

Tata Steel (Thailand)
welcomes
Analysts and Bank Officials

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

23rd August 2016



Disclaimer



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.

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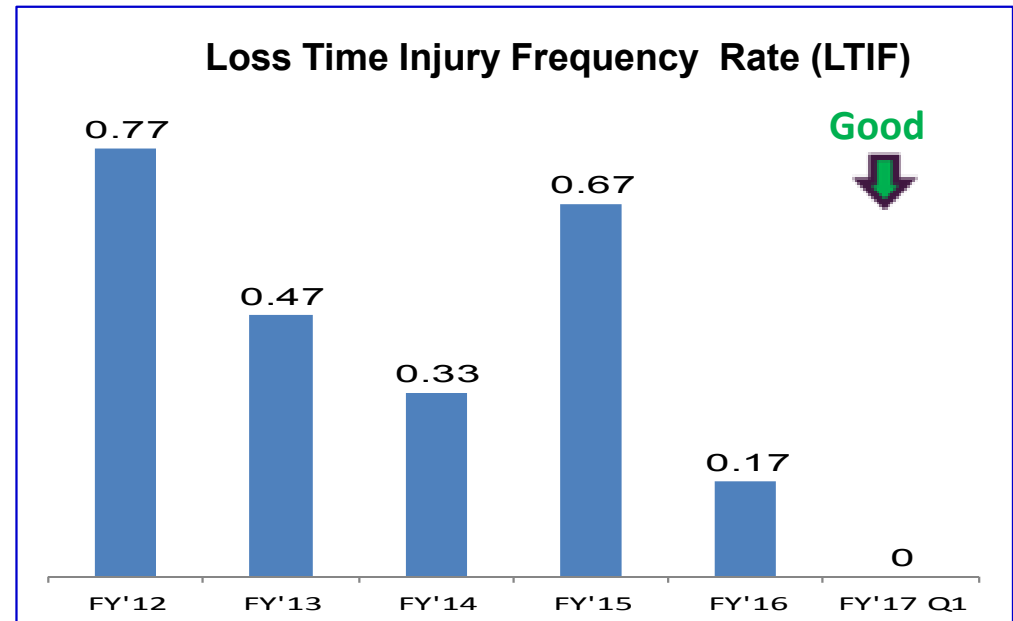
- **Corporate citizenship**
- **Economic Scenario & Steel Business**
- **Q1 FY17 Performance**
- **Business Outlook**

Safety



Key highlights :

- SCSC got “Prime Minister Award” 2016 for Safety Management
- NTS and SCSC have completed 4 & 3 years without LTI respectively
- Focus on quarterly safety campaign for “Material Handling” (Apr-Jun 16)
- Arranged “Felt Leadership” Training for middle management team



Prime Minister Award



SCSC 3 years no LTI



Material Handling Campaign



Felt Leadership

Environment



Key Initiatives Taken :

- End to end energy Audit by external experts to identify opportunities for energy reduction
- Installed Solar Panels at SCSC Admin Building
- Introduced new technology of Refine Combine Burner (RCB) System at NTS for reduction of electrical power and electrode consumption.



Corporate Citizenship



Bangkok

Visited and hosted lunch for the children of Rajawadee, Home for mentally handicapped



Tata Steel (Thailand) and its subsidiaries along with 49 Thai steelmakers from 8 steel associations **made a signatory agreement to make quality product** at Ministry of Industry.



SCSC

Employees cleaning Suchada Beach, Rayong Province



NTS

"One World, One Family" : Celebrated World Environment Day by picked up the trash around the plant area and planted teaks



SISCO

Supported Brain Based Learning (BBL) at Bangkamod Municipality Nursery



Content



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World Economic Scenario



GDP Growth

							Percentage point differences from January 2016 projections			
	2013	2014	2015e	2016f	2017f	2018f	2015e	2016f	2017f	2018f
World	2.4	2.6	2.4	2.4	2.8	3.0	0.0	-0.5	-0.3	-0.1
Advanced economies	1.1	1.7	1.8	1.7	1.9	1.9	-0.1	-0.5	-0.2	-0.1
United States	1.5	2.4	2.4	1.9	2.2	2.1	-0.1	-0.8	-0.2	-0.1
Euro Area	-0.3	0.9	1.6	1.6	1.6	1.5	0.1	-0.1	-0.1	-0.1
Japan	1.4	-0.1	0.6	0.5	0.5	0.7	-0.2	-0.8	-0.4	-0.6
Emerging and developing economies (EMDEs)	4.7	4.2	3.4	3.5	4.4	4.7	0.0	-0.6	-0.3	-0.2
Commodity exporting EMDEs	3.2	2.1	0.2	0.4	2.4	3.0	0.1	-1.2	-0.8	-0.3
Other EMDEs	5.9	5.9	5.9	5.8	5.7	5.8	0.0	-0.1	-0.1	-0.1
Other EMDEs excluding China	3.9	4.3	4.7	4.7	4.9	5.0	0.0	-0.2	-0.2	-0.2
East Asia and Pacific	7.1	6.8	6.5	6.3	6.2	6.1	0.1	0.0	0.0	-0.1
China	7.7	7.3	6.9	6.7	6.5	6.3	0.0	0.0	0.0	-0.2
Indonesia	5.6	5.0	4.8	5.1	5.3	5.5	0.1	-0.2	-0.2	0.0
Thailand	2.7	0.8	2.8	2.5	2.6	3.0	0.3	0.5	0.2	0.3

- World economic growth rate forecasted at 2.4% in 2016
- China economic growth was expected at 6-7% in 2016-2018. Actual growth in Q2 2016 was 6.7%
- In Q1 2016, ASEAN GDP growth was 4.4%. Philippines delivered highest growth at 6.9%, Thailand GDP was 3.2%.



