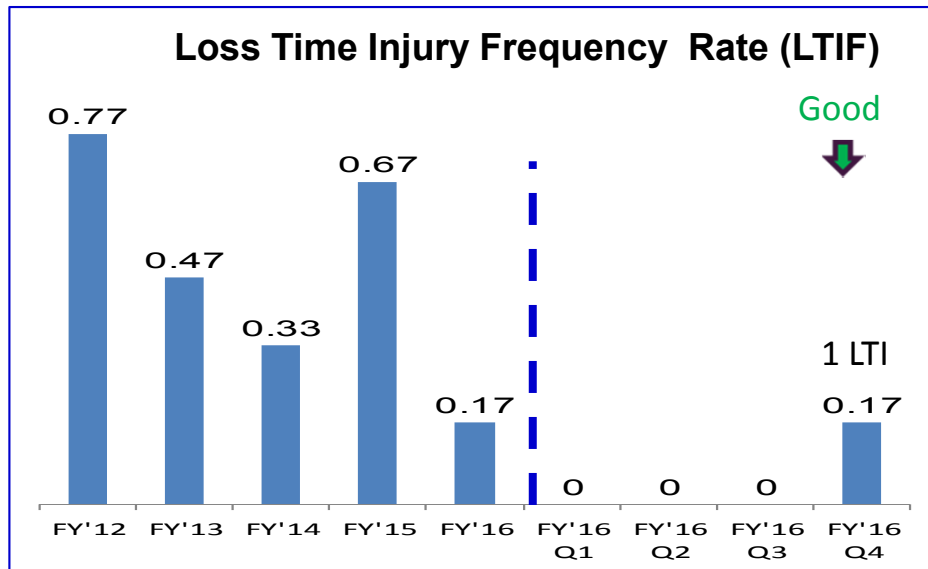
Disclaimer



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- **Corporate citizenship**
- **Economic Scenario & Steel Business**
- **Q4 & Annual FY16 Performance**
- **Business Outlook**

Safety & Environment



Key Initiatives taken :

- Benchmarking of Safety practices with SCG Refractories
- Bi monthly campaign taken on “5S & Visual Control” and “Using sling and lifting safely”.
- Health campaign undertaken – ‘Smart and Strong with TSTH’
- Initiated training for Management of Change (MoC) at all 3 Plants
- In the area of CSM introduced SSS (Site Safety Supervisor) and Annual star rating evaluation.

Key Highlights for CSR in Q4 FY'16

93% of all TSTHG employees volunteered for CSR activity

5s at Santi Khiri Temple

On March 20, NTS employees supported Nun Ordination event by cleaning and organizing the area of Santi Khiri temple



Visit Ban Rangsit

On Mar 15, Birthday CSR Activity: offered lunch and participated in the recreational activities with the children of Ban Rangsit in Pratum Thani(53 Employees)



Painting for Dream

On February 26, SISCO employees supported Wat Bua Ngam School in Painting for Dream project, a school renovation activity. 35 Employees joined the activity.



Birthday Activity: 5S

On March 23, Birthday CSR activity for the employees who was born in February-March. The employees cleaned up Son-Krasip Beach's area, Rayong.



- **Corporate citizenship**

- **Economic Scenario & Steel Business**

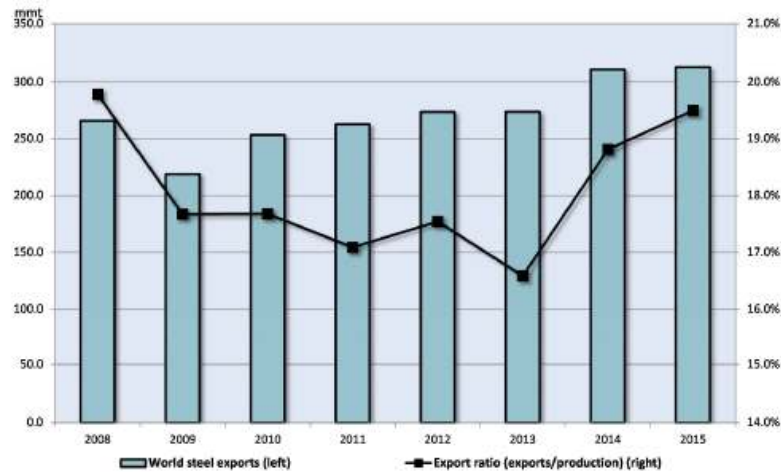
- **Q4 & Annual FY16 Performance**

- **Business Outlook**

Business Environment

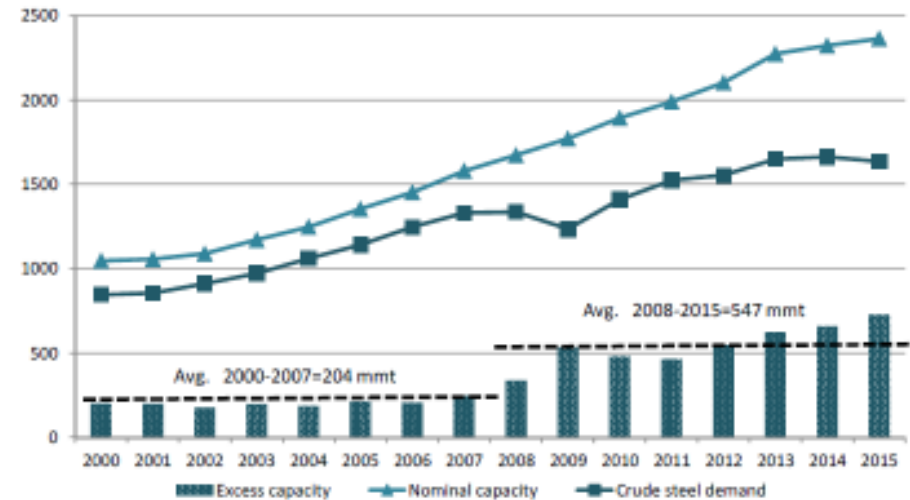
Overcapacity is posing serious problem for steel makers. The capacity **utilization** declined to **67.5%** in 2015.

Export ratio on the rise since 2013



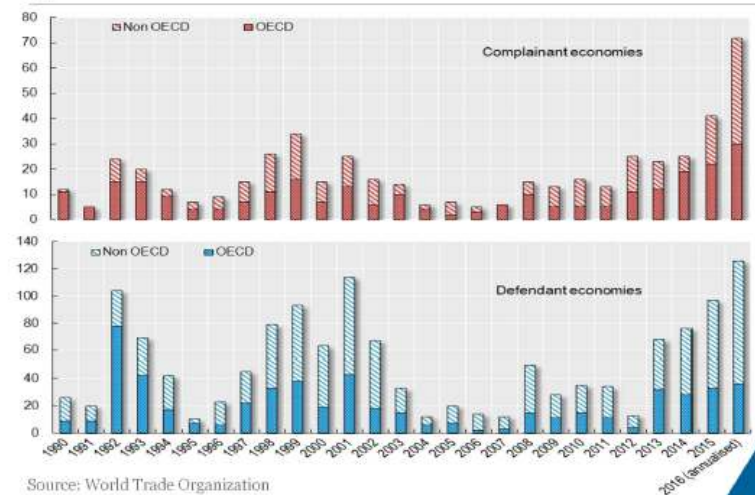
Source: OECD

World crude steel capacity, demand and excess capacity



Million ts.

