

Results Presentation

Financial Quarter ended 30th June 2017

07th August 2017



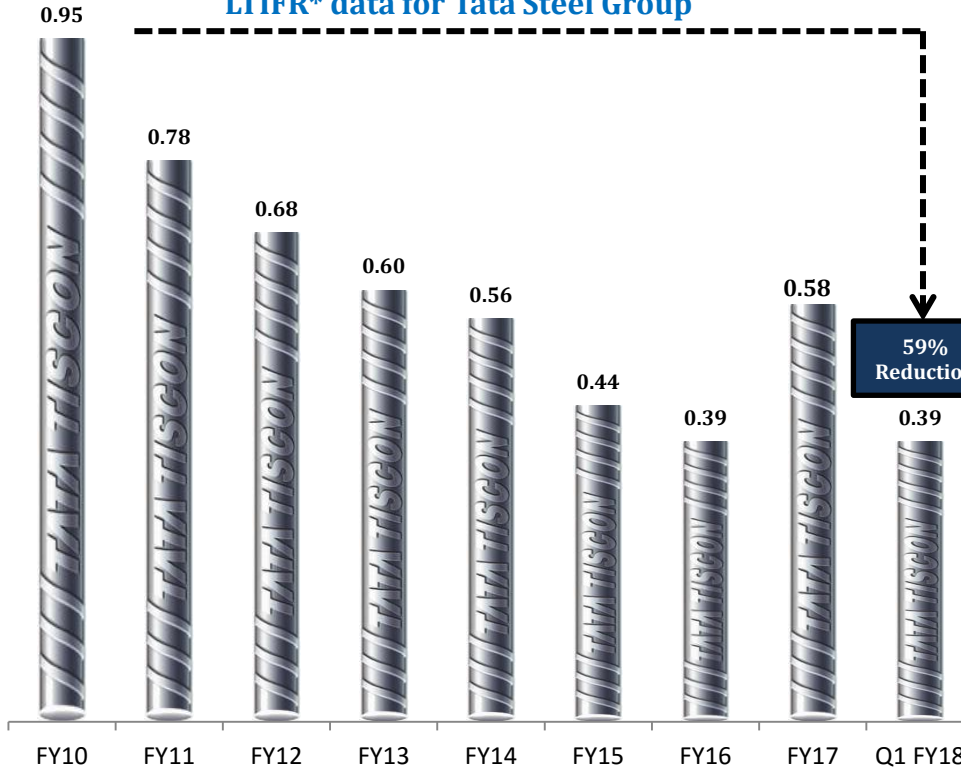
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Statements in this presentation describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, 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.

Tata Steel is committed towards excellence in Health and Safety

LTIFR* data for Tata Steel Group



Ambition:

- ❑ Committed to ensuring all Tata Steel sites are sustainably fatality free on our way to 'being the benchmark in H&S in our industry'

Key Focus areas:

- ❑ H&S Excellence programmes completed for senior leaders.
- ❑ Prioritised strategic activity to give step change in contractor management, construction, onsite traffic and process safety
- ❑ Tata Steel Kalinganagar start-up of ancillary equipment continuing under systemic risk controls and practices
- ❑ Health-unique capability and provision with new challenges and opportunities in all regions

Key Results

- ❑ Reduction in LTI rate to 0.39 in Q1 FY18
- ❑ Management system deployment including audits continue to sustain our improvement activities

*LTIFR is Lost Time Injury Frequency Rate

Focused on engaging with communities and improving quality of life

India

Education

- ❑ Thousand Schools Project, aimed at improving quality of education in Odisha's primary government schools, covered over 40,000 children in multifarious forms
- ❑ Out of 2,207 villages and habitations across the six blocks covered by Thousand Schools Project, 726 became child labour free
- ❑ 84 meritorious SC/ST students supported for pursuing professional courses (engineering, MBA, etc) under Tata Steel Scholars programme
- ❑ 231 children including those from Particularly Vulnerable Tribal Groups (PVTGs) as well as orphan tribal children, mainstreamed to regular schools

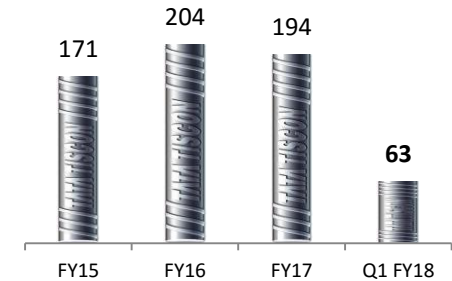
Health

- ❑ Over 98,500 cases related to primary health responded to in areas across Jharkhand and Odisha, through static and mobile clinics, and health camps
- ❑ Immunisation of over 1,300 children and Ante-Natal Check-ups (ANC) for over 2,200 pregnant women
- ❑ Launched Open Defecation Free Drive in Jharkhand's East and West Singhbhum districts; 358 domestic toilets built as part of the drive.
- ❑ Reconstructive Surgery Unit for leprosy patients opened at Jamadoba, Jharkhand, to offer pre and post-operative care.
- ❑ Promoted safe sexual health behaviour (RISHTA project) among 5,700 adolescents

Livelihood

- ❑ Over 800 farmers benefitted from agriculture and allied activities
- ❑ Fish stocking carried out in around 400 ponds in Jharkhand
- ❑ Constructed >30 irrigation structures, incl. ponds, check dams, etc
- ❑ 1,380 youth skilled in various vocational trades across locations
- ❑ Taking over of Industrial Training Institute (ITI), Jagannathpur from Government of Jharkhand in order to run it with a technical partner, Nettu Technical Training Foundation, Bangalore
- ❑ 14 local entrepreneurs in Kalinganagar being provided livelihood opportunity in collaboration with Bharatiya Yuva Shakti Trust (BYST)

CSR Spend -India (Rs. Crs)



Europe

- ❑ In Wales employees were joined by actor Martin Sheen to open a timeline of steel and slab casting
- ❑ 200 girls participated in an IJmuiden event to encourage them to work in engineering
- ❑ 2,000 children took part in Tata Kids of Steel mini-triathlons in North Wales and the Netherlands to promote health and wellbeing