Steel Scenario – Asia Demand



	million tonnes (Mt)						y-o-y % growth	
	2012	2013	2014	2015	2016 (f)	2017(f)	2016 (f)	2017(f)
Asia & Oceania	946.622	1 027.233	1 018.060	984.828	968.482	958.687	-1.7	-1.0
Asia	939.292	1 020.581	1 010.638	977.549	961.248	951.676	-1.7	-1.0
Developed Asia	142.461	143.101	150.242	144.379	146.000	145.986	1.1	0.0
Japan	63.950	65.240	67.690	62.940	64.400	63.600	2.3	-1.2
South Korea	54.069	51.762	55.521	56.005	56.335	56.448	0.6	0.2
Developing Asia	796.831	877.480	860.396	833.170	815.248	805.690	-2.2	-1.2
China	660.105	735.120	710.768	672.340	645.446	626.083	-4.0	-3.0
India	72.383	73.653	76.053	79.467	83.781	88.292	5.4	5.4
ASEAN (5)	55.299	59.186	62.081	66.432	70.258	74.642	5.8	6.2
Thailand	16.914	17.972	17.339	16.734	16.818	17.049	0.5	1.4
Vietnam	10.956	11.769	14.441	18.216	20.402	22.442	12.0	10.0
Oceania	7.330	6.652	7.422	7.279	7.234	7.011	-0.6	-3.1

- China demand projected to decrease by -4% in 2016 and -3% in 2017.
- ASEAN (5) expected to grow by 5.8% and 6.2% in 2016 & 2017 respectively
- Vietnam crossed Thailand to become highest steel consuming country in ASEAN in 2015. Expected to have highest growth going ahead
- Thailand steel demand growth forecasted to rise by 0.5% in 2016 and 1.4% in 2017.

China Production

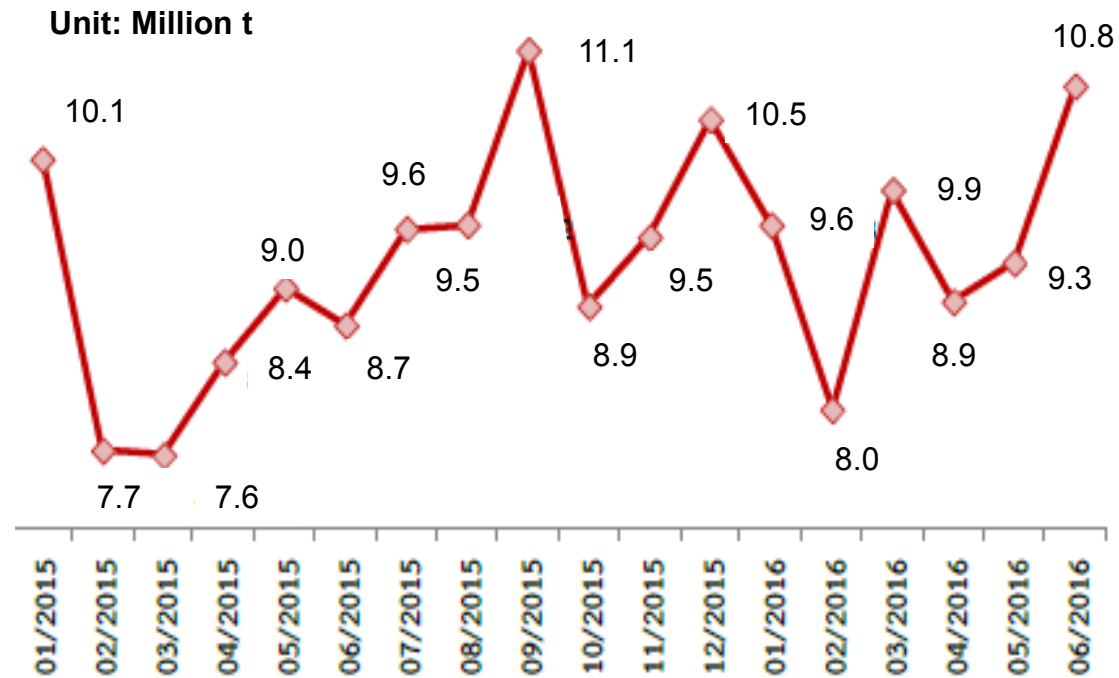


China - production, capacity and utilisation rate (million tonnes, %)



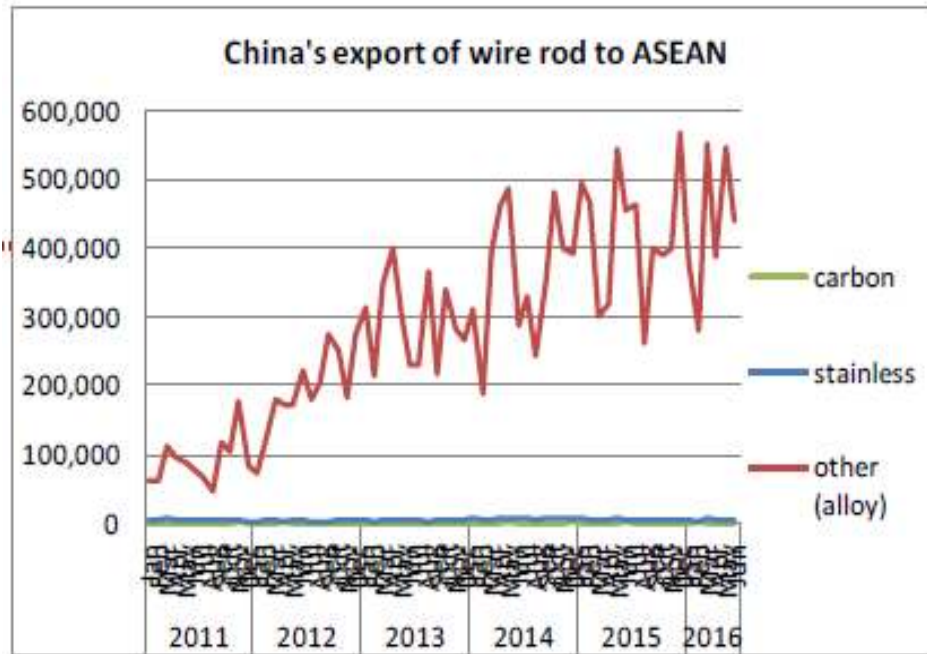
- China steelmaking capacity has decreased since 2015 due to pressure from many countries to solve overcapacity issue. Expected to close 100-150 Million ton in 3-5 years
- Target cut in 2016 : 45 Million ton. However cut till June is only 13 Million ton

Total Steel Export from China



- In January-June 2016, exports increased by 9.4% (over last year) to 56.5 Million ton
- Total export volume expected in 2016 : 122 Million ton
- China long products are mainly exported to South Korea and ASEAN countries