New steel AD/CVD investigations: 1990-2016 (annualised)



Source: World Trade Organization

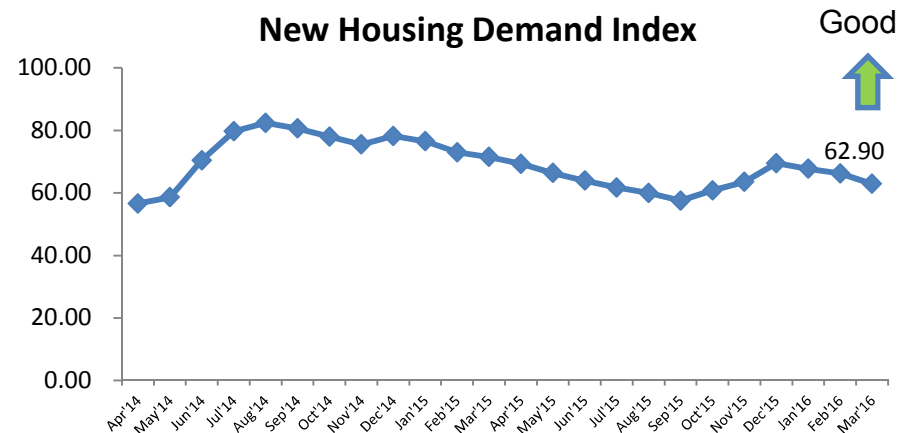
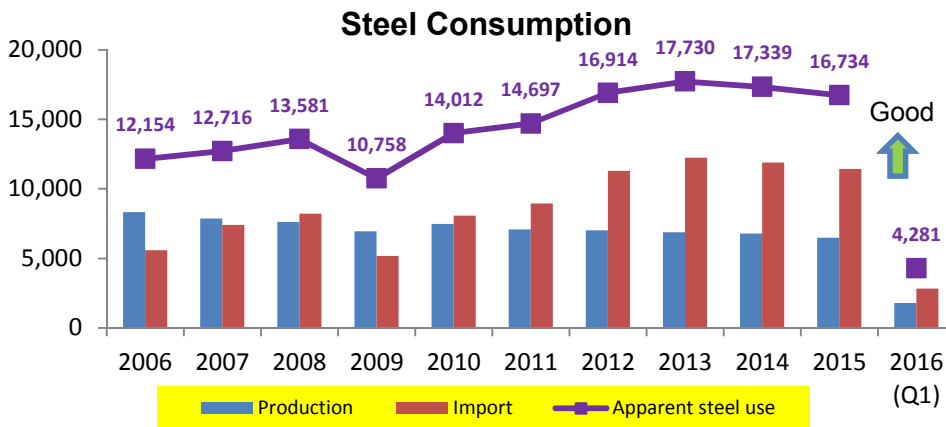
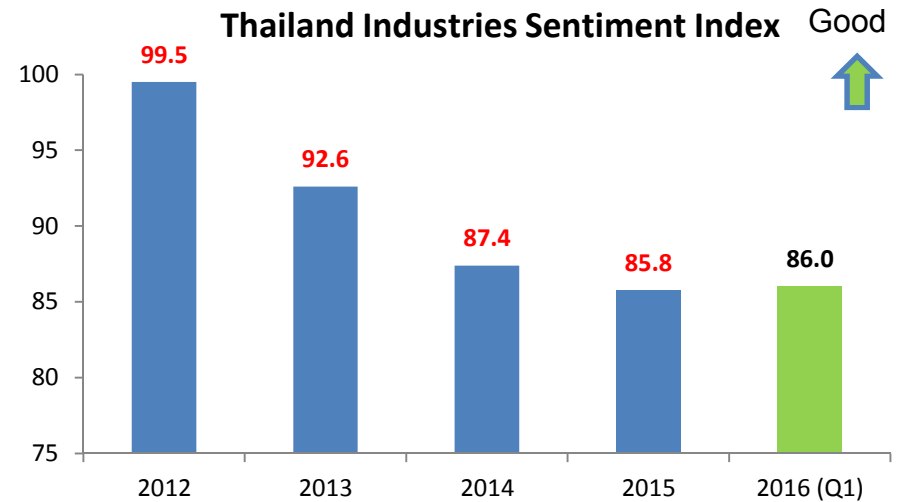
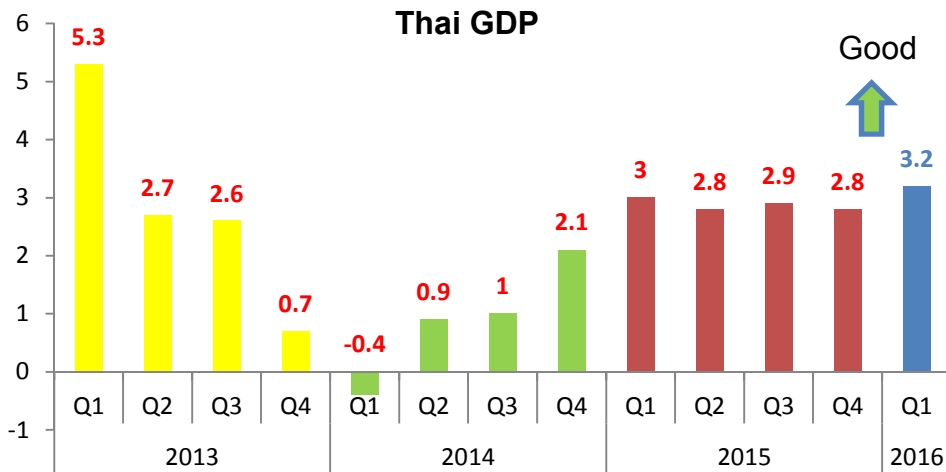
Asia

Steel demand, finished steel (SRO April 2016)

	Mt			%		
	2015	2016	2017	15/14	16/15	17/16
World	1 500.1	1 487.7	1 493.6	-3.0	-0.8	0.4
Asia	977.5	961.2	951.7	-3.3	-1.7	-1.0
Developed Asia	144.4	146.0	146.0	-3.9	1.1	0.0
Japan	62.9	64.4	63.6	-7.0	2.3	-1.2
South Korea	56.0	56.3	56.4	0.9	0.6	0.2
Developing Asia	833.2	815.2	805.7	-3.2	-2.2	-1.2
China	672.3	645.4	626.1	-5.4	-4.0	-3.0
India	79.5	83.8	88.3	4.5	5.4	5.4
ASEAN (5)	66.4	70.3	74.6	7.0	5.8	6.2
Developing Asia excl. China	160.8	169.8	179.6	7.5	5.6	5.8