Agenda



I Consolidated Financial Performance

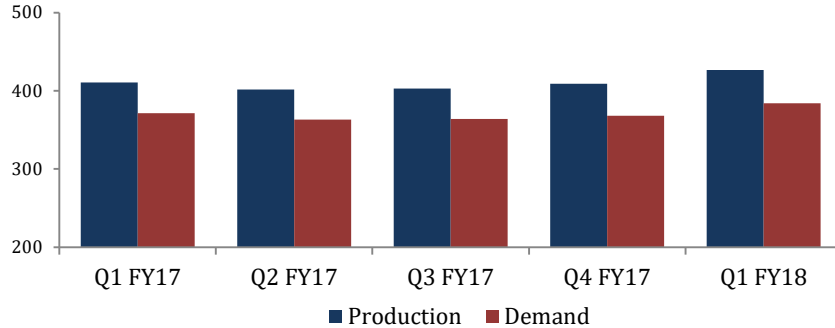
II India & SE Asia performance

III Europe performance

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Global Steel | Market update

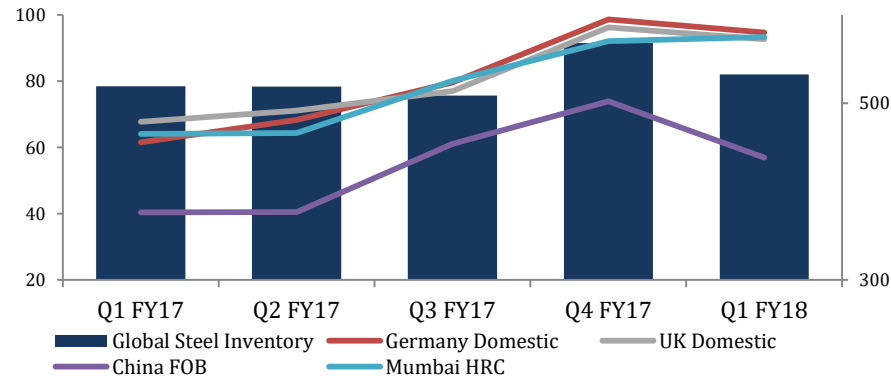
Global Steel production and Demand (in MT)



- During the quarter, global steel production grew at the rate of ~4% YoY and QoQ aided by significant growth in China

- However, demand was subdued and coupled with volatile raw material prices, led to marginal decline in global steel prices sequentially

HRC Regional Realizations (US\$/t) & Global Steel Inventory (MT)

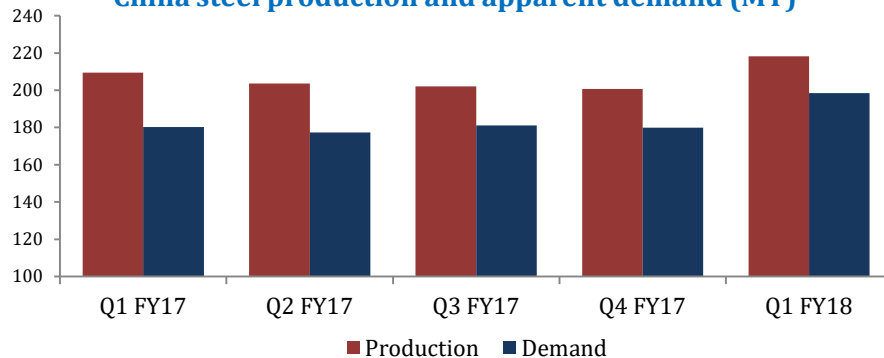


- Global economic confidence indicators continue to suggest steel demand growth aided by supportive government measures

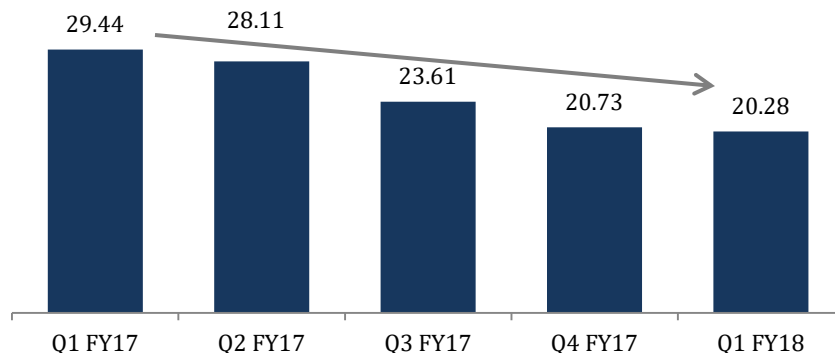
- Political and policy uncertainty is a risk to global economic recovery

Global Steel | Market update

China steel production and apparent demand (MT)



China Steel Exports (MT)



- ❑ Despite stated capacity cuts, China steel production grew at ~4% YoY and 9% QoQ in Q1 FY 2018
- ❑ However, the improved steel consumption in the past six months, increased protectionist measures, currency appreciation and tightening liquidity have limited global trade
- ❑ Chinese steel exports to the world were 20.3 mt during the quarter, down 31% YoY and 2% QoQ
- ❑ China manufacturing and Steel PMIs trended upwards in the quarter with a marginal decline in June due to seasonal factors

Highlights of the first quarter



**Deliveries of 5.83
million tonnes**

**Consolidated revenues
of Rs. 30,973 crores**

**Consolidated EBITDA
of Rs. 4,939 crores**

**Consolidated EBITDA/t
of Rs 8,480/t**

**Tata Steel Kalinganagar
continues to ramp up
smoothly**

Strategic Developments

Sale of non core divisions at Tata Steel Europe continues

Regulated Apportionment Agreement for BSPS to be finalised shortly

Transformation programme underway at TSE to improve the underlying performance

Monetisation of non core assets – Rs 3,778 crores

Supreme Court judgement on excess mining

Quarterly Financial Performance as per Ind-AS¹

Rs Crores	Consolidated			India		
	Q1 FY18	Q4 FY17	Q1 FY17	Q1 FY18	Q4 FY17	Q1 FY17
Deliveries(MT)	5.83	6.83	5.37	2.75	3.21	2.15
Turnover	30,973	35,305	25,971	14,422	17,113	10,323
Raw material cost ²	11,070	12,447	8,138	3,578	4,550	1,476
EBITDA	4,939	6,982	3,303	2,922	4,324	2,236
EBITDA/t	8,480	10,228	6,158	10,623	13,478	10,455
Pre exceptional PBT from continuing operations	2,291	4,328	1,118	1,412	2,697	1,095
Exceptional Charges	(617)	(4,069)	(168)	(617)	(442)	(155)
Loss from Discontinued operations	(12)	(451)	(3,392)	-	-	-
Reported PAT	921	(1,168)	(3,183)	506	1,415	575
Other comprehensive income	(3,542)	1,393	354	(129)	24	638
Total comprehensive income	(2,621)	225	(2,829)	377	1,439	1,214
Basic EPS(For continuing and discontinued operations)	9.04	(12.48)	(33.26)	4.77	14.12	5.48

