

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

**[Results Presentation : Financial quarter ending 30<sup>th</sup>  
September 2015]**

**19<sup>th</sup> November 2015**



## Disclaimer

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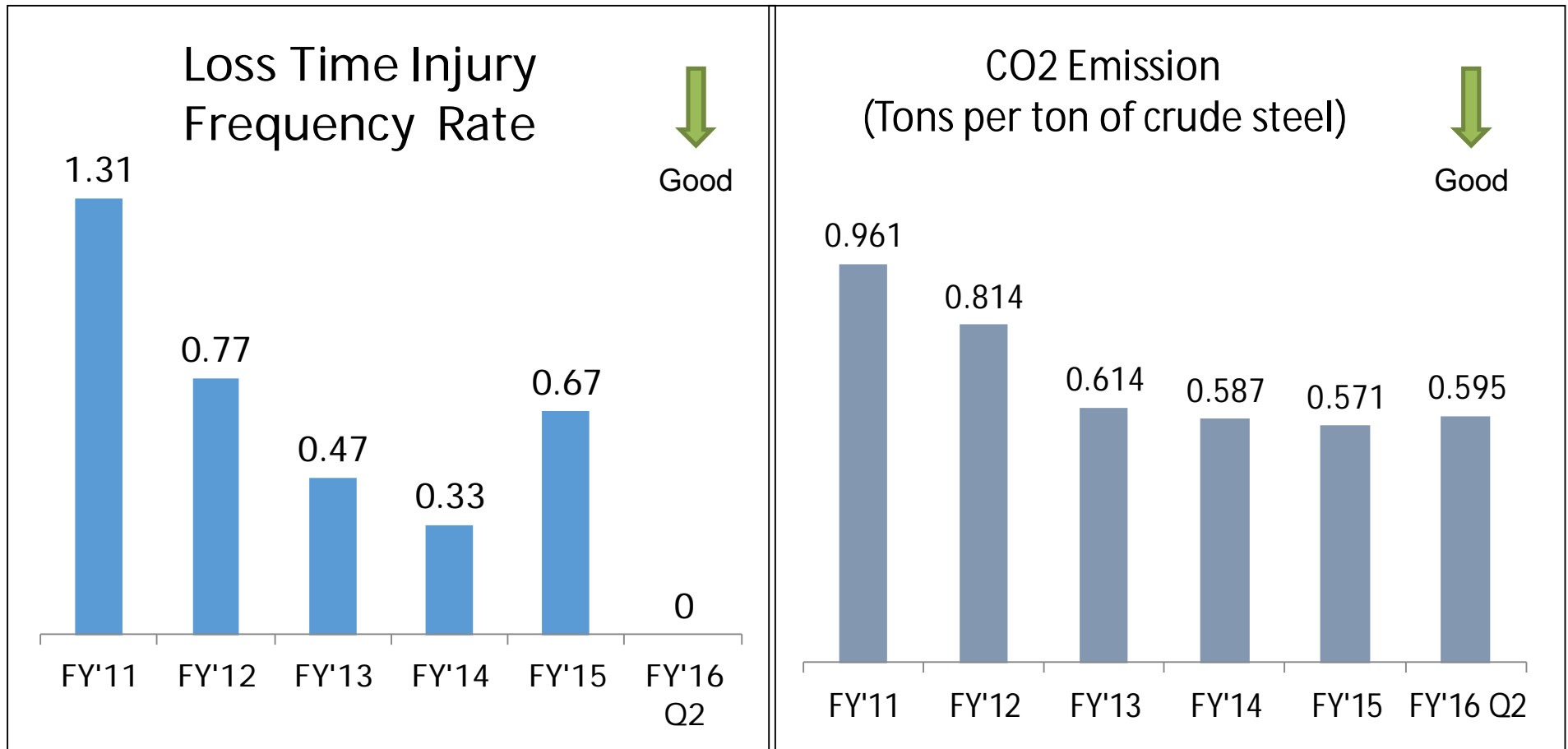


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- **Corporate citizenship**
- **Economic Scenario & Steel Business**
- **Q2 FY16 Performance**
- **Business Outlook**

# Safety and Environment

Zero Lost Time Injury for 1 Year of TSTH  
 SISCO plant achieved 1 years without LTI (in Oct 15)  
 SCSC plant achieved 2 years without LTI (in May 15)  
 NTS plant achieved 3 years without LTI (in Mar 15)



# Community Welfare & CSR



**TSTH:** Employees joined Employee's Birthday Volunteering Activity of quarter 2 at Ban Rajawadee, home for the mentally handicapped children to offer necessary goods for daily life and participated in recreational activities with the children. **Till date Employees participation in CSR activities : 39%**



**NTS:** joined Tree planting activity for H.M. the Queen's Birthday Day. The activity was opened by the Chief Administrator of the SAO – Bowin district. 300 participants including local people attended the activity.



**SISCO:** Hosted book Reading activity and offered lunch to students at School for the Blind and the Blind with multi-handicapped - Lopburi



**SCSC:** Developed Ta Guan's community by cleaned 2.5 kilometers long route from Tung Sa Dao Intersection to Ta Guan Bay to celebrated Her Majesty the Queen's birthday.



Granted book corners for **211 school** under "Grow Smart with Tata Steel" Project in Lampang and Lamphun Provinces.