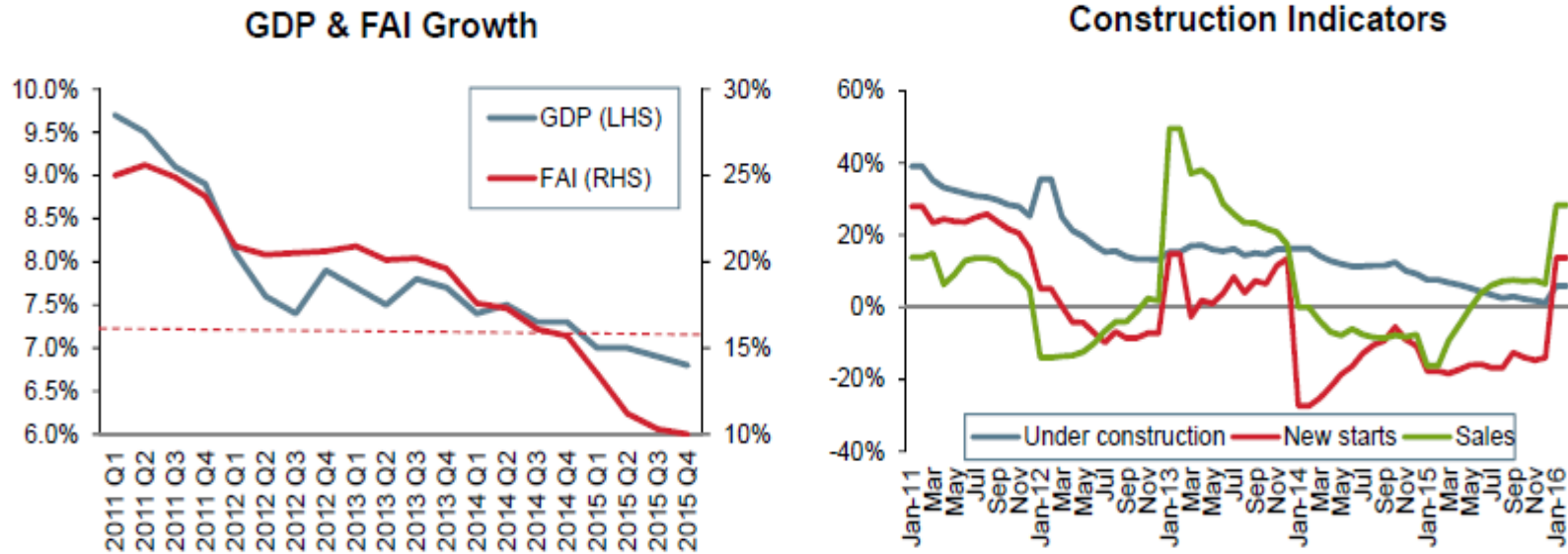
Source: WSA

Business Environment in Thailand



- GDP In Q1/2016 rose by 3.2% mainly due tourism.
- TISI stood at 86 points in Q1/2016. Positive factors were government stimulus measure, especially infrastructure.
- Steel consumption increased 16% q-o-q in Q1/2016 , long product went up 42% q-o-q. The increase was mainly due to peak season and stocking by buyers anticipating further price increase.
- NHI continued to declined since Dec'15 reflecting sluggish private consumption.

Deceleration in China Continues



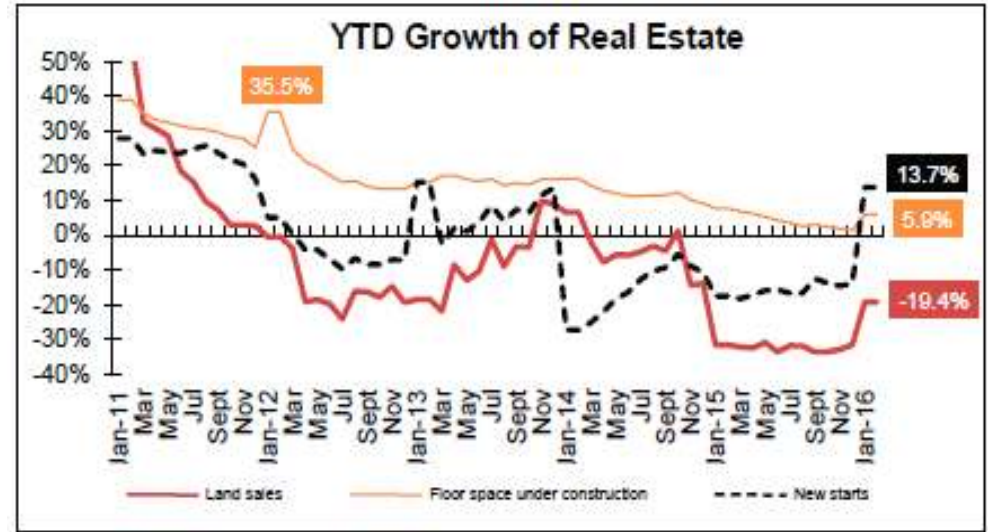
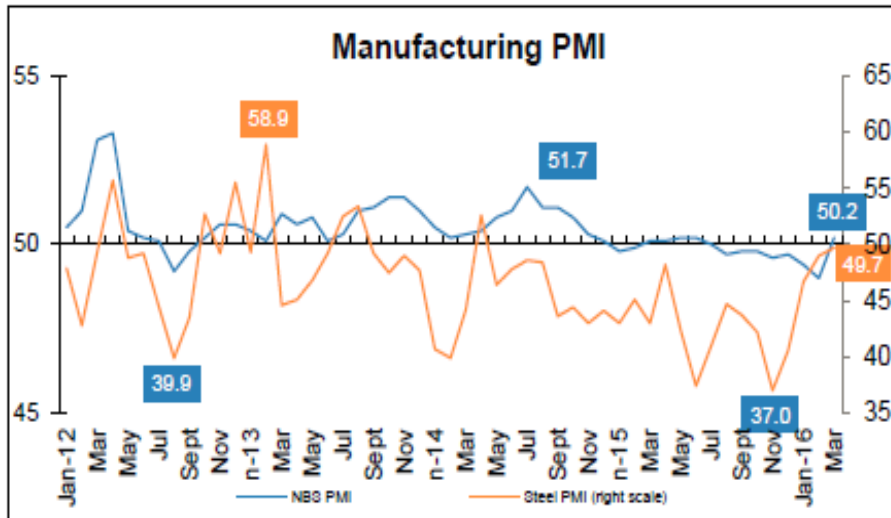
Source: NBS

- In 2015 GDP and FAI growth hit 25 years and 15 years low respectively
- Construction sector depression drives steel demand contraction
- The target for GDP growth in China during 2016-2020 is revised downwards from 7.0% to 6.5%
- Out of 33 listed Steel companies, 22 reported net loss in 2015

GDP : Gross Domestic Product
 FAI : Fixed Asset Investment

Source: NBS & Worldsteel China Industry update

However there is a visible Shift in China in Q4 Fy16



PMI : Purchasing Manager Index

Source: Worldsteel China Industry update

Thailand GDP : Outlook for 2016



Source	%	Updated
ADB	3.0%	March 2016
BOT	3.1%	March 2016
CIMB Bank	2.7%	April 2016
KTB Bank	3.2%	March 2016

The Thai economy could grow below the baseline forecast due to :

- (1) a sharper-than-expected slowdown in China and Asia, which may affect major advanced economies more than expected and
- (2) a more-than-expected severe impact of exports' structural constraints.