Wire Rod export from China



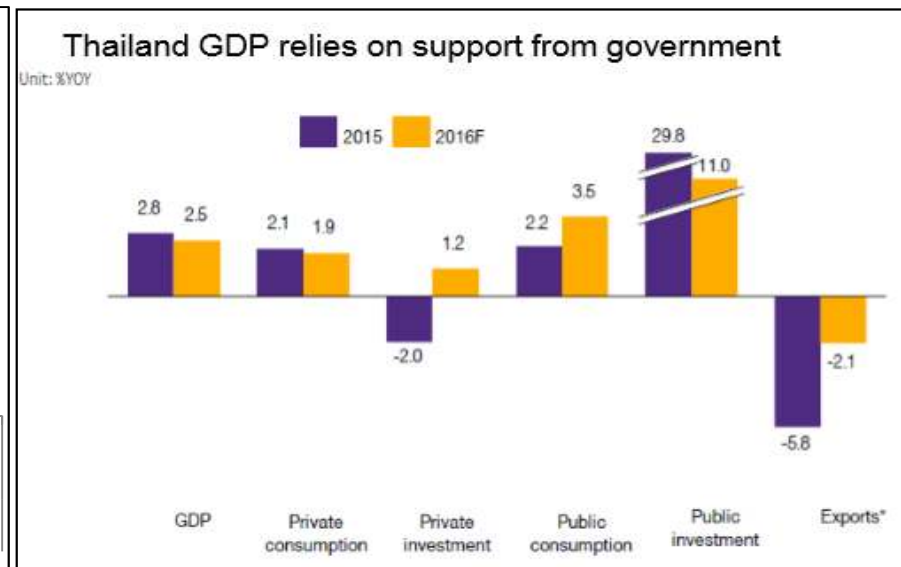
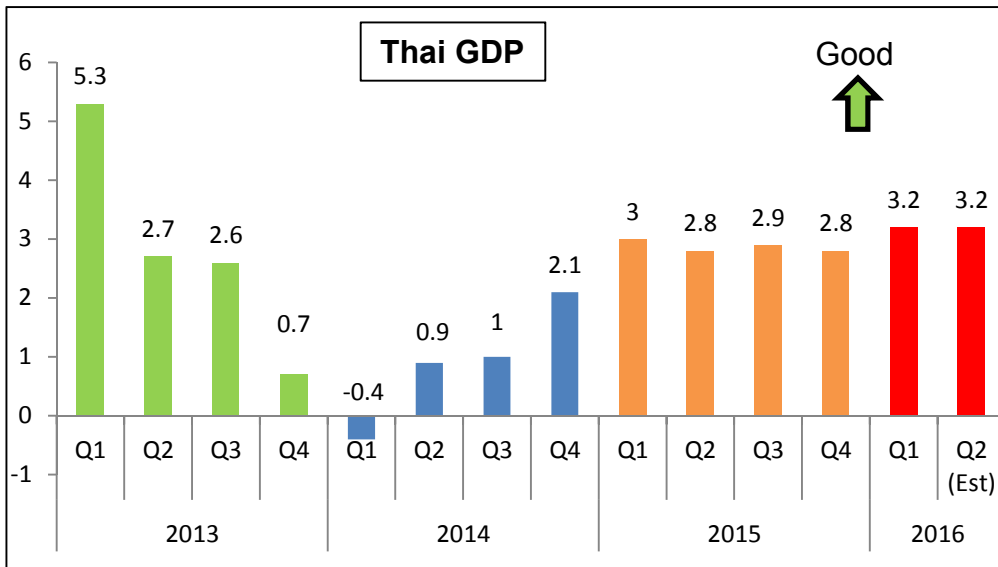
Thailand Steel Import Jan - Jun 2016

Wire rod - Carbon steel	Tonne		USD/Tonne	
	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016
Japan	83,373	73,848	876	799
Korea, Republic of	16,010	41,223	755	471
Taiwan Province of China	18,649	20,138	751	587
Germany	6,104	5,240	703	654
Russian Federation	198	3,009	385	280
India	8,852	2,903	608	503
Other	5,284	7,174		
Total	138,470	153,536	809	647

Wire rod - Other alloy steel	Tonne		USD/Tonne	
	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016
China	650,290	668,142	439	360
Japan	54,648	56,384	1,070	1,033
Korea, Republic of	3,388	3,121	813	664
Other	5,546	4,694		
Total	713,871	732,340	492	415

- Chinese wire rod export to ASEAN region steadily increased since 2011
- Thailand : in first 6 months of 2016, Chinese wire rods imports have increased by 3% to 668,000 tons in spite of Anti dumping measures. Importers taking advantage of 'exception list' to kill domestic steel making industry