- **Safety and Corporate citizenship**

- **Economic Scenario & Steel Business**

- **Q2 FY16 Performance**

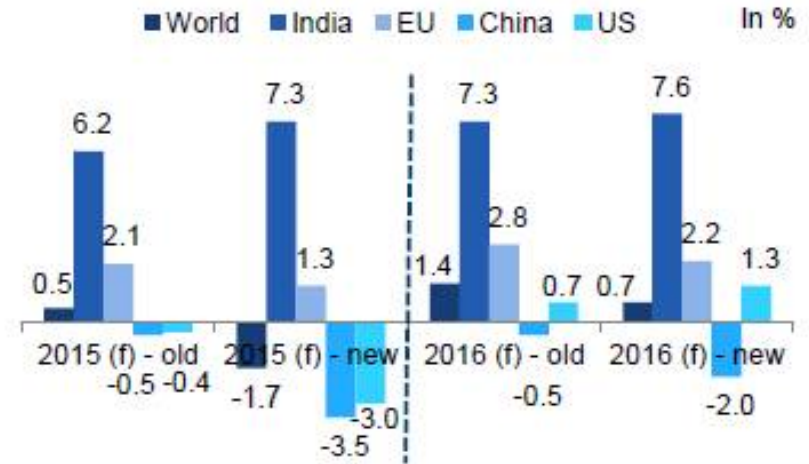
- **Business Outlook**

# Commodity Down Cycle

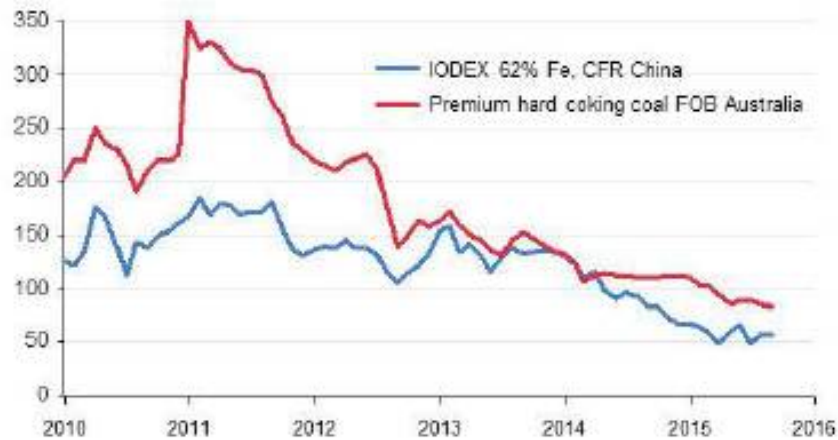
Global crude steel production & capacity utilisation



Downward revision of global steel demand forecasts

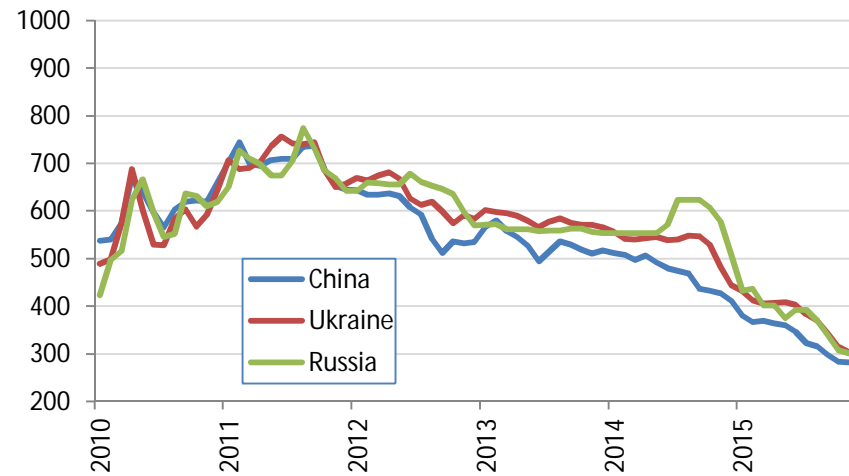


Iron ore fines and hard coking coal (US\$/tonne)



Source: CRU, worldsteel, WMR Reuters

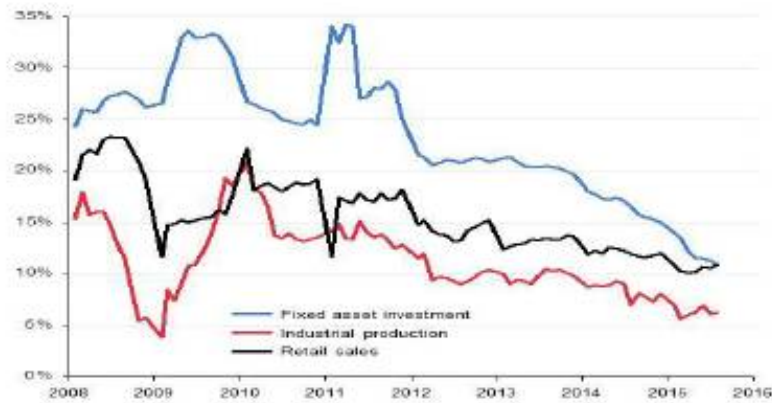
Wire Rod Price (US\$/tonne)



# Elevated level of exports by China despite rising protectionism by many steel consuming countries



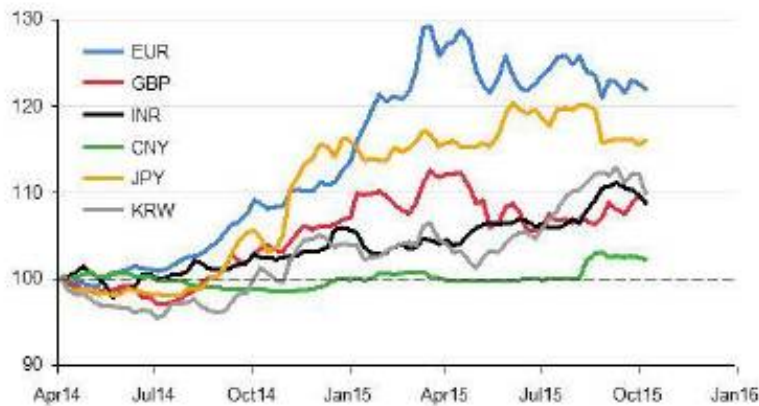
China - Investment, production and sales (y/y% chg)



Surge in China's steel exports (MnT)



Currency movement (indexed)



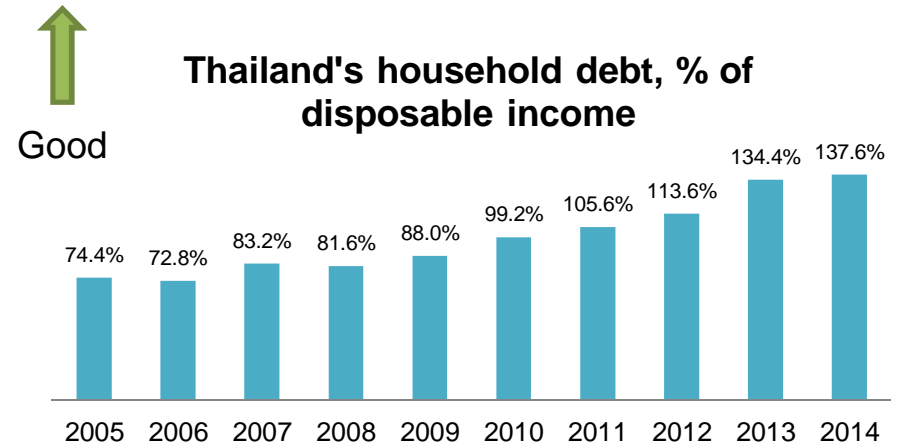
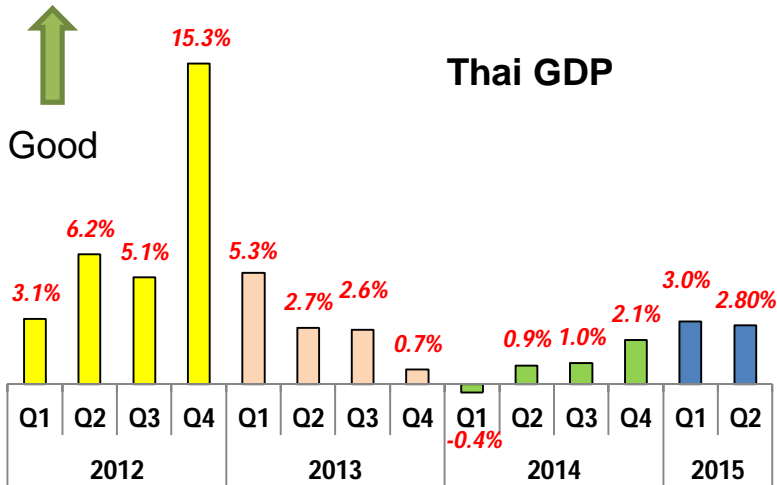
THB / USD