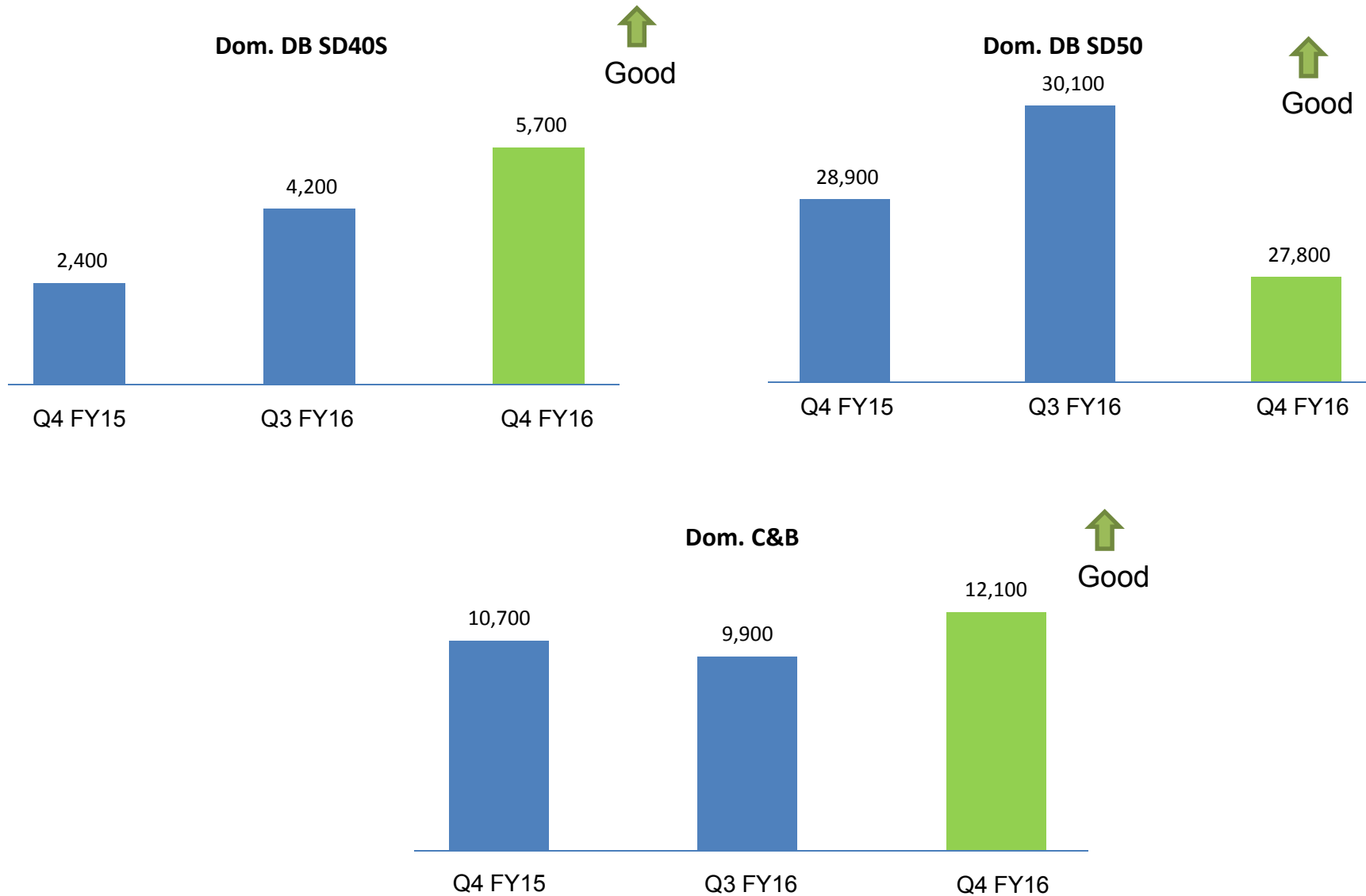
- Concern point of Thailand Economy
- Government mega projects should happen as per Plan
- World and China Economics slow down
- High level of private debt

- **Corporate citizenship**
- **Economic Scenario & Steel Business**
- **Q4 & Annual FY16 Performance**
- **Business Outlook**

Steady increase in value added rebar sales

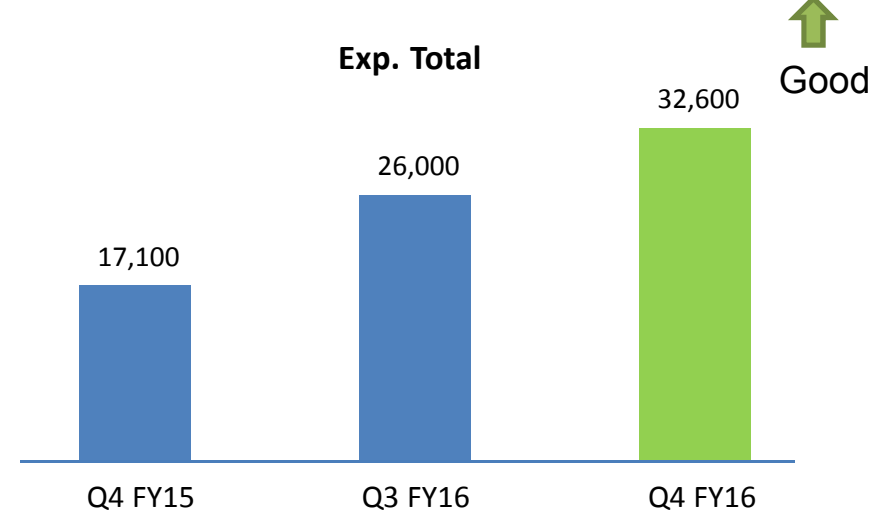
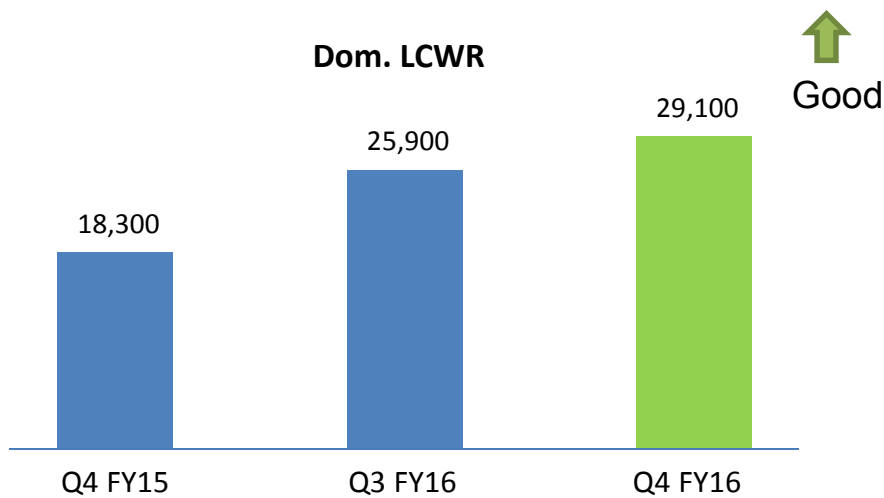
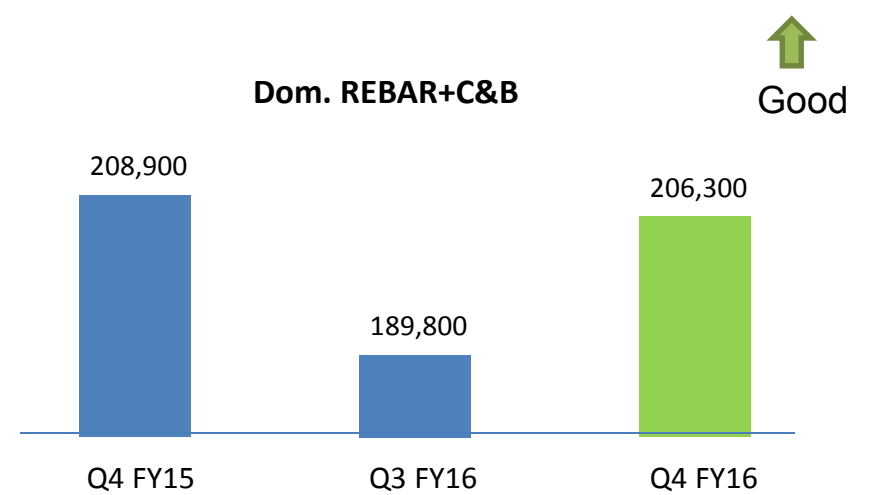
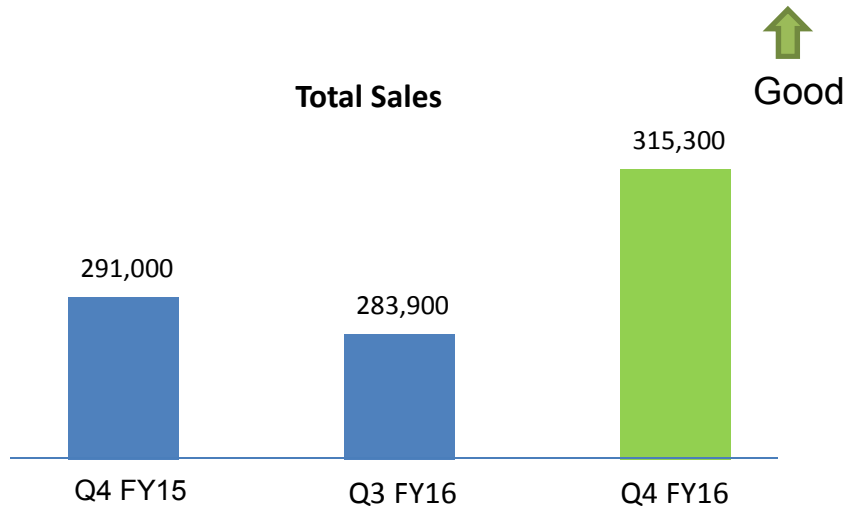