Thailand Economy – Key indicators

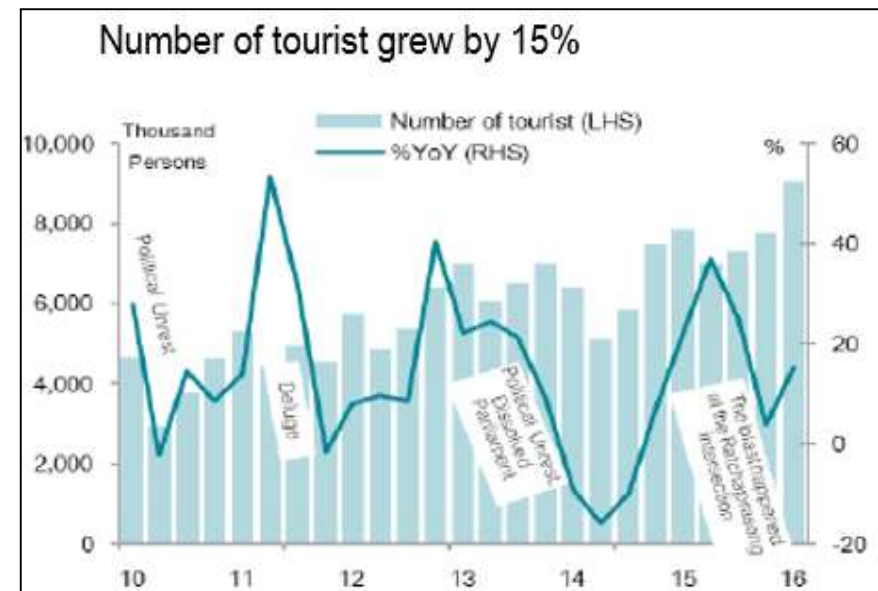


Key drivers for Thailand economy

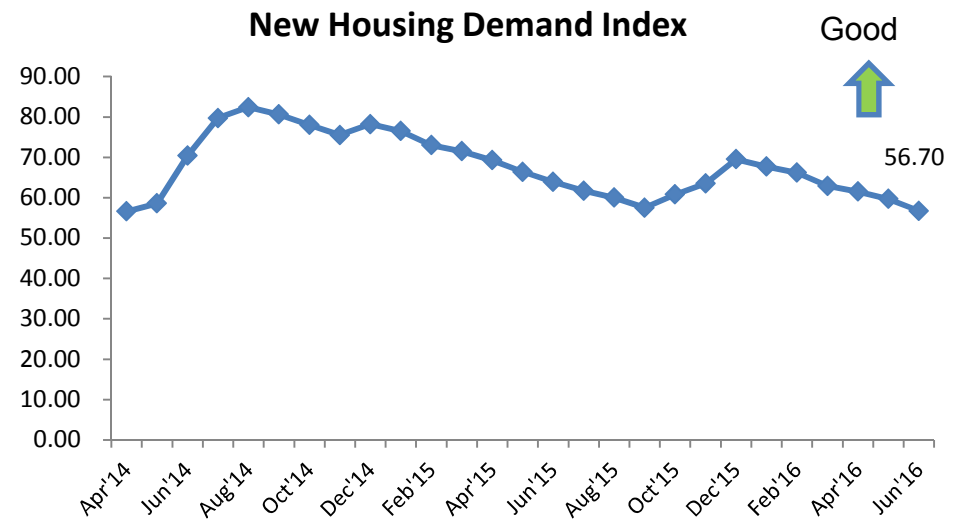
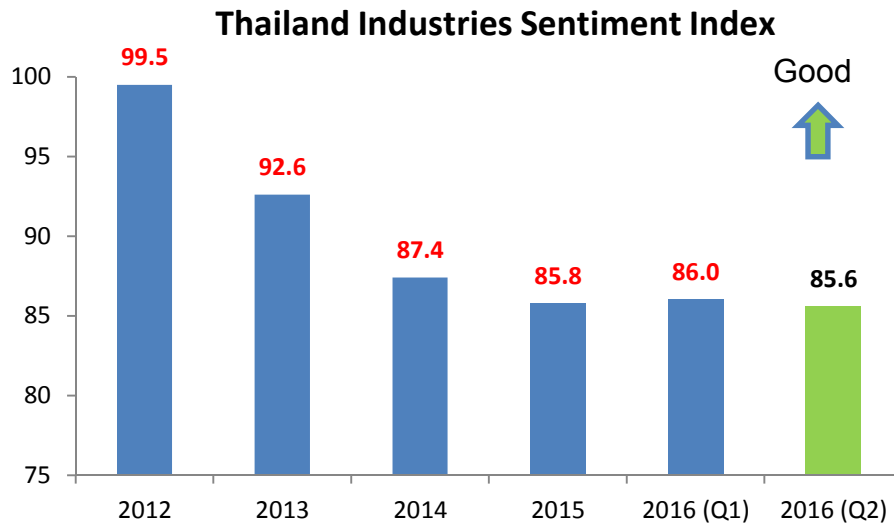
- Government measures to support household purchasing
- Stimulating tourism
- Government infrastructure investment

Risks

- Shrinking exports due to global slow down
- Volatility in global financial market and Forex
- Non recovery of household incomes in Thailand