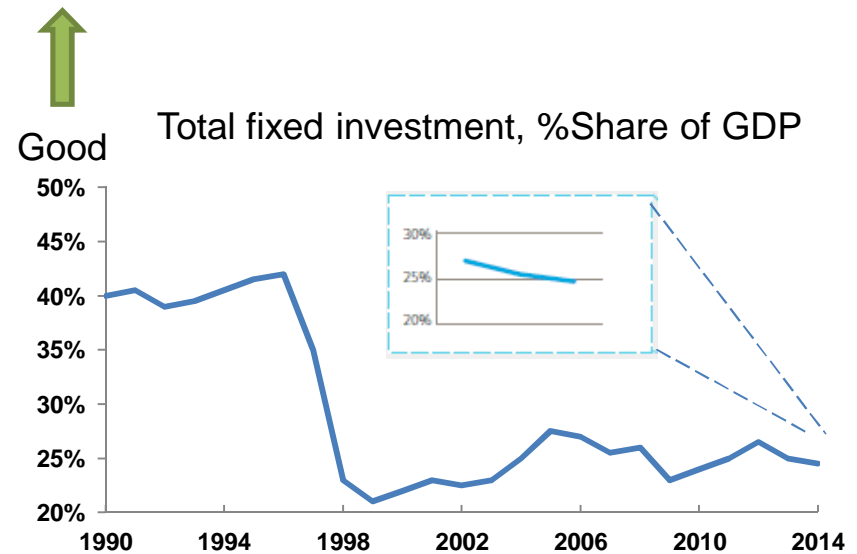
Source: ISSB, Markit, Bloomberg, NBS



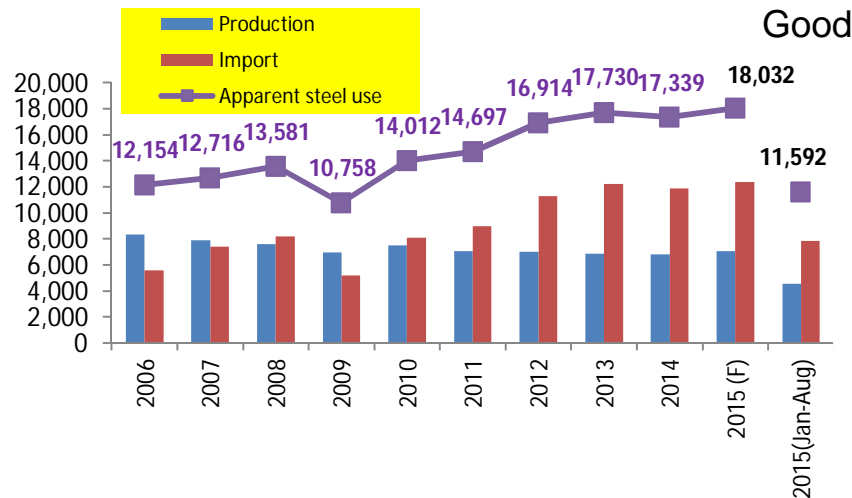
# Business environment- lackluster recovery in Thailand



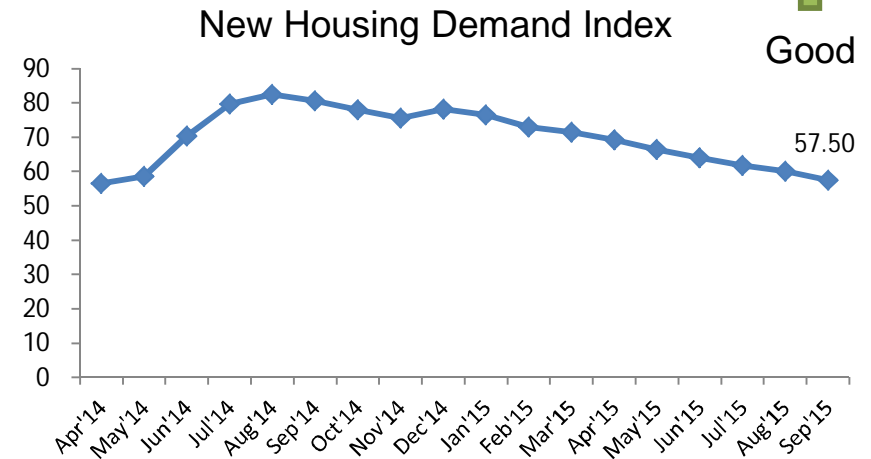
- Qtr.-over-Qtr. seasonally adjusted growth: Q2 to Q1 : 0.4% ; Q1 to Prev: 0.1%
- Economic growth is reined by weak private consumption and investment.
- On External front, weak demand has stymied growth in exports. Slowing Chinese economy, devaluation of Yuan and impending interest rate hike by US Fed Reserve are further cause of concern.
- Factors favoring growth: recovery in tourism, low oil prices and accommodative monetary policy



## Business environment (cont.)



Good



Good

- On Qtr-over-Qtr basis, agriculture sector declined 1.5% in Q1 and further 1% in Q2 due to draught in many provinces. Further blow came from low global prices of rubber, rice and sugar. More than 50% of Thai population is directly or indirectly linked to agriculture
- In non agricultural sector, manufacturing declined 0.5% in Q1 and 1.8% in Q2. Surge in Construction in Q1 failed to continue in Q2
- Consumer confidence index compiled by UTCC is at 72.3 in August (lowest since May 2014)

***Public investment assumes importance in the absence of historical drivers of growth such as private consumption and exports***