Unit : Tons



FY16 Q4 Sales

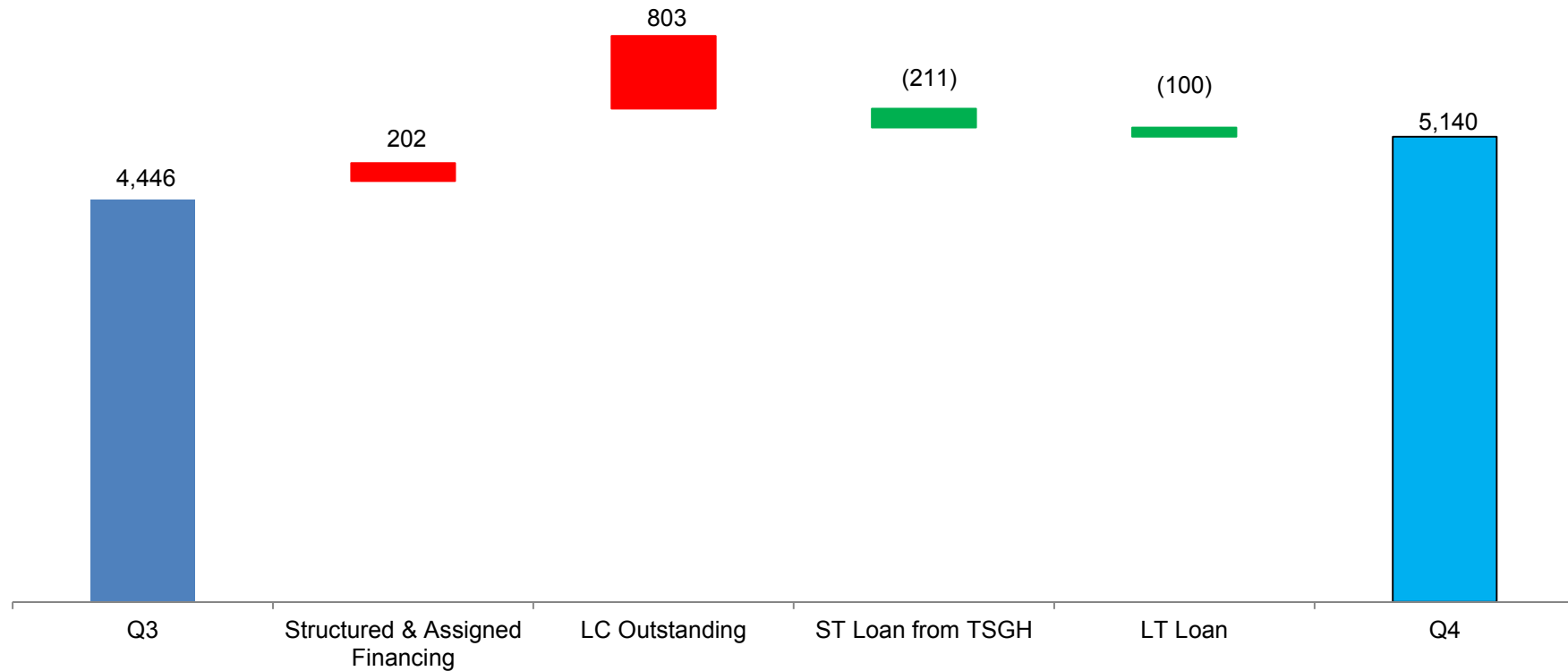
Unit : Tons



Gross debts Q4 vs. Q3



Unit : Mn THB



➤ Term loan outstanding 200 MB. Next installment due in May'16 and Aug'16.

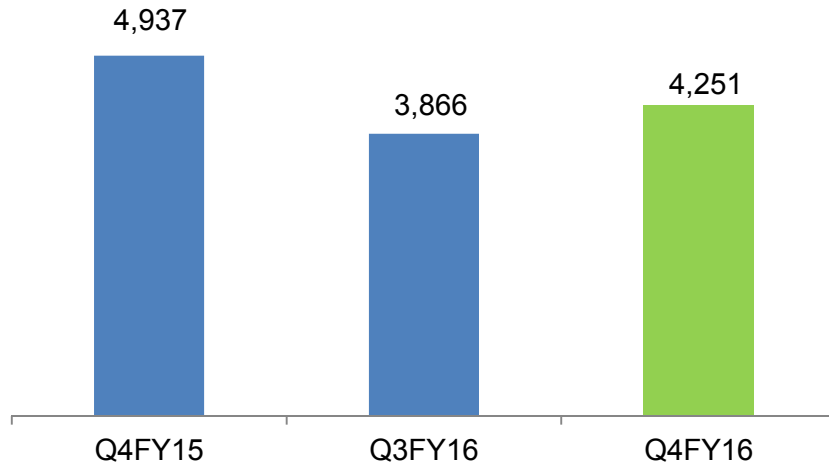
Financial Performance

Unit : Mn THB



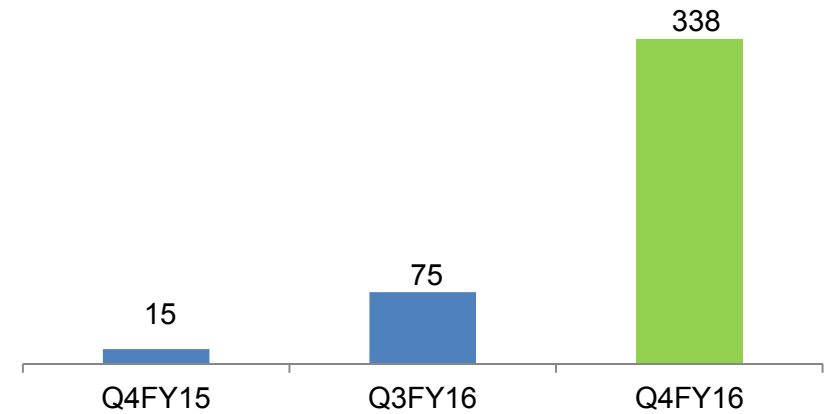
Net Sales

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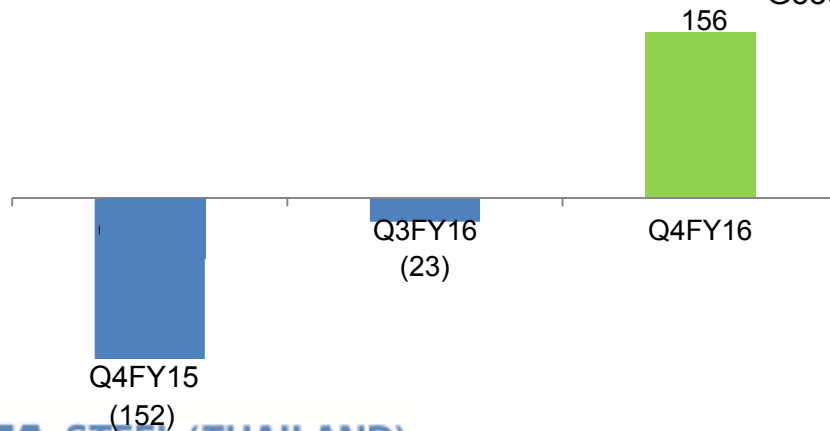
EBITDA