Notes : 1. All figures on a continuing operations basis (excluding Longs Products Europe and Specialty steel UK Limited)

2. Raw material cost includes raw material consumed, changes in inventory and purchases of finished and semi-finished products

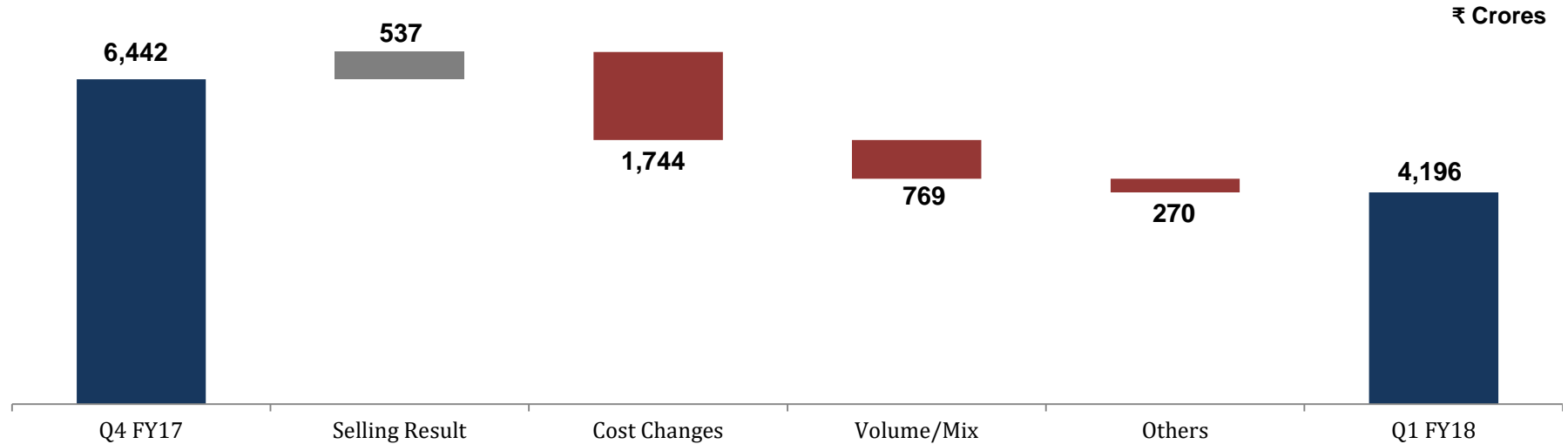
Quarterly Financial Performance as per Ind-AS¹

Rs Crores	Europe			SEA			Others & Eliminations		
	Q1 FY18	Q4 FY17	Q1 FY17	Q1 FY18	Q4 FY17	Q1 FY17	Q1 FY18	Q4 FY17	Q1 FY17
Deliveries(MT)	2.40	2.85	2.49	0.60	0.66	0.65	-	-	-
Turnover	14,079	15,244	12,665	1,995	2,275	2,020	477	674	963
Raw material cost ²	6,027	6,352	4,802	1,419	1,454	1,316	46	91	544
EBITDA	1,253	1,972	890	22	145	187	743	540	(10)
EBITDA/t	5,210	6,932	3,578	373	2,189	2,872	-	-	-

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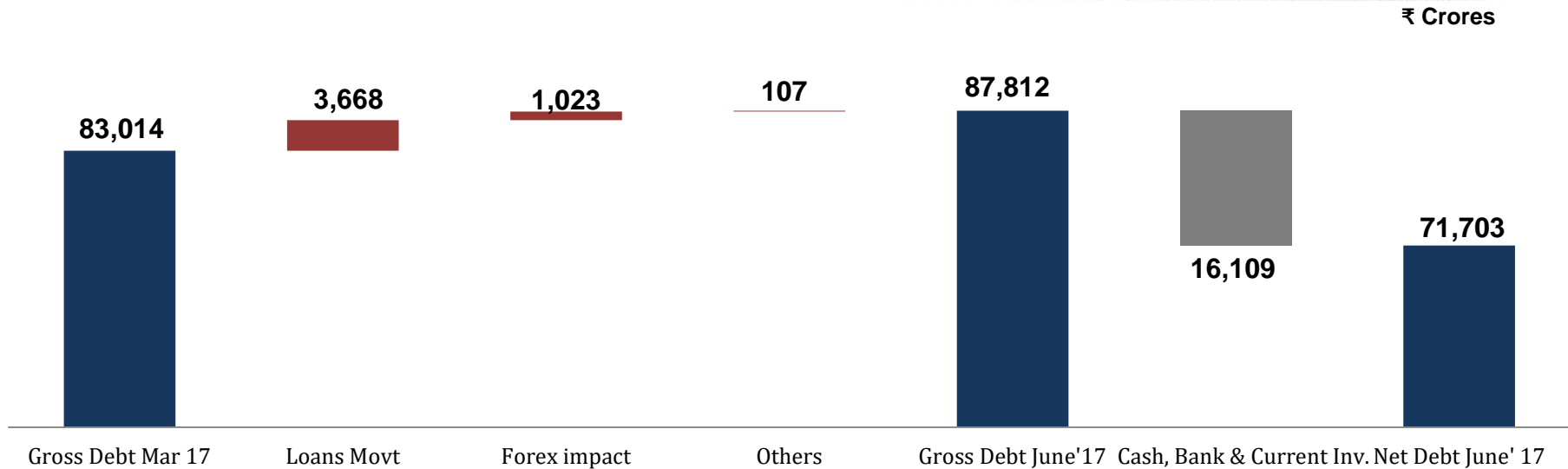
Group EBITDA Bridge Q1 FY18 Vs. Q4 FY17



Note: Consolidated EBITDA consists of EBITDA across four operating entities – TSI, TSE, NSH & TSTH

- ❑ Selling result improved due to higher realisations at Europe.
- ❑ Cost changes impacted by lower fixed cost absorption and increase in raw material prices
- ❑ Deliveries decreased across geographies.
- ❑ Decrease in others largely at India due to decline in FAMD performance.

Consolidated Debt Bridge Q1 FY18 Vs. Q4 FY17



- ❑ Gross debt increased by Rs. 4,798 crores to Rs. 87,812 crores due to FX impact, inventory build up in India as a result of GST implementation and seasonal trends in Europe
- ❑ Net debt stands at Rs. 71,703 crore due to build up in cash reserves to fund the £550m payout as a part of the BPS settlement
- ❑ Strong liquidity of Rs. 23,827 Crs including cash & cash equivalent, current investments and undrawn credit lines.