- Exports which account for over 60% of Thailand's GDP, declined 4.9% YoY (Jan-Aug'15) in value terms
- Domestic Rebar market demand stagnant due to monsoon and delayed government projects.
- Spread between East Asia Scrap-Rebar prices continued to decline. However, falling scrap prices provided some respite
- Decline in International Billet & scrap price has created uncertainty in the market. Dealers and consumers only buying Rebar for immediate consumption.
- Wire rods imports gone up by 11% y-o-y ( Chinese account for almost 75% of imports). Prices continue to decline each fortnight
- Temporary Anti Dumping duty (17-34%) on Low Carbon Wire Rods from China announced on September 11, 2015. Valid for next 4 months

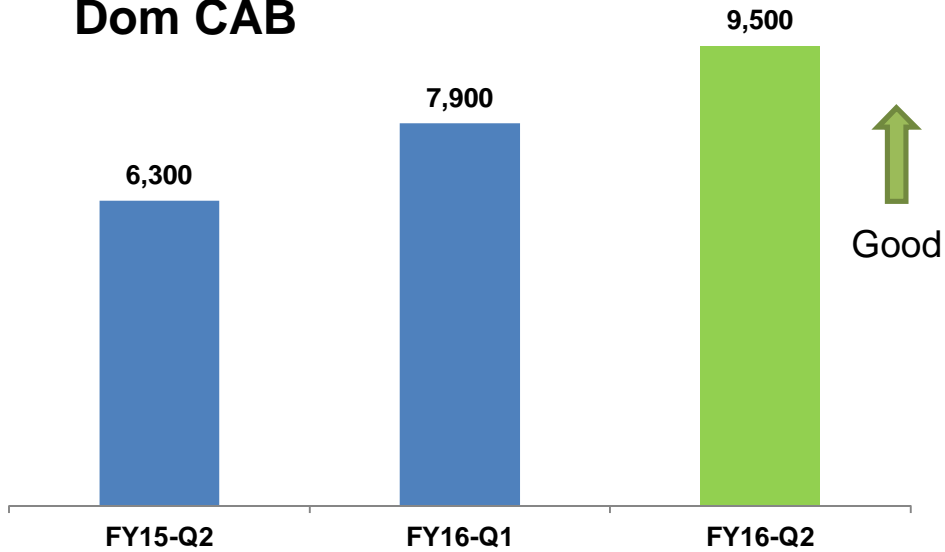
- **Safety and Corporate citizenship**
- **Economic Scenario & Steel Business**
- **Q2 FY16 Performance**
- **Business Outlook**