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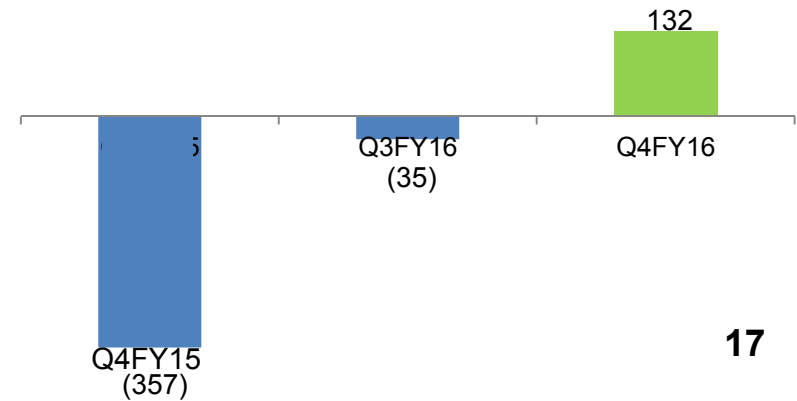
PBT

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PAT

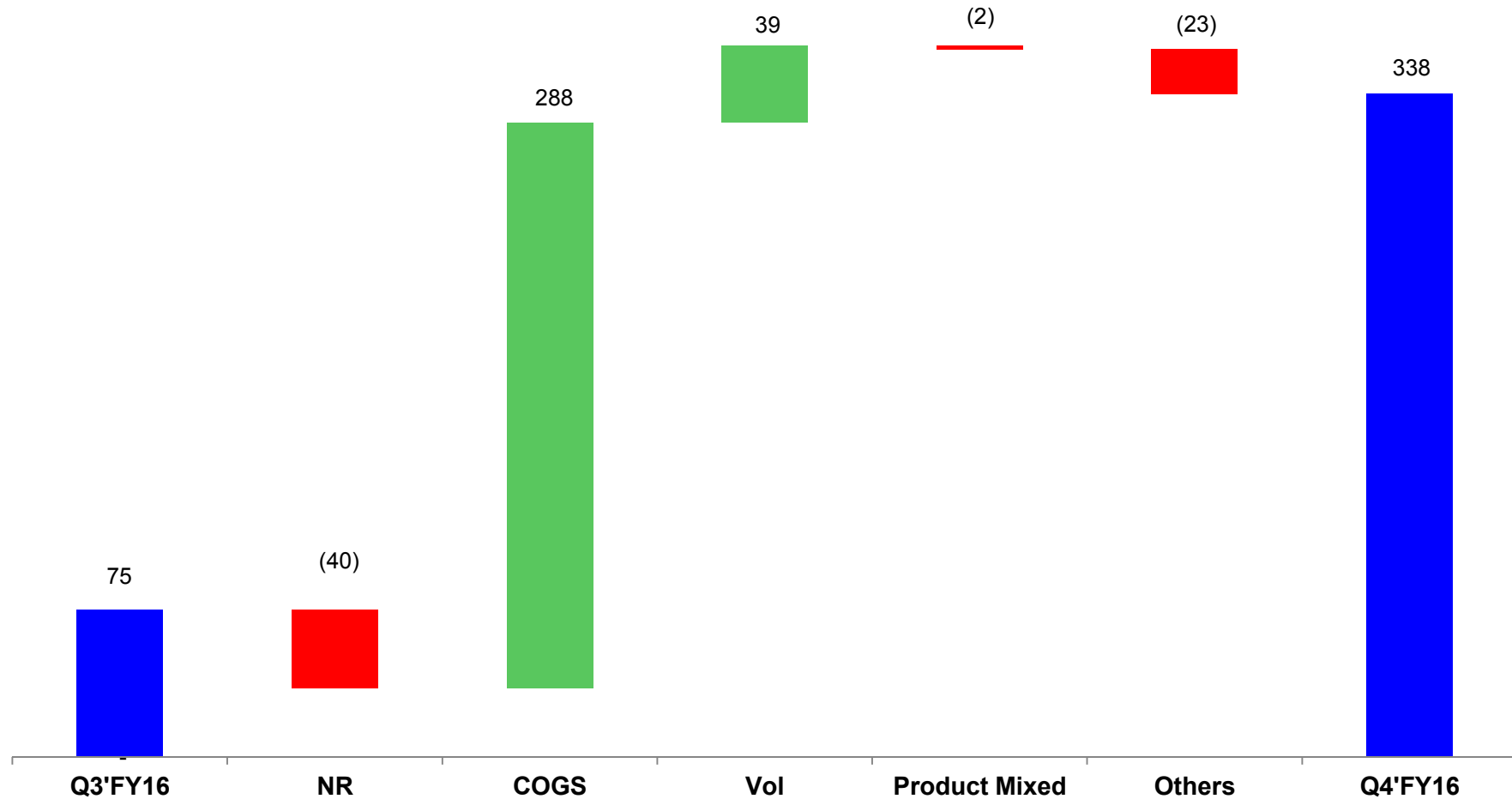
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EBITDA Waterfall Q4 vs. Q3