Agenda



I Consolidated Financial Performance

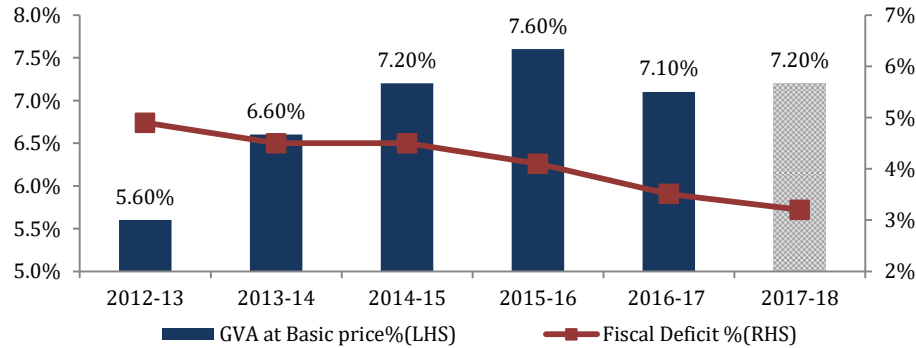
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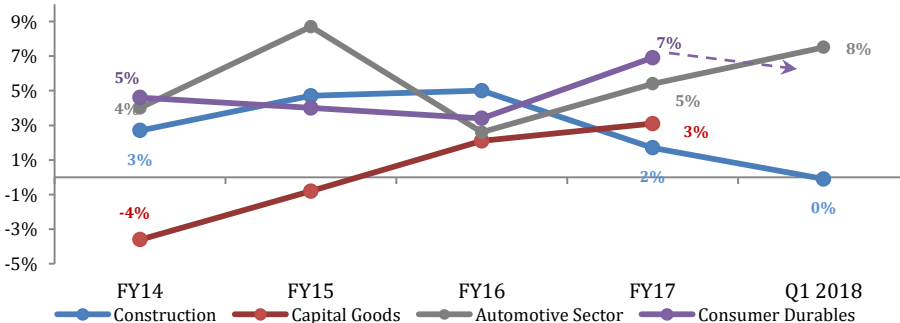
IV Appendix

India Steel | Market update

Strong GDP growth and Reducing Fiscal Deficit (%)



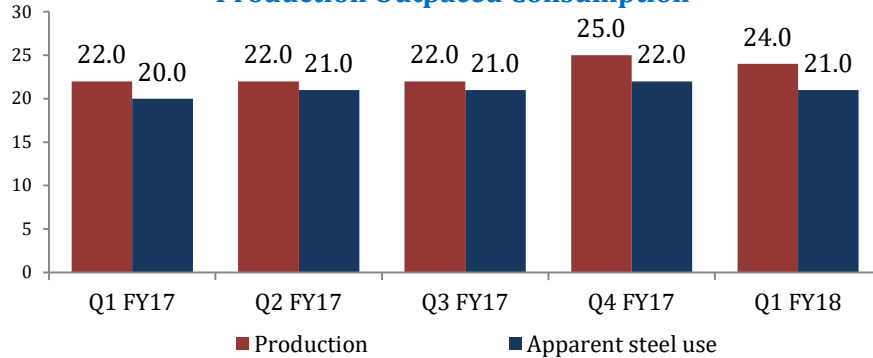
Steel Consuming Sectors (growth %)



- India's composite PMI witnessed a mixed quarter as it moderated in April, gained traction in May and had mixed activity in June
- Services sector increased to 8-month high in June due to underlying demand and offset lower activity in manufacturing sector
- During the quarter, construction and consumer durables witnessed lower growth
- While headline automotive sector grew at 8% YoY, CVs sales were down by 21%; steel consumption by auto sector declined

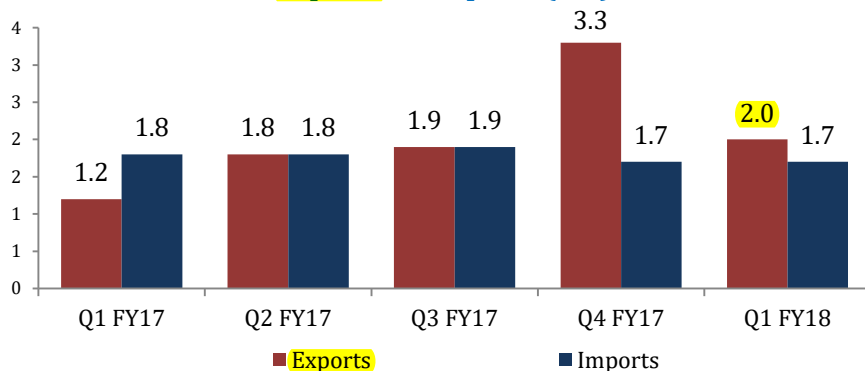
India Steel | Market update

Production Outpaced Consumption



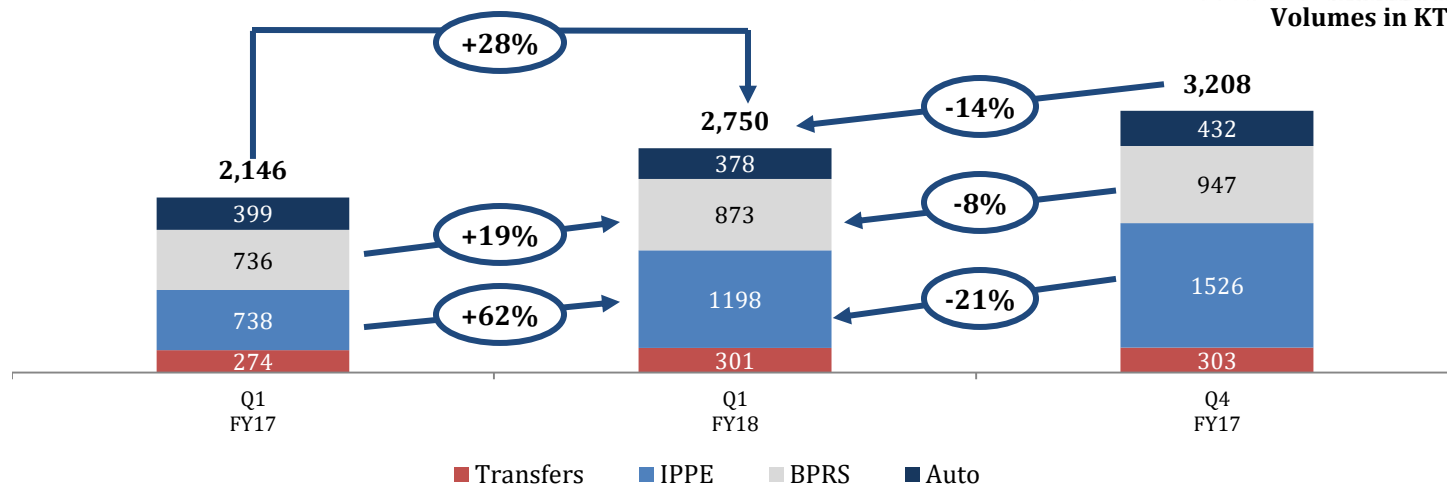
- ❑ Domestic demand declined by ~5% sequentially while production was lower by ~4%
- ❑ Domestic production grew at 7% YoY outpacing the consumption growth of 5% YoY