# Steady increase in value added rebar sales

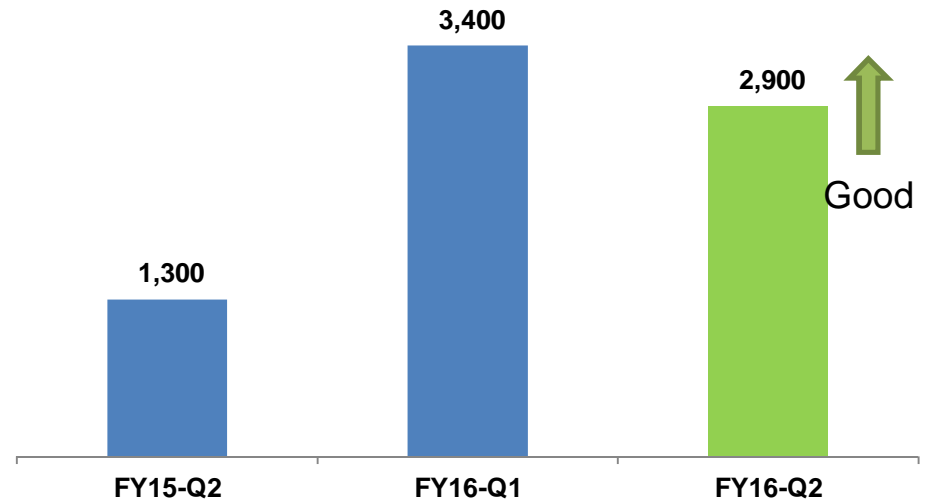


Unit : Tons

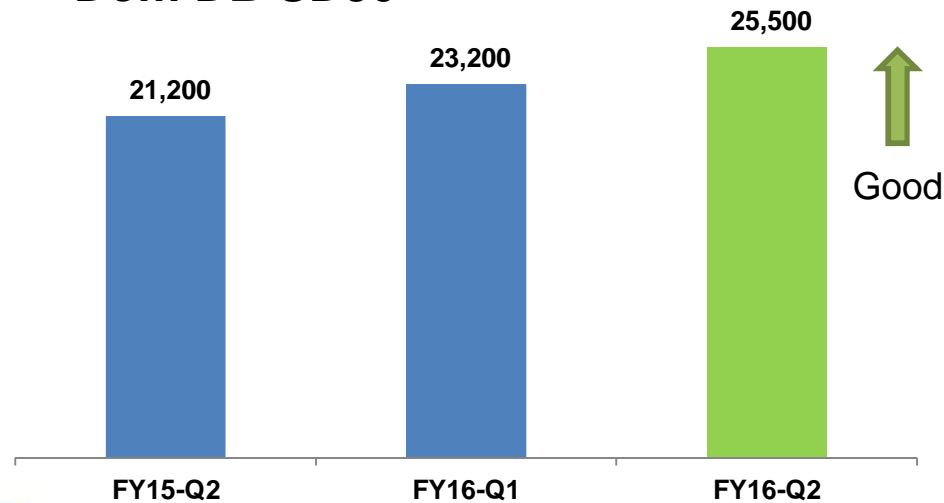
## Dom CAB



## Dom DB SD40S (SEISMIC)



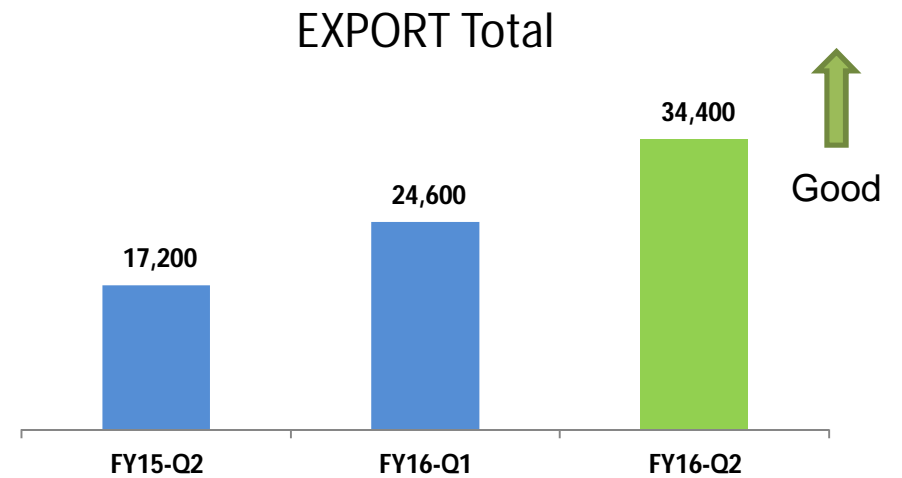
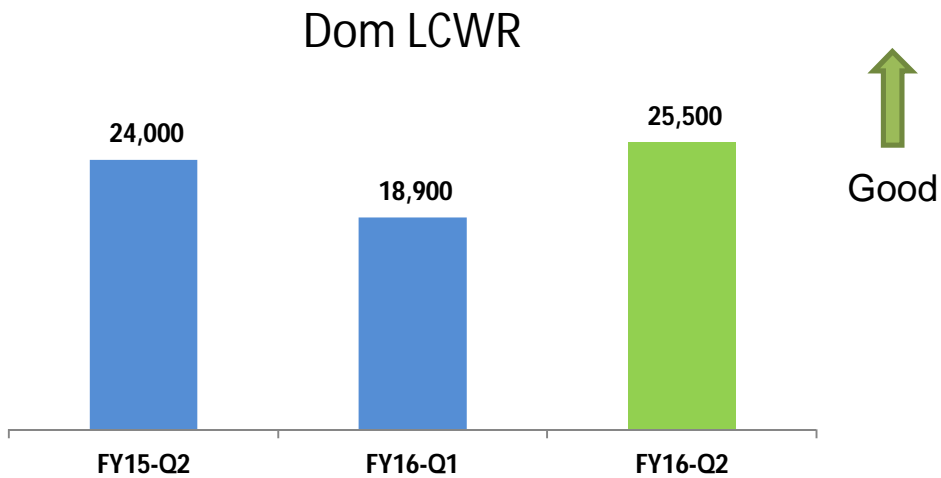
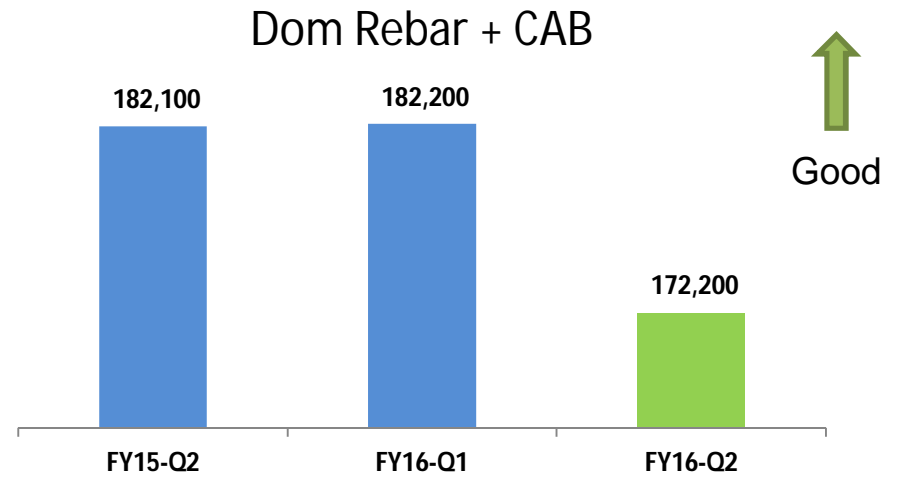
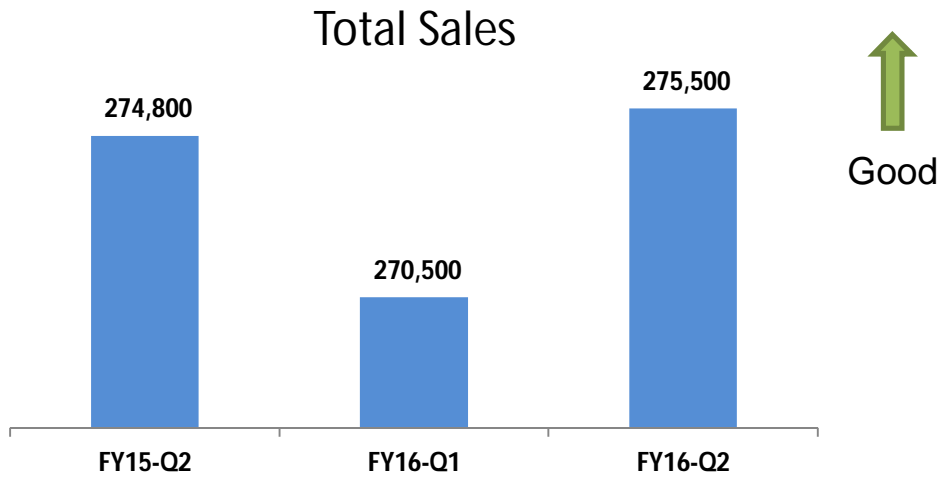
## Dom DB SD50