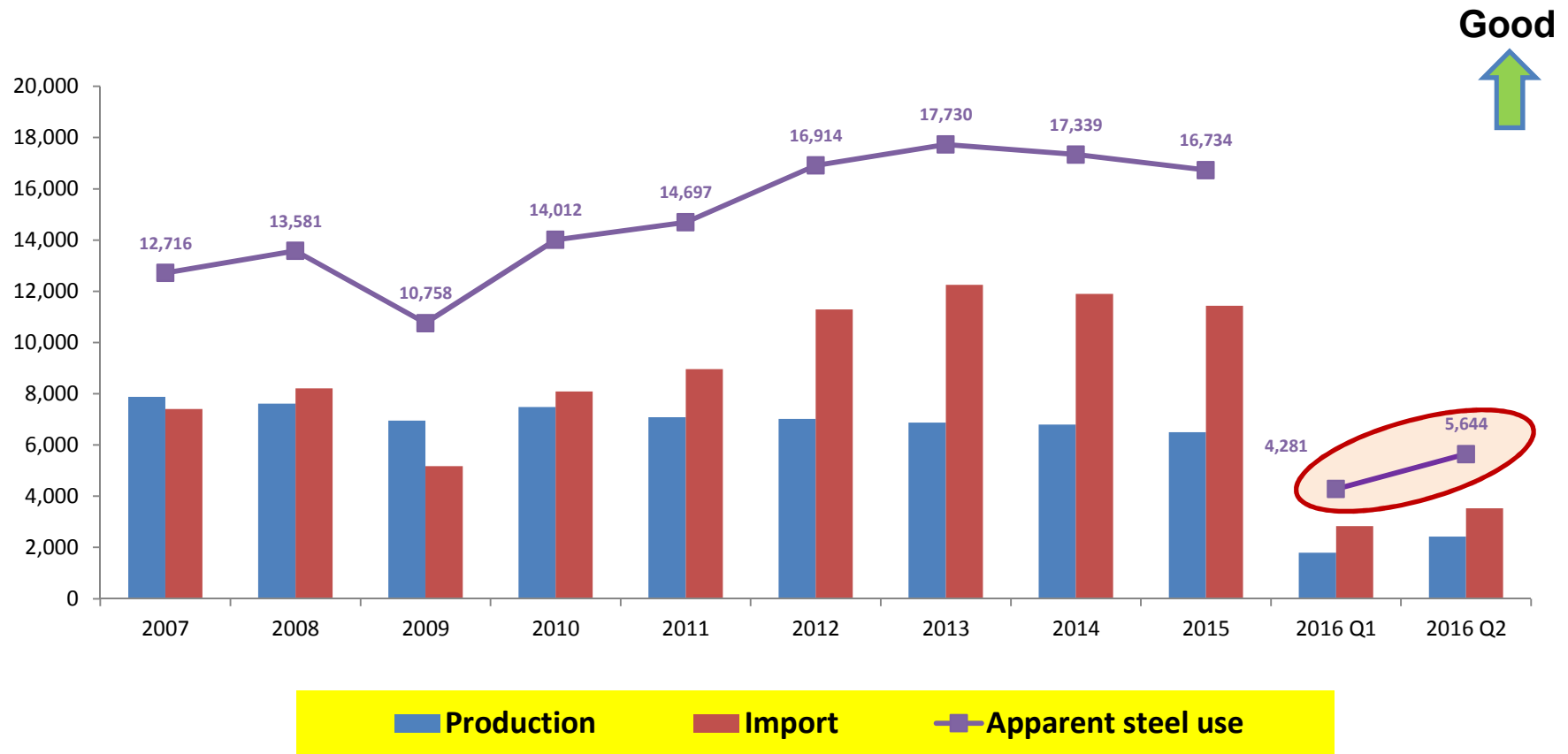


Business Environment in Thailand



New Housing Index continue to decline for 6 consecutive months. Lowest in June'16 during last 25 months

Steel Consumption in Thailand



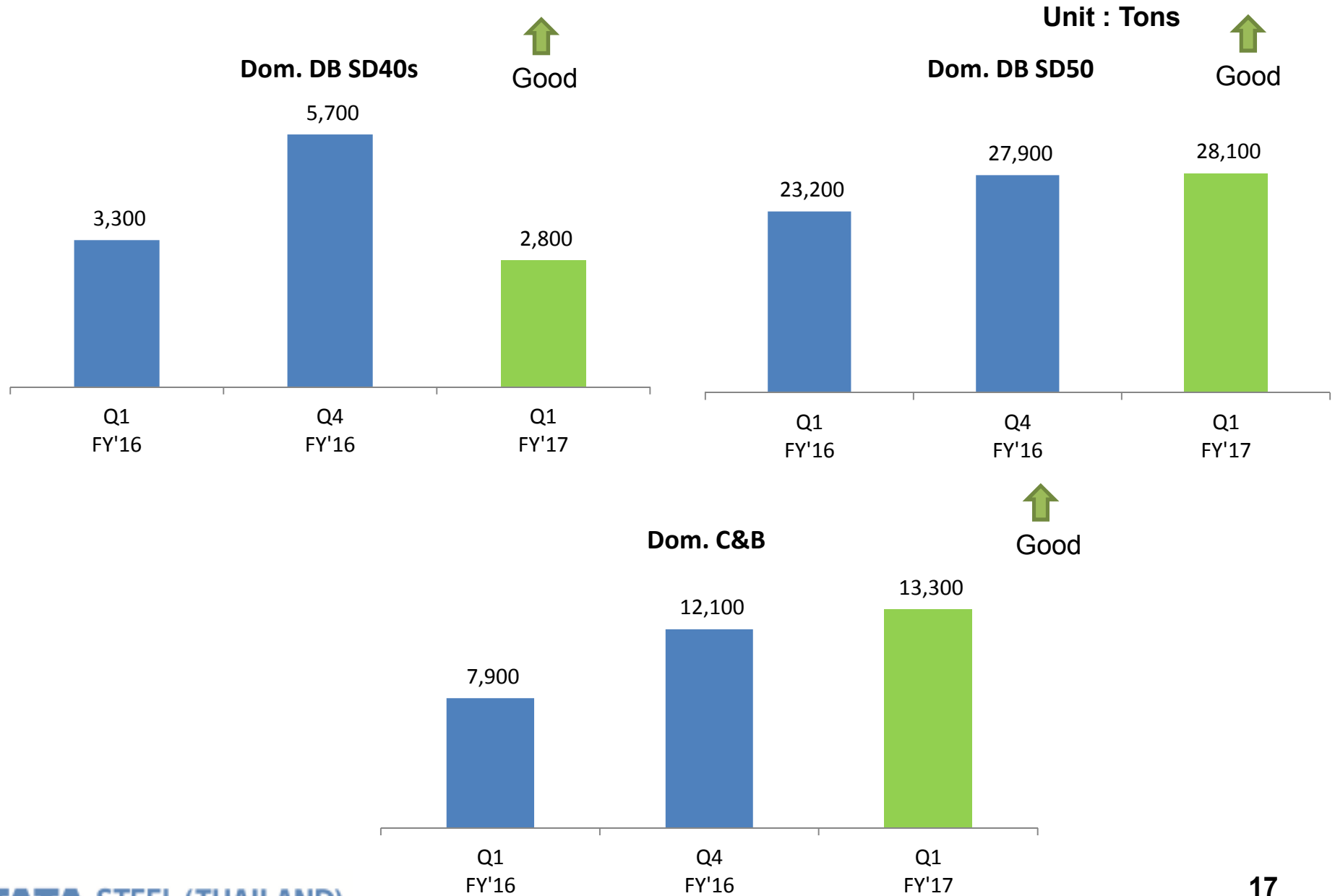
Steel consumption increased in Q2 2016 mainly due to peak season and stocking by buyers anticipating further price increase. Current system stock is high