Exports vs. Imports (MT)



- ❑ Exports declined from 3.3mt to 2.0mt in Q1 due to subdued global environment and INR appreciation
- ❑ Domestic steel prices were under pressure due to subdued global environment and excess supply in India

Tata Steel India | Operating performance



- Sales volume was up 28% largely due to ramp up of Kalinganagar facility
- Sales volume declined by ~14% sequentially due to seasonal factors, GST and planned shutdowns
- However, on a Y-o-Y basis, Branded products & Retail solutions grew by 19% Y-o-Y. BPRS now contributes 48% of total sales
- Auto segment witnessed a marginal decline as drop in CV volumes led to decline in steel consumption by the sector

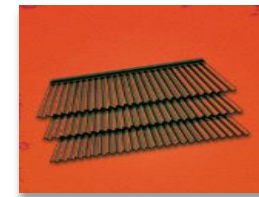
Tata Steel India | Some facts we are proud of



1 out of every **7** Individual house builders build their homes with Tata Tiscon rebars



3 among every **4** medium & heavy commercial vehicles run on chassis made from TS HR coil



1 in every **3** GC roofs in rural India is made with Tata Shaktee



1 in every **2** LPG cylinders in India is made from TS HR coil



2 out of **5** carbon steel railway wagons made in India are from Tata Steel HR coils



Nearly **every** Gillette blade worldwide contains Tata Steel chrome ore



Every **4th** stainless steel utensil in India is made from TS chrome ore



Every **2nd** 2-wheeler made in India uses wires for suspension springs from TS Global Wires



Every **3rd** borewell in India uses Tata Pipes



Every **3rd** tyre made in India uses bead wires from TS Global Wires



Every **3rd** agri hand tool comes from Tata Agrico product range



Every **2nd** major infrastructure project in India uses Tata Structura – Steel Hollow section

Pravesh – Doors of India Campaign



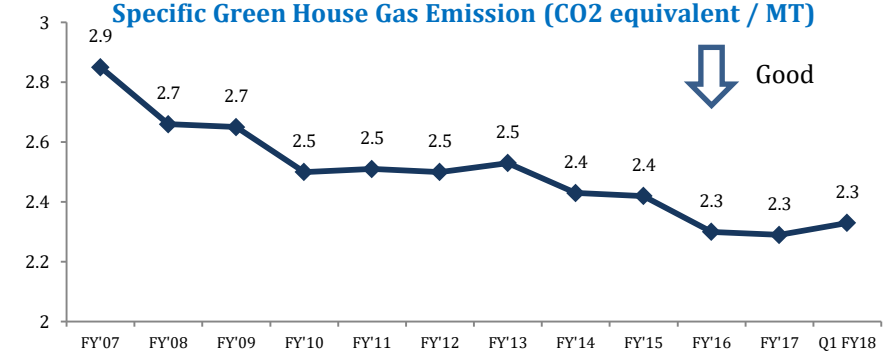
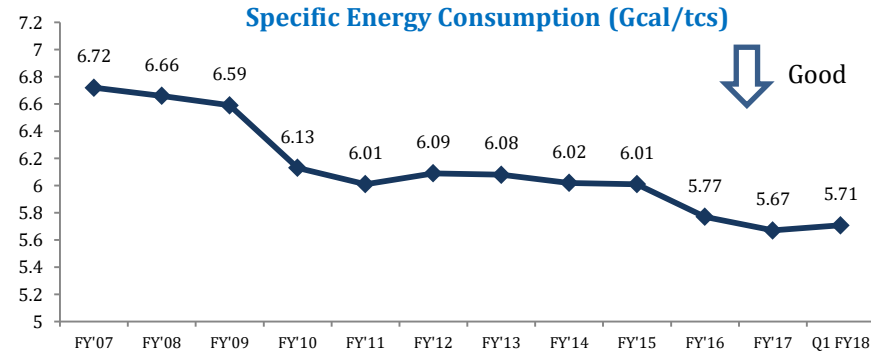
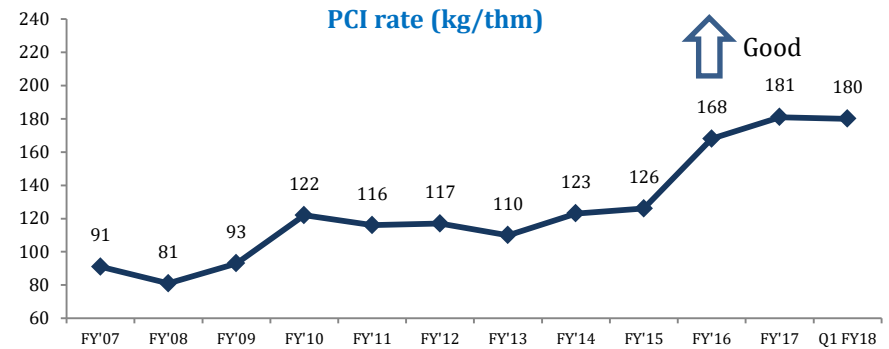
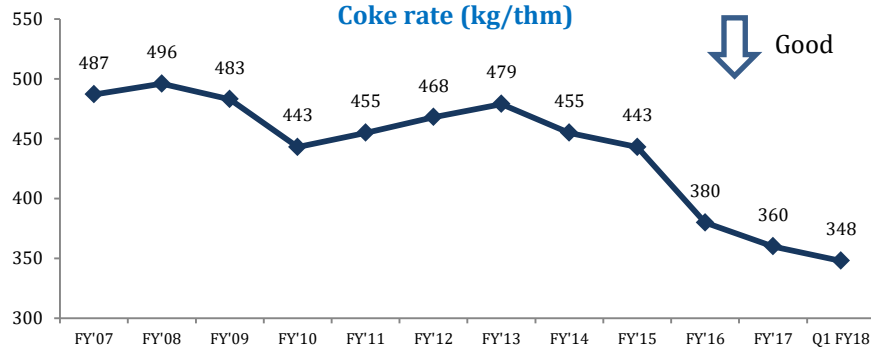
- ❑ ‘Doors of India Campaign’ launched across 46 cities to increase ‘Pravesh’ door brand essence in the market

Sampoorna - Retail Outlet



- ❑ A first-of-its-kind retail outlet ‘Tata Steel Sampoorna’ launched during the quarter, wherein all the retail brands will be available to serve rural consumers.