# FY16 Quarter 2 Sale



Unit : Tons

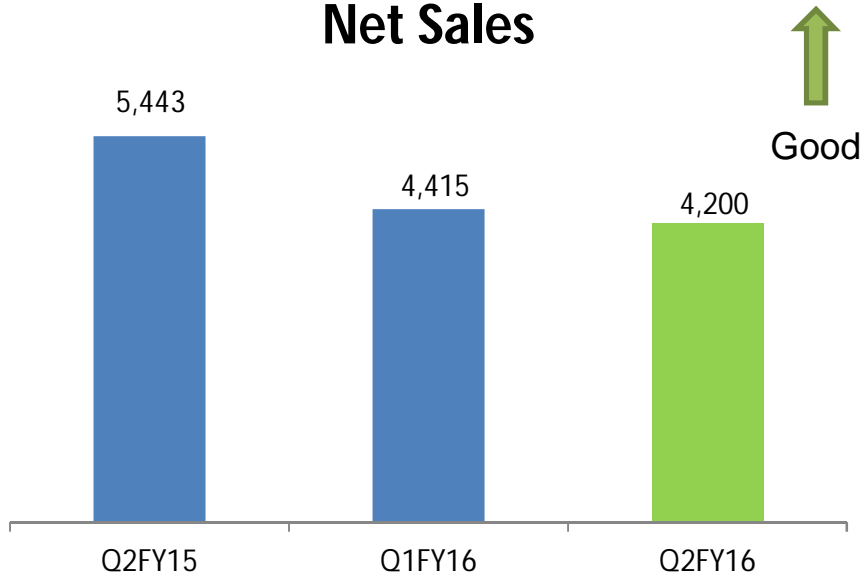


# Financial Performance

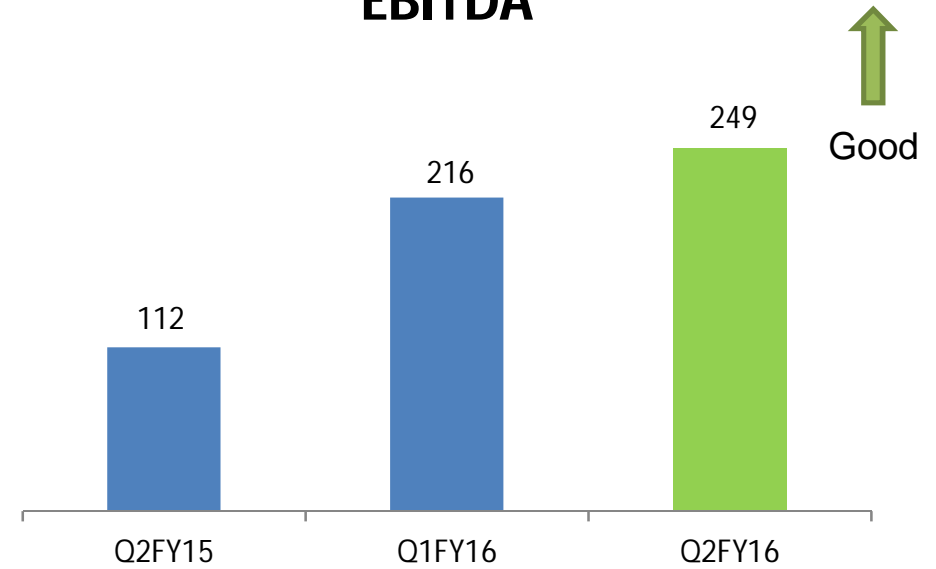


Unit : MB

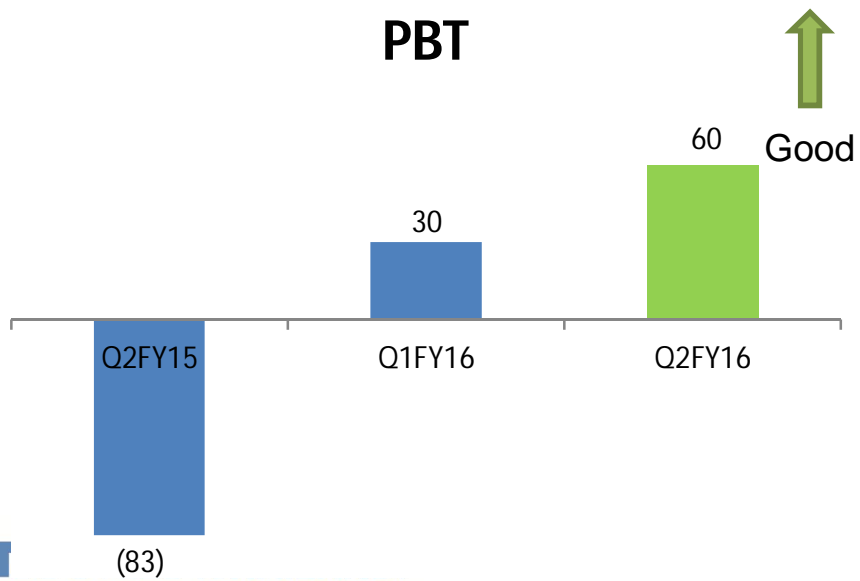