Unit : Mn THB

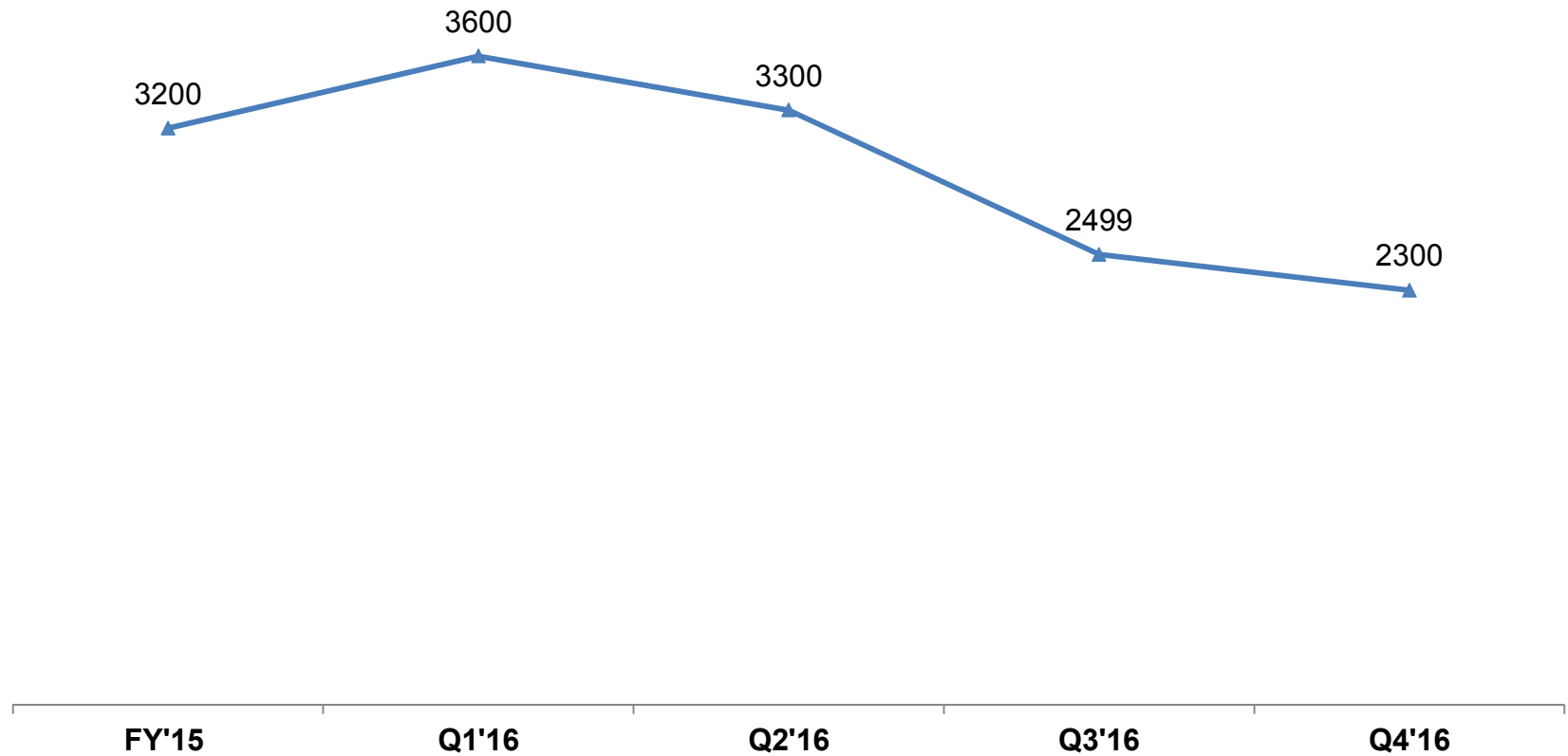


Tight control on inventory has helped release cash



Unit : Mn THB

Inventory



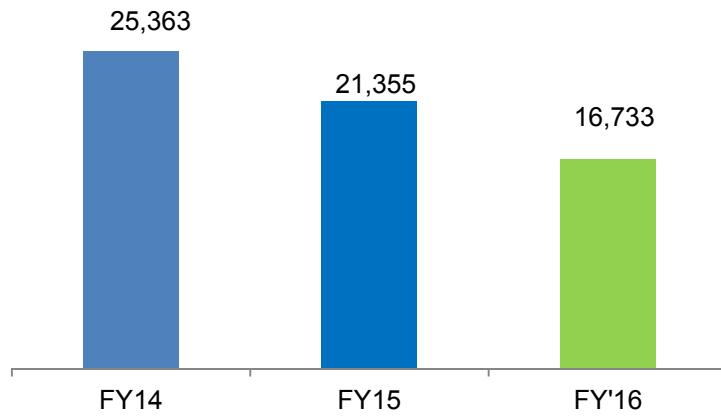
Financial Performance – FY16

Unit : Mn THB



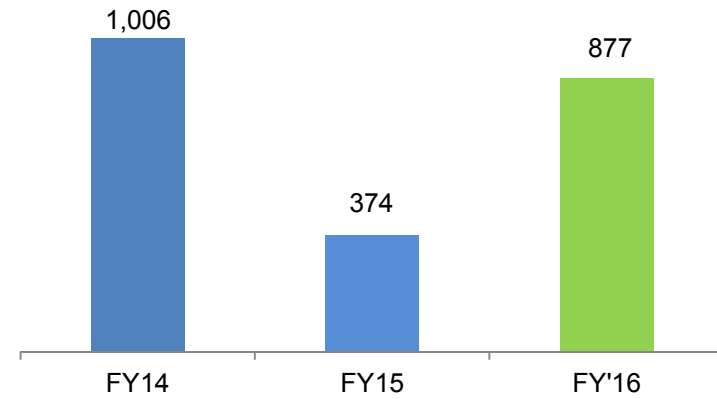
Net Sales

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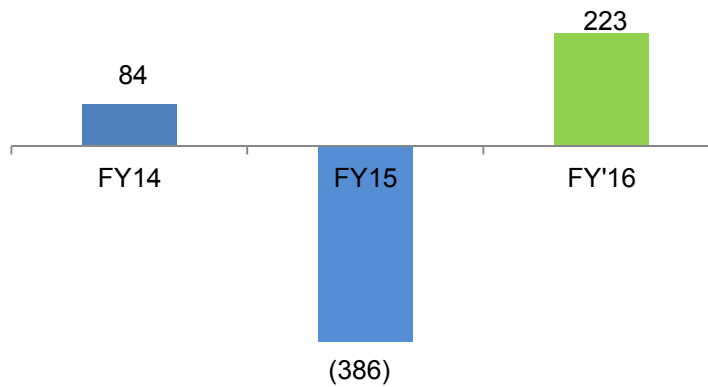
EBITDA

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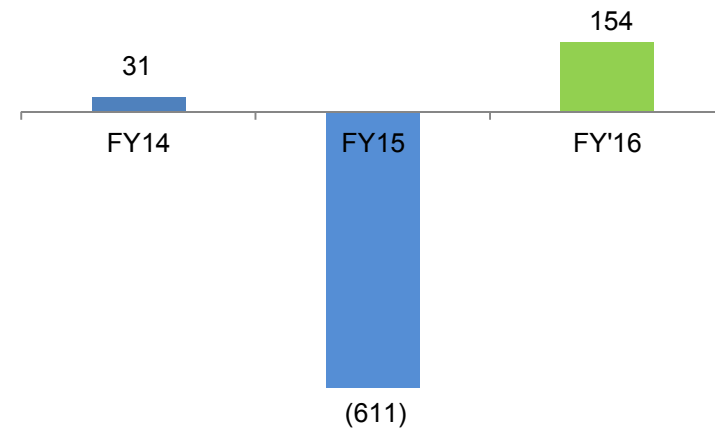
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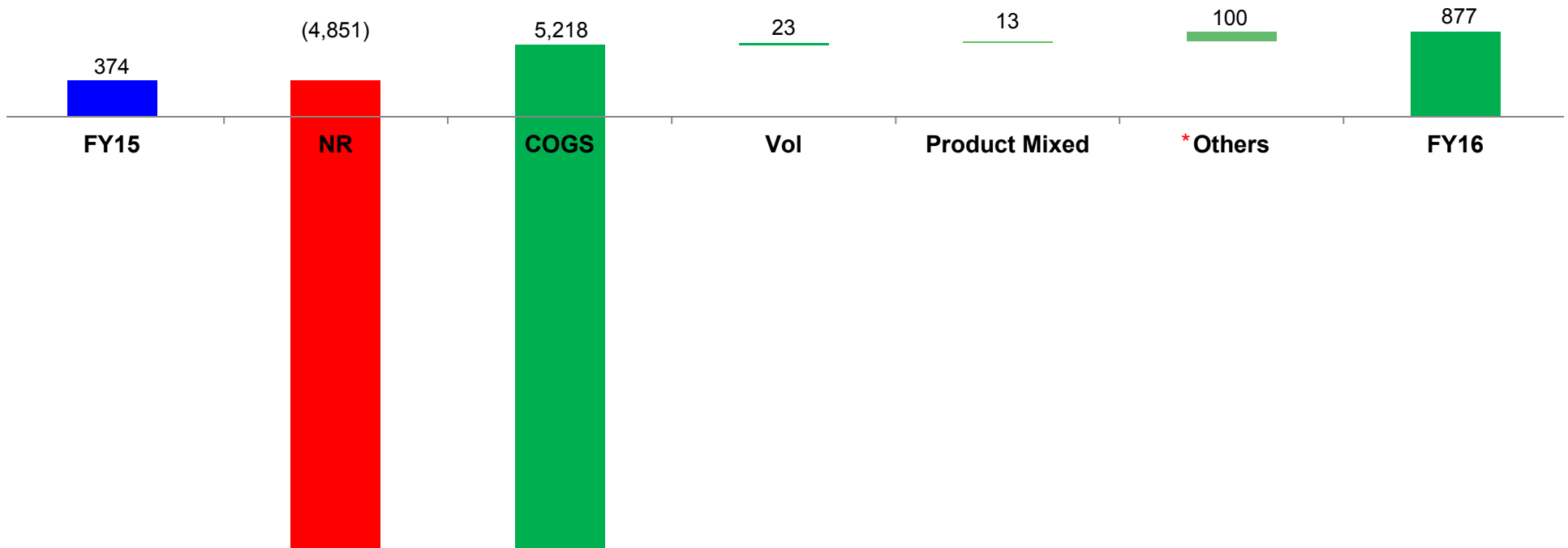
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EBITDA FY16 vs. FY15