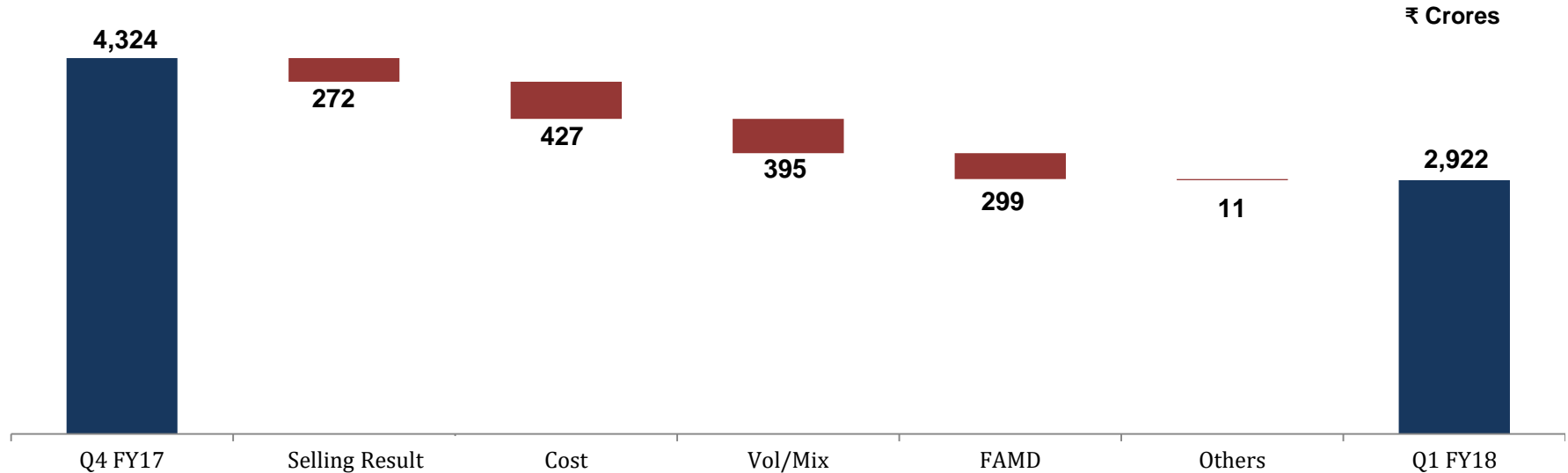
Tata Steel India | Our track record of improving operational efficiencies and minimizing environmental impact



* Figures are for Jamshedpur Operations

- ❑ Tata Steel is the Indian benchmark in Coke and PCI rates
- ❑ Achieved significant improvements in specific energy consumption
- ❑ Achieved c. 20% reduction in specific GHG emissions since FY 2007

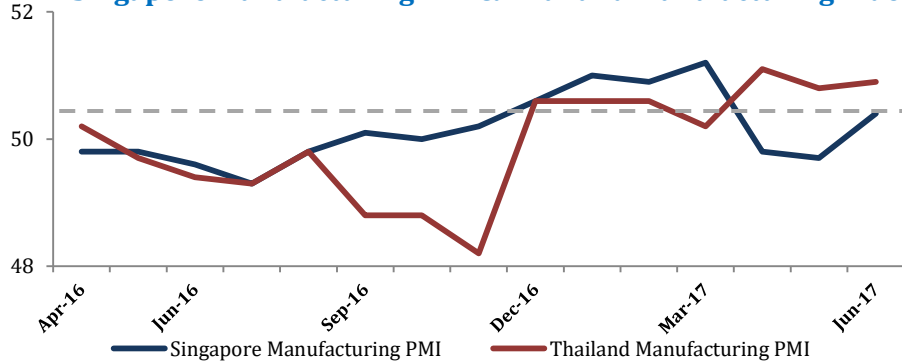
Tata Steel India | EBITDA Bridge – Q1FY18 vs. Q4FY17



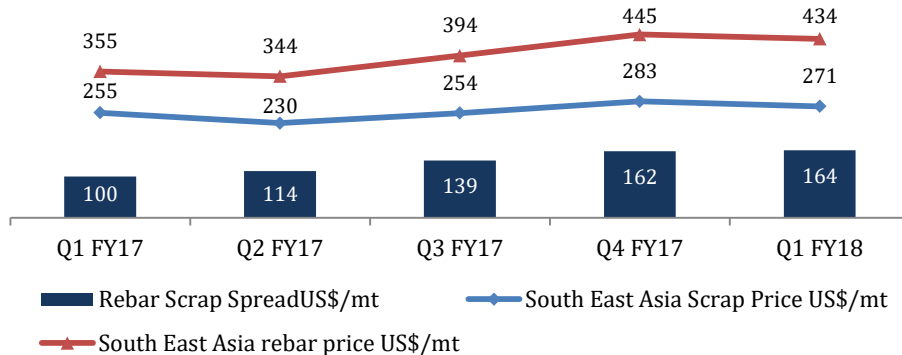
- ❑ Selling Result declined on the back of lower realisations.
- ❑ Increase in cost mainly due to lower absorption of fixed cost, higher maintenance cost and higher cost of coal
- ❑ Deliveries declined by 14% q/q.
- ❑ Decline in Ferro chrome prices impacted FAMD operating performance.