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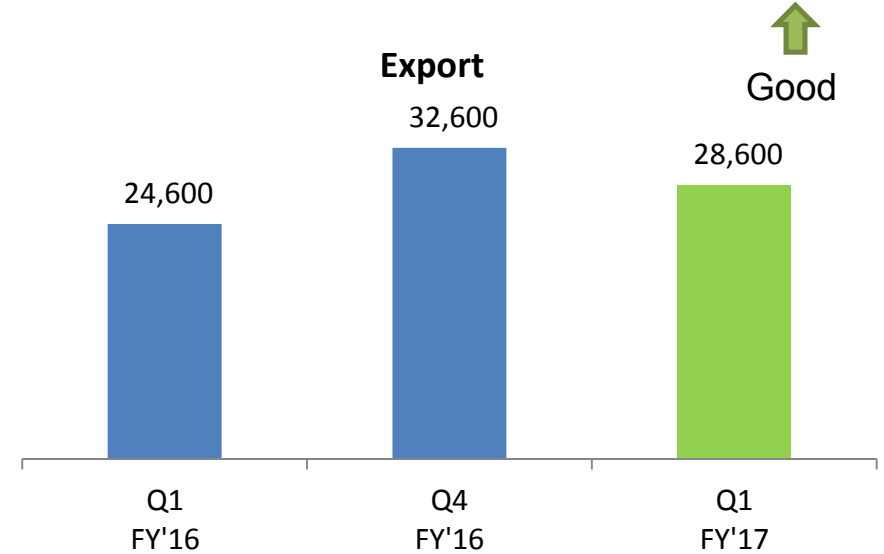
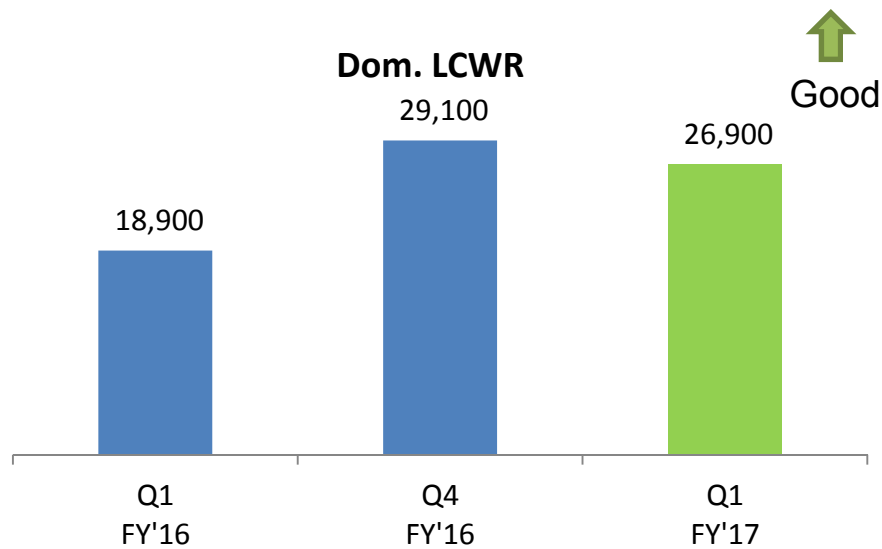
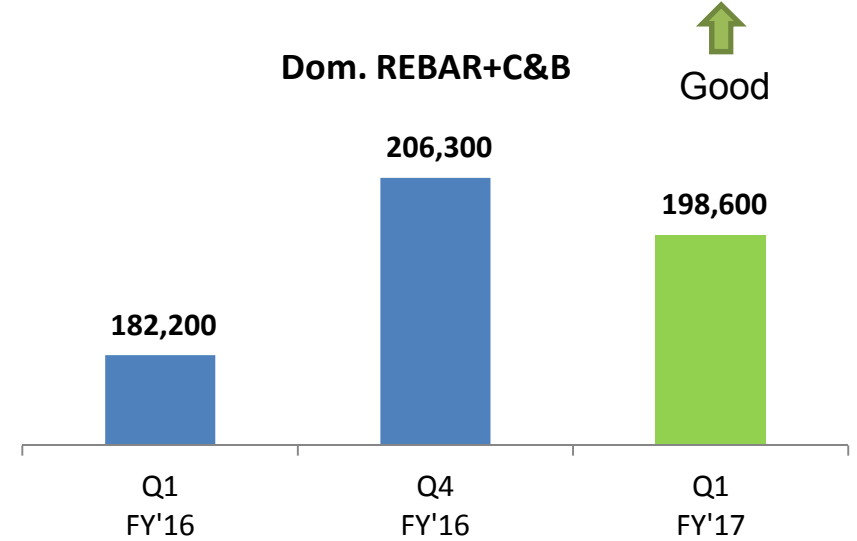
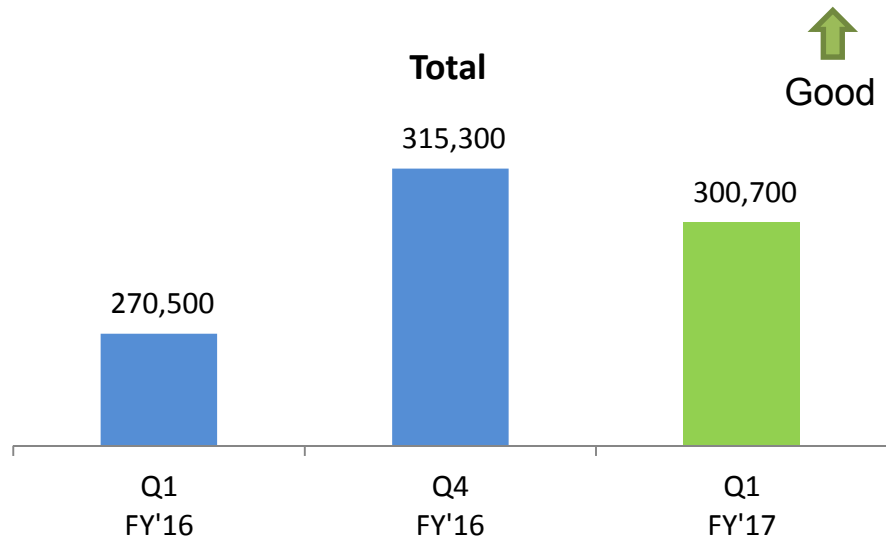
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Steady increase in value added Rebar sales