## Net Sales



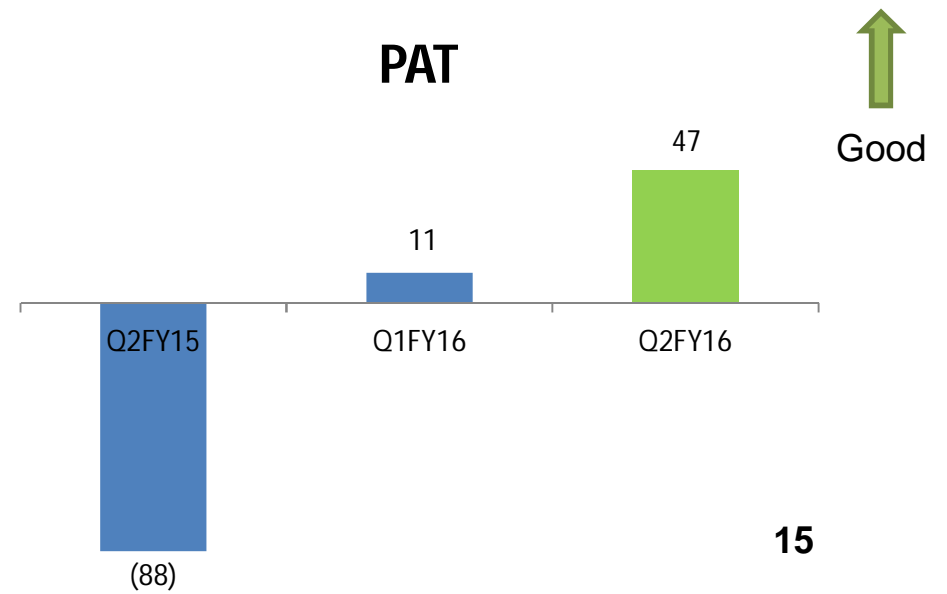
## EBITDA



## PBT



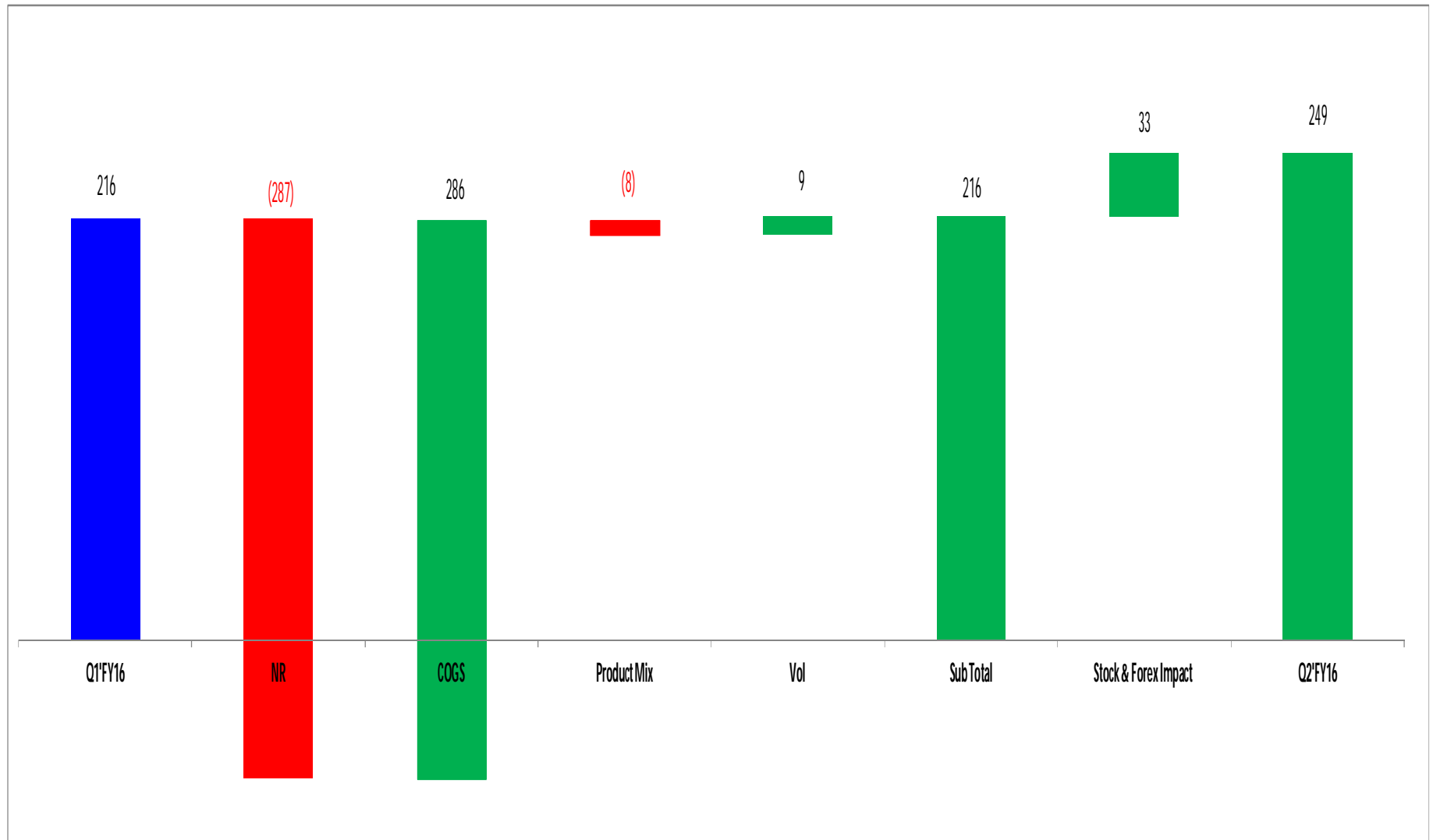
## PAT



# EBITDA Waterfall Q2 vs Q1



Unit : MB.