South East Asia | Market update

Singapore Manufacturing PMI & Thailand Manufacturing Index



South East Asia rebar-scrap spread (US\$/tonne)



- ❑ Spreads remained flat in US\$ terms but declined marginally in local currency terms due to forex movement
- ❑ Singapore construction sector declined by ~6% in the last quarter which led to a significant increase in competitive intensity
- ❑ Weak labour and property markets continue to pose a threat to the economic recovery and steel prices
- ❑ Thailand steel consumption declined in the absence of new projects and weaker sentiment

Tata Steel South East Asia | Operating performance

Nat Steel Holdings



- ❑ Deliveries were flat on QoQ basis and down 8% YoY basis due to weak market conditions
- ❑ Lower spreads and increased domestic competitiveness affected profitability
- ❑ Continued focus on export driven strategy

Tata Steel Thailand



- ❑ Deliveries declined by 20% qoq due to the weak construction demand.
- ❑ Decline in spreads affected profitability
- ❑ Wire rod business sustained growth momentum

India & South East Asia | Business Outlook

India Steel demand benefiting from government spending on roads, power transmission and distribution

Drop in interest rates and inflation likely to trigger a consumption cycle, rural demand is expected to recover due to higher MSP for crops , loan waivers and good monsoons

Supportive government policies in India to improve steel demand as well as reduce exposure to volatility in global steel prices.

Sluggish private investment and appreciating INR pose a risk to domestic steel prices

Weak market conditions are expected to prevail in Singapore and Thailand

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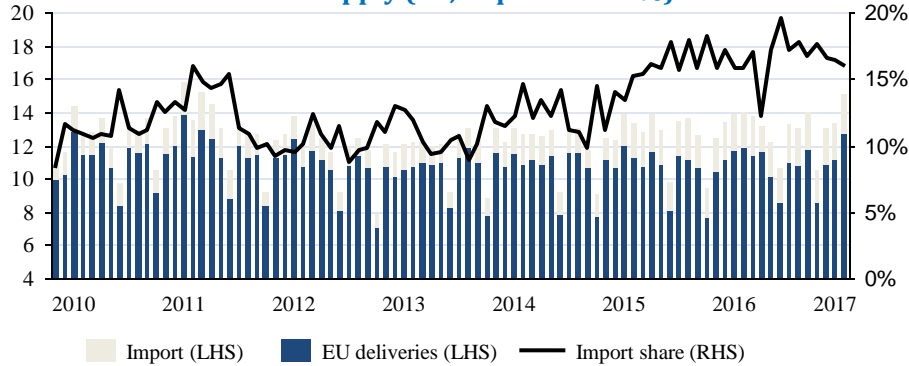
II India & SE Asia performance

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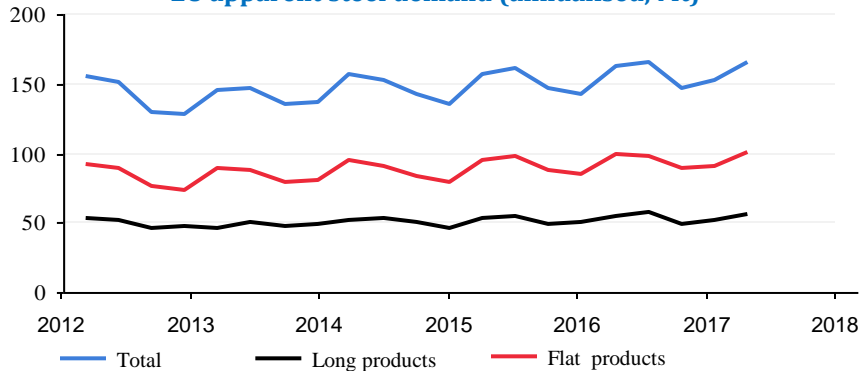
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Tata Steel Europe | Market update

EU market supply (Mt, import share %)



EU apparent steel demand (annualised, Mt)



Source: Eurostat, Eurofer

- ❑ Eurozone economy grew by 0.6% q/q in first quarter of calendar year 2017. UK economic growth slowed to 0.2% q/q as consumer spending growth decelerated to levels last seen in 2014
- ❑ EU steel demand growth was relatively strong in Q1 2017 (3.1% y/y) driven by growth in the automotive and construction sectors
- ❑ In Q1 domestic deliveries increased by 4.7% (1.6Mt) and imports rose by 4.3% (280kt). However, preliminary data shows a rise in imports over the April-May period suggesting EU mills have most likely lost market share to imports

Tata Steel Europe | Improving offering to customers



Customer-focused developments:

- ❑ New products included one which enables heavy goods vehicle trailers to be lighter and more efficient



- ❑ Continuing to work closely with customers to develop differentiated products and services they need in their markets

- ❑ Strengthened relationships with a number of key automotive customers

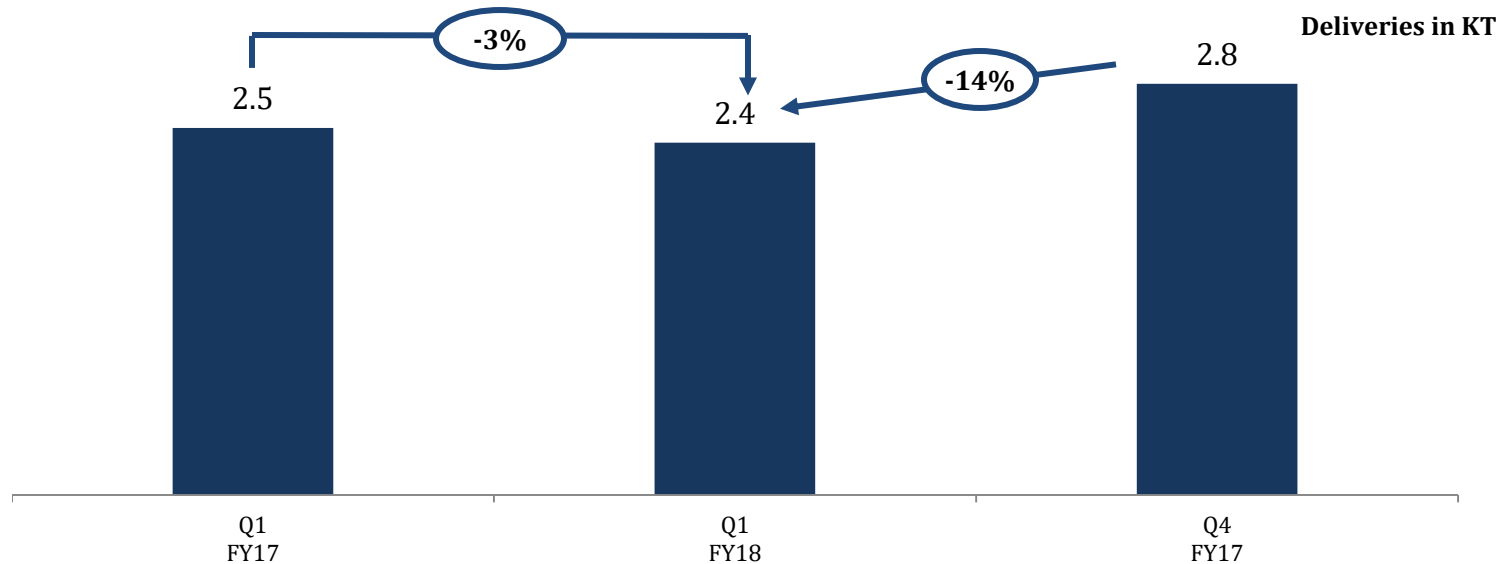


- ❑ Became number one steel supplier to a major German premium car manufacturer

- ❑ Validation of UK galvanising line's "full finish" steel products by PSA Peugeot Citroën and significant contract to supply new models