FY17 Q1 Sales

Unit : Tons

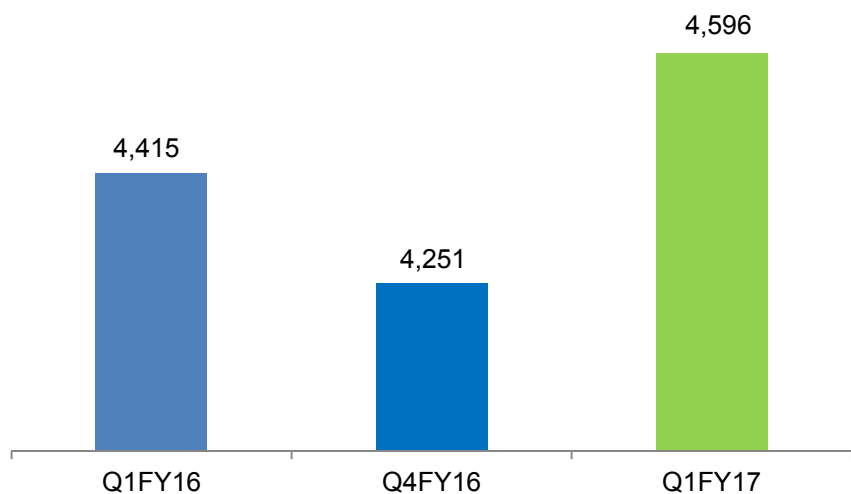


Financial Performance

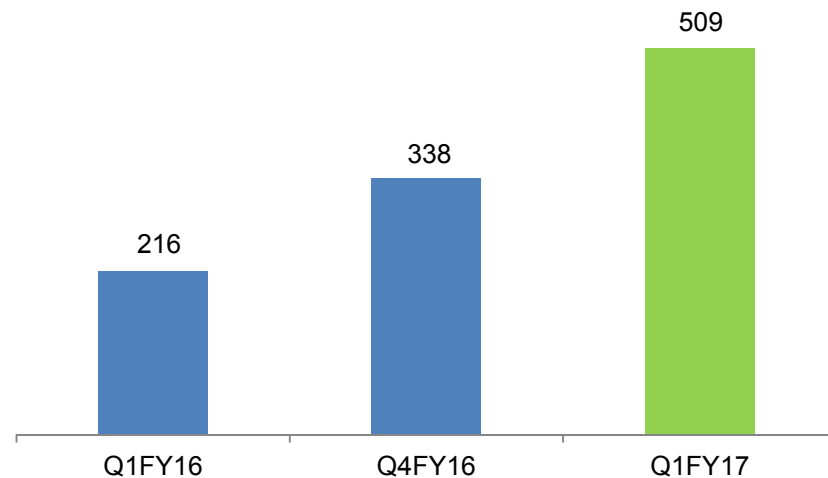
Unit : Mn THB



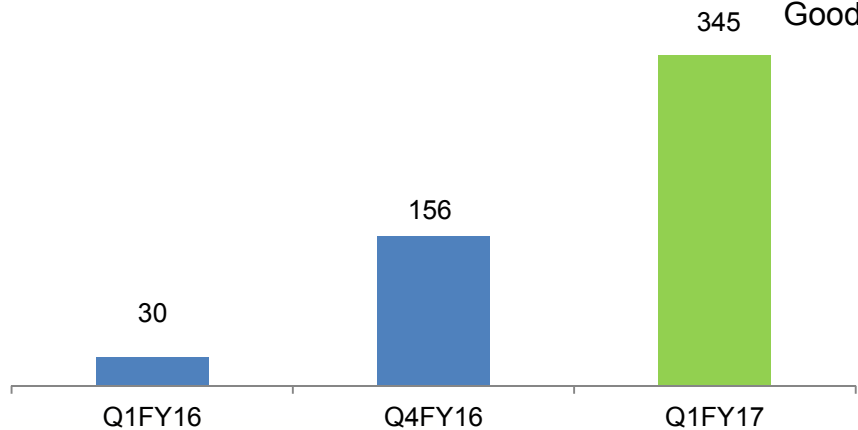
Net Sales



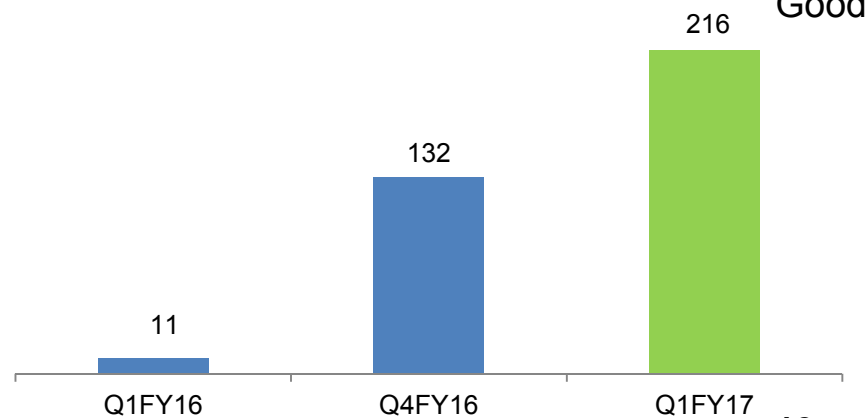
EBITDA



PBT



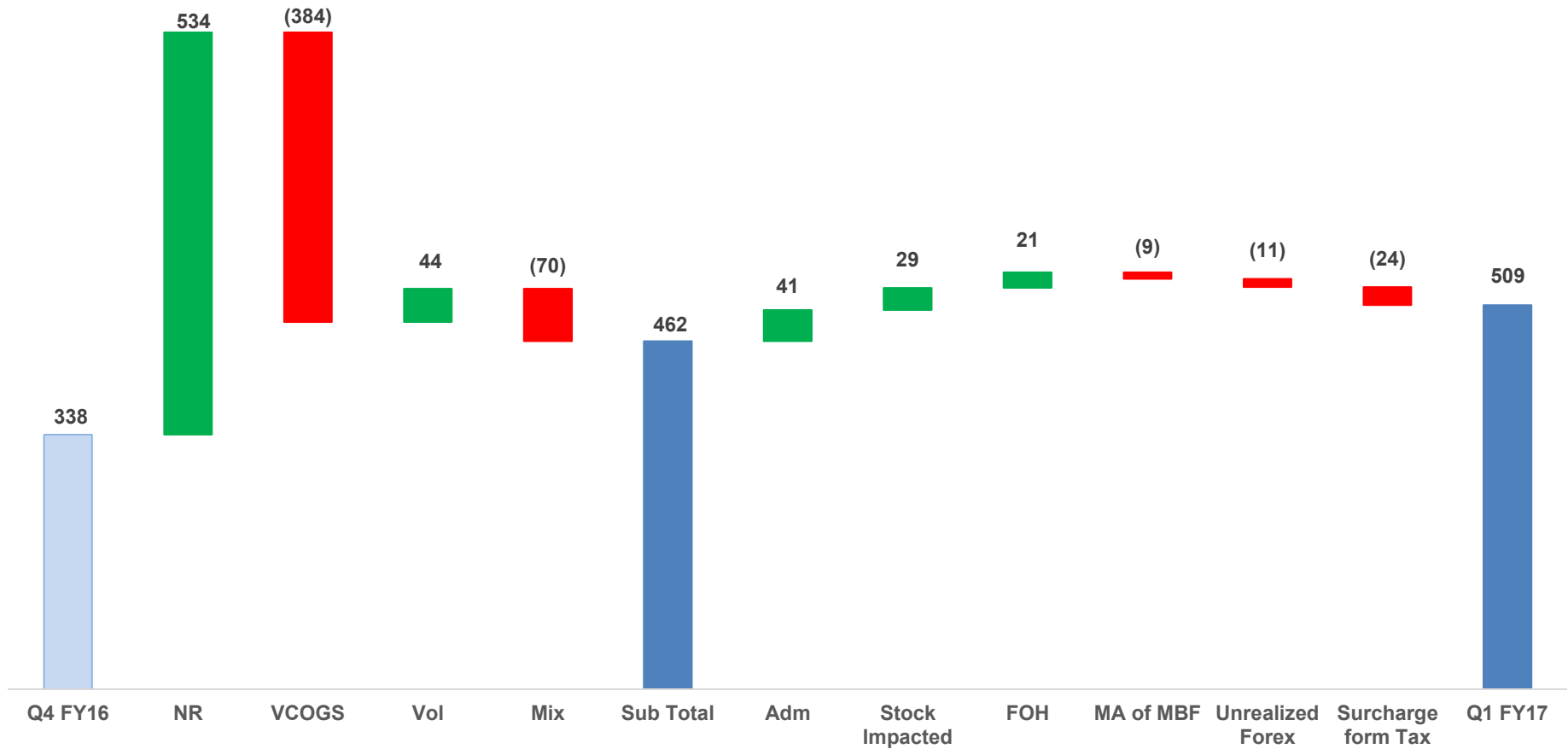
PAT



EBITDA Waterfall Q1 FY17 vs. Q4 FY16



Unit : Mn THB

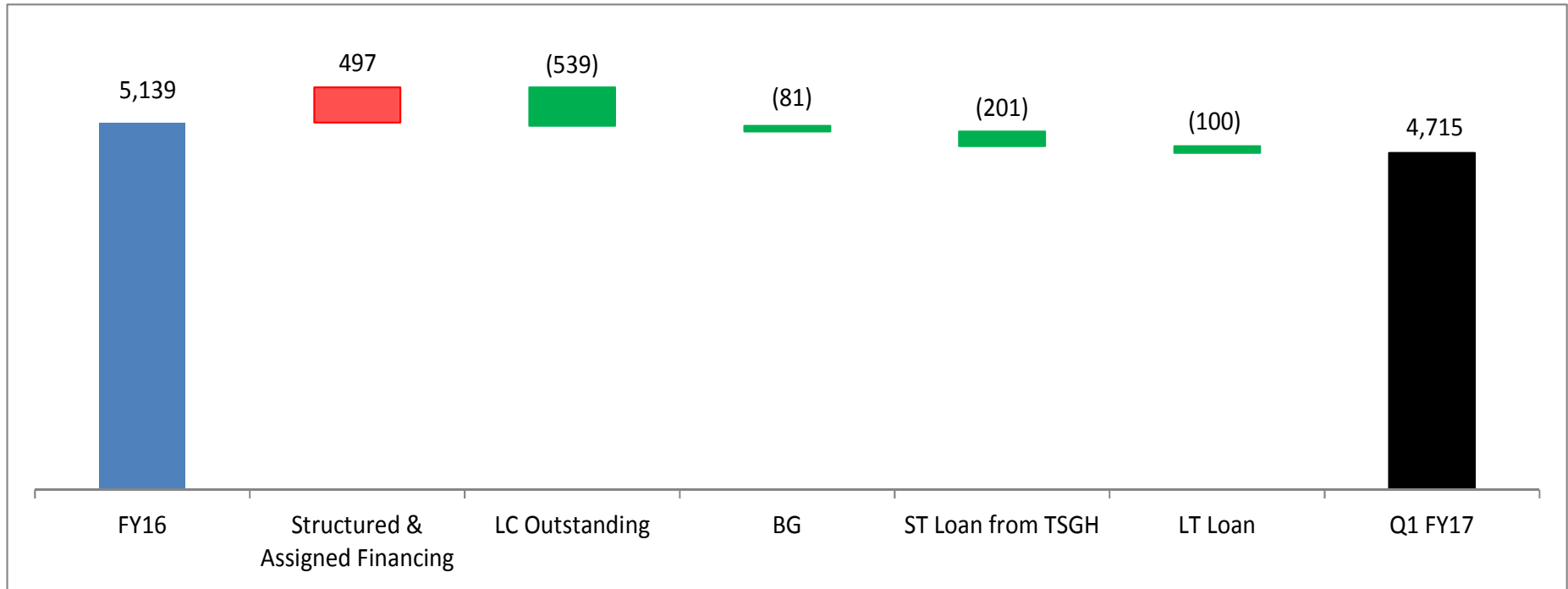


124 Mn THB Impact on Net Contribution

Gross debts Qtr1 FY17



Unit : Mn THB



Gross Debts	Q4 FY16	Q1 FY17
Structured & Assigned Financing	2,390	2,887
LC Outstanding	1,722	1,184
BG	354	273
ST Loan from TSGH	202	0
Curr Portion to TSGH	271	271
LT Loan	200	100
Total Gross Debts	5,139	4,715

Other highlights



- Reduced stores & spares inventory
- Fixed cost lower by 39 MB compared to last year
- Almost cleared long term debt. Last installment of 100 Million Baht due in August
- Regional Sales crossed 17,000 tons in May
- ACRS certification for SCSC plant
- Opened 5th warehouse at Song Khla
- Continue to invest in increasing capacity of down stream products
- Finished market study assessment in chosen markets

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Outlook for FY17



- China expected to export aggressively keeping prices under pressure
- Current anti-dumping duties announced in Wire Rods totally ineffective. Will seriously impact viability of domestic steel industry
- Infrastructure projects key to drive steel demand in Thailand. Govt push critical to maintain timely execution of projects
- Business sentiment in Thailand needs improvement

Thank you for your attention