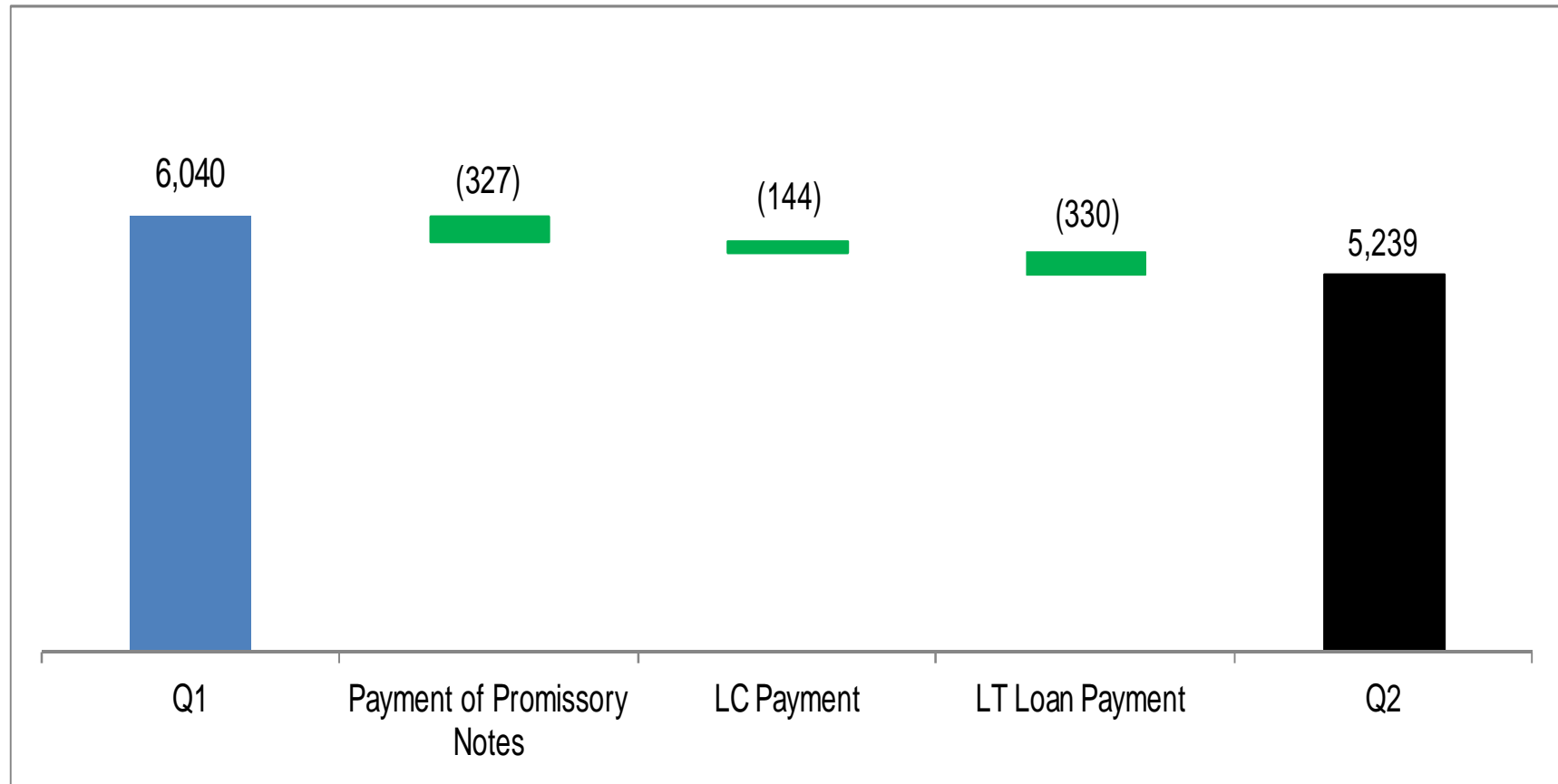




## Gross debt reduced by 800 MB



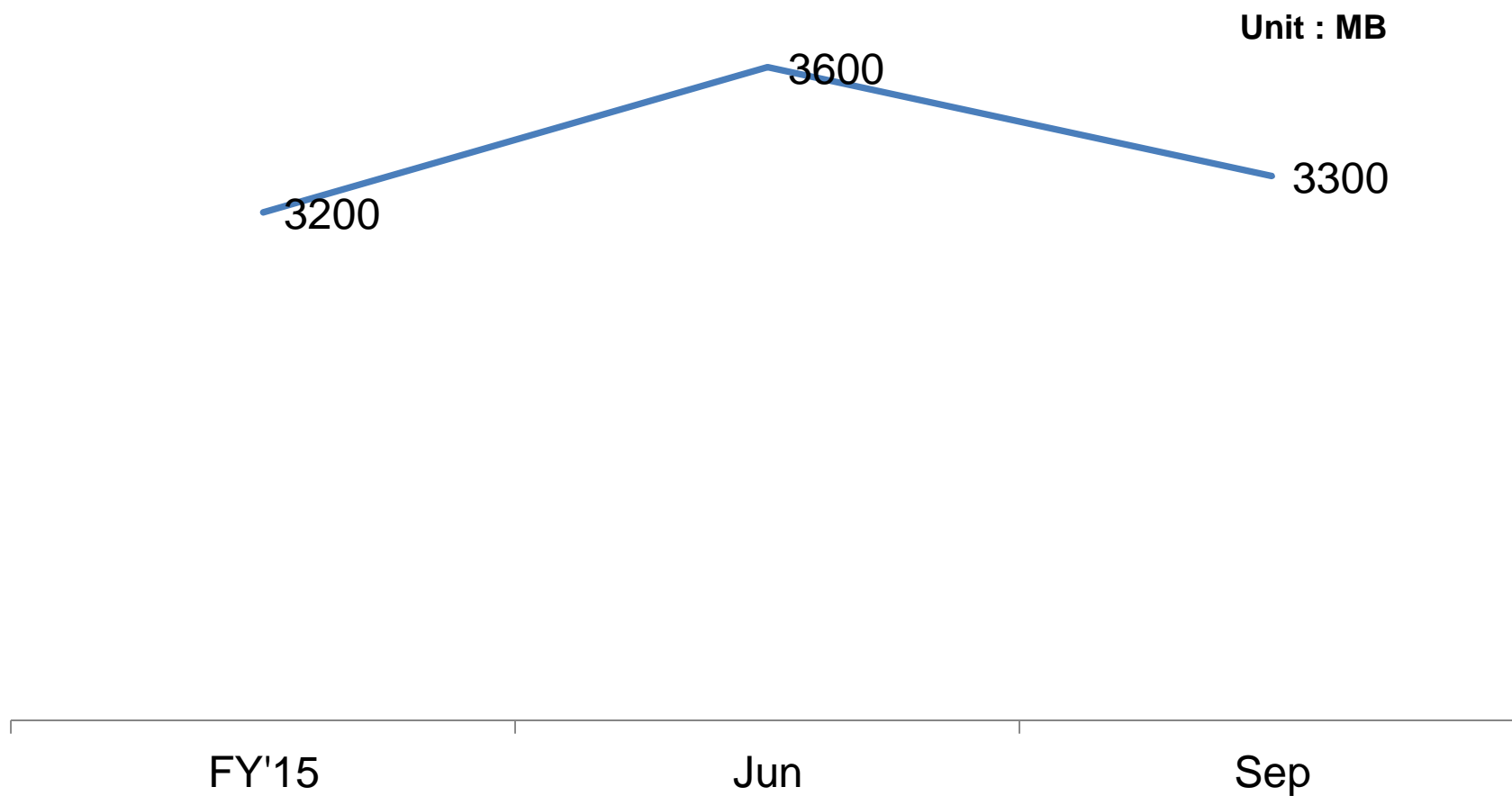
Unit : MB.



- **Term Loan due 400 MB, equally spread over next four qtrs.**
- **Liquidity remains stable**

## Tight control on inventory has helped release cash

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## Status of Key initiatives



SN	Initiative	Status
1	Procurement Excellence Program	<ul style="list-style-type: none"> <li>Lower cost scrap (Zinc and Tin bundles, bundle turning) volume around 6% as per plan. Increased return slag fine usage at SISCO. This increased domestic scrap base and reduced metallic cost.</li> <li>Savings till Q2 106 MB ( annualized potential identified 240 MB)</li> </ul>
2	Fixed cost reduction	<ul style="list-style-type: none"> <li>Savings of 11 MB achieved through FAH on fixed cost reduction. Total fixed cost for H1 is lower than PY by 86 MB</li> </ul>
3	Increase reach in upcountry & Lao, Cambodia	<ul style="list-style-type: none"> <li>Shipment to Xayaburi hydropower electric dam project and Nam Hin Boon Dam project in Laos started in Q2.</li> <li>Brand awareness increased in Cambodia</li> <li>More than 400 MT sold through 1st regional stock yard in Southern Thailand</li> </ul>
4	Billet sourcing efficiency	<ul style="list-style-type: none"> <li>Imported billets 82 KT used in Q2.</li> <li>Additional 2 mills certified for future purchases</li> </ul>
5	Increase downstream volume	<ul style="list-style-type: none"> <li>Current capacity : 5500 tpm. Will expand to 6500 tpm by Nov'15</li> <li>Sales in the band 3200 – 3500 tpm for last 3-4 months</li> <li>Highest Stirrup sales in Q2.</li> </ul>

## Content

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- Question Arising from Previous Meeting and Progress
- Safety and Corporate citizenship
- Economic Scenario & Steel Business
- Q2 FY16 Performance

- **Business Outlook**

- GDP likely to grow by 2.0-2.5% in 2015 and will grow 2.5-3.0% in 2016 due to export contraction and drought.
- Most mega projects deferred to next year.
- Short term fiscal and financial policy from government to the low income people and Real estate sector will help to increase private consumption in the last quarter of CY2015 and next year.
- Supply to Xayaburi Project in Lao to continue till Dec'15
- China economy continues to slow down. This is likely to increase export volume out of China adversely affecting situation in ASEAN

**Thank you for your attention**