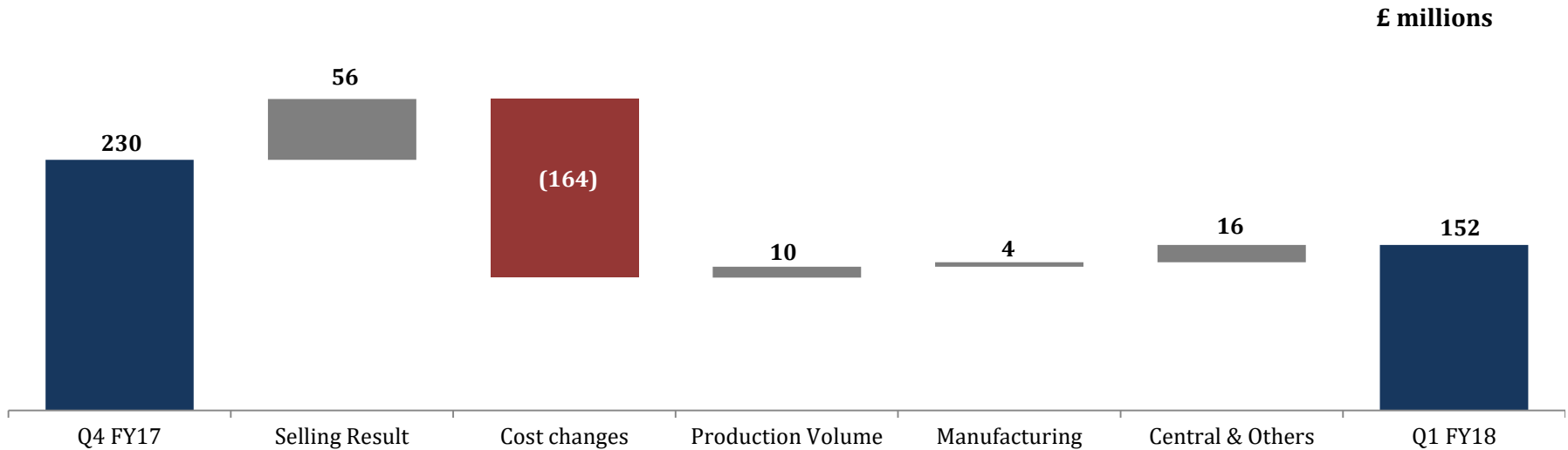


Tata Steel Europe | Operating performance



- Increase in production levels by ~7% both YoY and QoQ
- Reduction in deliveries in Q1FY18 following higher deliveries in the seasonally strong Q4
- Deliveries reduced compared to first quarter of the past year due to the finalisation of our exit from non-core markets

Tata Steel Europe | EBITDA Bridge – Q1FY18 vs. Q4FY17



- ❑ Selling Result improved due to a continued increase in selling prices
- ❑ Cost Changes have been impacted by higher raw material prices, in particular coking coal
- ❑ Production Volume and Manufacturing broadly consistent
- ❑ Central & Other improved due to one-off impairment charges in the prior quarter

Tata Steel Europe | Business Outlook



EU economy expected to grow by 2.2% in 2017. UK economy forecast to grow slower by 1.7% as higher inflation weakens consumer spending growth

European steel demand expected to grow by 1.9% in 2017 in line with modest economic growth

European steel mills expected to continue to be under pressure from imports

Increasing protectionism may lead to global trade flow distortions

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III Europe performance

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Standalone Results – Q/Q Variations

Rs Crores	Q1 FY18	Q4 FY17	Key Reasons
Gross sales	14,287	16,693	Lower volumes and prices in Steel and lower prices in Ferro chrome business
Other operating income	135	420	EPCG benefit on fulfillment of exports obligations in Q4
Changes in inventories	(905)	96	Increase in inventory due to lower sales
Purchases of finished, semis & other products	263	206	Higher cost of purchase of TMT Rebars mainly from NatSteel
Raw materials consumed	4,220	4,247	At par with previous quarter
Employee benefits expenses	1,158	1,061	Changes in actuarial estimates
Depreciation and amortisation	966	1,057	Lower time amortization charge for mines compared to previous quarter
Other expenses	5,269	5,667	Lower royalty, rates and taxes and mark to market gains in current quarter
Other income	112	47	Higher profit on sale of mutual funds
Finance cost	700	653	Increased cost on account of fresh drawl of term loan along with lower interest capitalisation in projects
Exceptional Items	(617)	(442)	Mainly due to provision for mining related litigation
Tax	289	840	In line with decreased profitability
Other comprehensive income	(129)	24	Largely attributable to changes in fair value of non current investments

Consolidated Results – Q/Q Variations

Rs Crores	Q1 FY18	Q4 FY17	Key Reasons
Gross sales	30,803	34,833	Decrease in revenue across geographies driven by lower volumes
Other operating income	170	472	Q4 included EPCG benefit on fulfillment of exports obligations in India
Changes in inventories	(1,967)	(295)	Increase at India and Europe
Purchases of finished, semis & other products	2,758	2,785	Higher external purchases at TSE
Raw materials consumed	10,279	9,958	Higher raw material prices at Europe
Employee benefits expenses	4,304	4,217	Marginal increase at India due to changes in actuarial estimates
Depreciation and amortisation	1,501	1,589	Q4 included a one time charge in India
Other expenses	9,209	10,207	Decline due to seasonal factors
Other income	155	152	At par with previous quarter
Finance cost	1,344	1,263	Increase mainly in India and Europe
Exceptional Items	(617)	(4,069)	Mainly in India
Tax	741	976	Lower primarily in India
Other comprehensive income	(3,542)	1,393	Mainly due to re-measurement loss and forex loss

* Above figures are of continuous operations

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