Unit : Mn THB

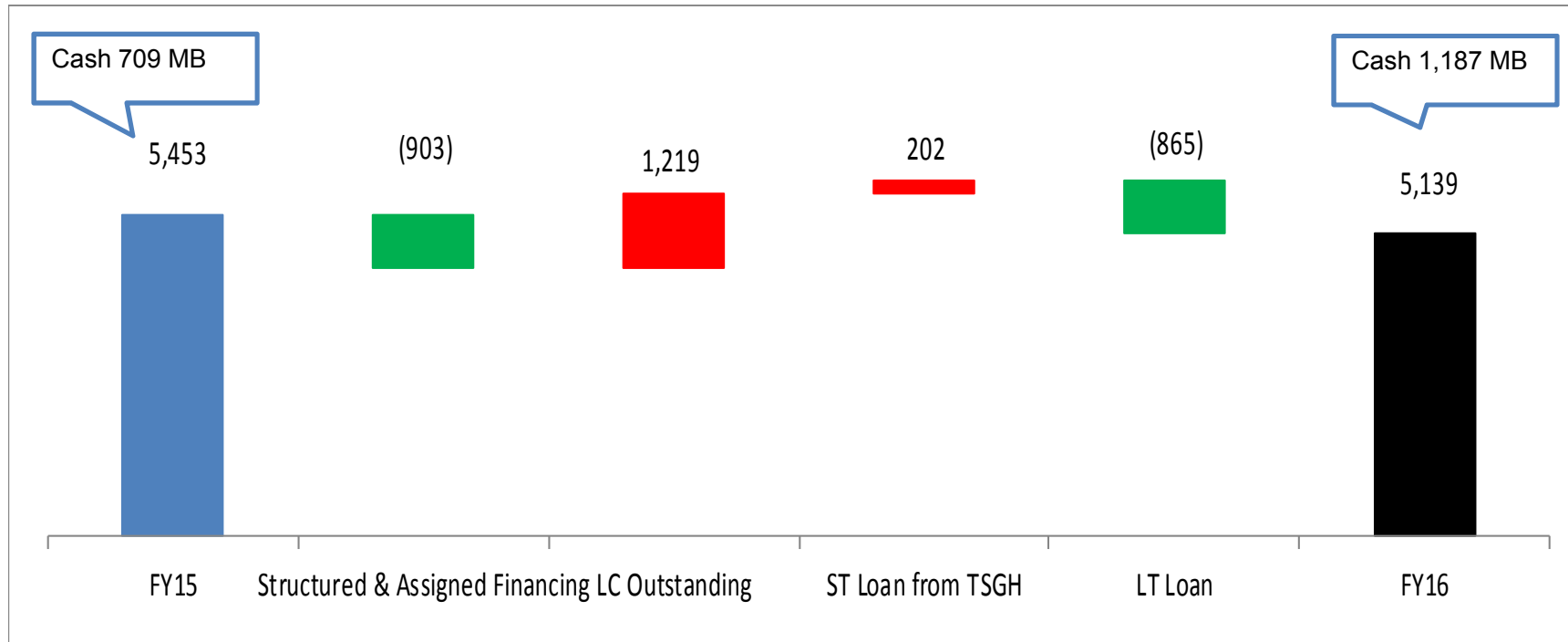


* Others 100 Mn. THB ; Extras income 31 FOH &ADM &MTOPT 26 ,Stock impact 15 , Loss of FA 13 , Realized Forex 7 and others 7
 NR=Net realisation, MVCOGS=Moving average cost of goods sold, EBITDA=Earning before interest taxes depreciation & ammortisation

Gross debts FY16



Unit : Mn THB



Gross Debts	FY15	FY16
Structured & Assigned Financing	3,293	2,390
LC Outstanding	470	1,723
BG	354	354
ST Loan from TSGH	-	202
Curr Portion to TSGH	271	271
LT Loan	1,065	200
Total Gross Debts	5,453	5,139

Retained earnings of FY16 & FY15



AS AT: 31 MARCH 2016

	Unit : BAHT	
	TSTH	CONSOLIDATED
Share capital	8,421	8,421
Share premium	3,389	3,389
Retained earnings		
Legal reserve	337	337
Unappropriated	561	(3,581)
Minority interest	-	(13)
Shareholder's Equity	12,708	8,553

AS AT: 31 MARCH 2015

	Unit : BAHT	
	TSTH	CONSOLIDATED
Share capital	8,421	8,421
Share premium	3,389	3,389
Retained earnings		
Legal reserve	335	334
Unappropriated	510	(3,734)
Minority interest	-	(13)
Shareholder's Equity	12,655	8,398

Status of Key initiatives



SN	Initiative	Status
1	PEP*	<ul style="list-style-type: none"> ▪ New sources of cheaper scrap being developed ▪ Stores & Spares inventory reduced by 85 MB in last 4 months ▪ Full year savings 192 MB (annualized potential identified 240 MB)
2	Fixed cost reduction	<ul style="list-style-type: none"> ▪ Fixed cost lower by 206 MB compared to PY
3	Increase reach in upcountry & Neighboring countries	<ul style="list-style-type: none"> ▪ Sold 2300 tons / month in Lao (without Xayaburi project) ▪ Market study completed in Cambodia. Good opportunities to expand volume there ▪ 2 more regional warehouses opened (total 4 now)
4	Billet sourcing efficiency	<ul style="list-style-type: none"> ▪ 250 KT of imported billets used during the year. Over 100 KT planned in Q1 Fy17
5	Increase downstream volume	<ul style="list-style-type: none"> ▪ Downstream product sales in Q4 : 12100 MT ▪ Separate Project Site Management team created ▪ Program developed to aid Customers in making 'Bar Cut List'

- **Corporate citizenship**
- **Economic Scenario & Steel Business**
- **Q4 & Annual FY16 Performance**

- **Business Outlook**

- Huge volatility in steel market since mid Jan'16 due to less inventory in the system and futures market over-heated in China
- Many 'Zombie' steel companies in China restarting
- Aggressive exports from China to continue as slowdown continues there. Many countries resorting to tariff and non tariff barriers
- Chinese Govt has announced intention and plans to reduce over capacity in steel by 100-150 million tons
- Many infrastructure projects announced by Thai Govt. Key is speed of execution

Thank you for your attention