

August 13, 2013

Results Presentation

First Quarter Ended 30th June 2013

Disclaimer

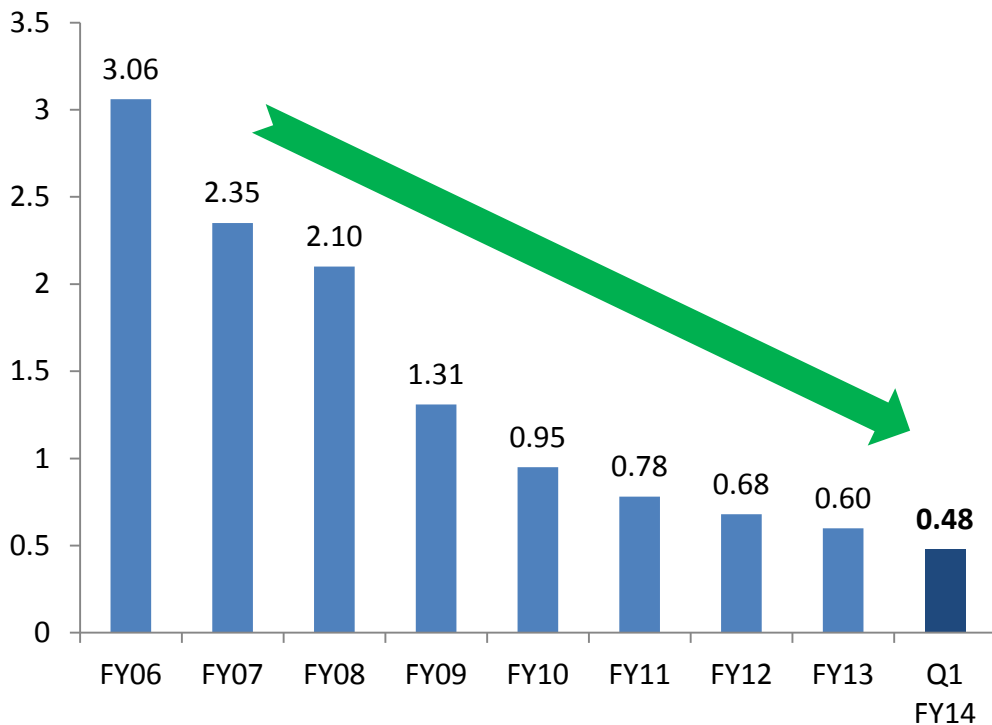


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Tata Steel Group – Health and Safety



Lost Time Injury Frequency (LTIF)



- Reduction continues in lost time injuries with Q1 FY14 performance 20% better than FY13
- Robust review of fatality prevention practices and deployment following recent incidents
- Implementation of common H&S management system across Tata Steel Group is progressing well.
- Worldsteel recognition award for Health programmes in Tata Steel Europe

Agenda



Global Business Environment

Consolidated Highlights

Performance of Indian and South East Asian Operations

Performance of European Operations

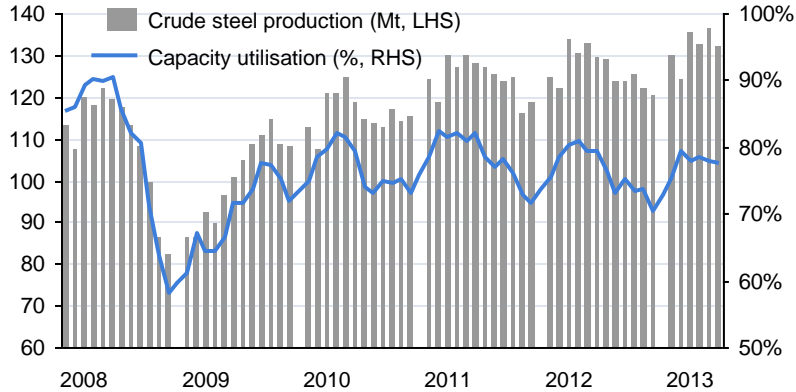
Group Financial Performance

Key Developments

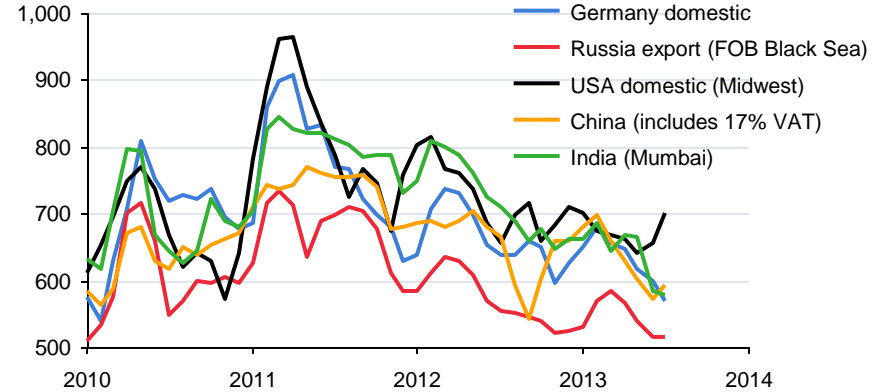
Steel market developments



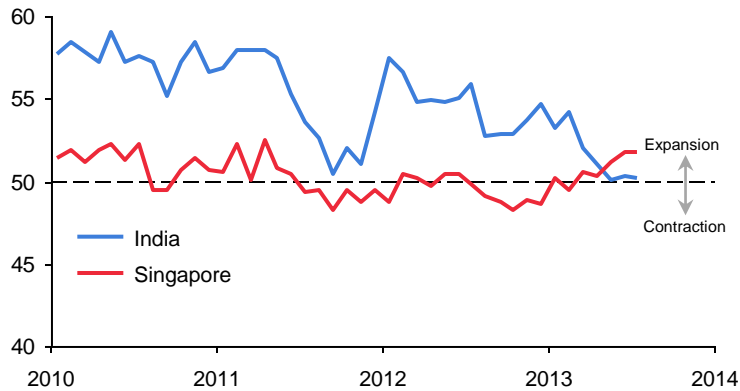
Global crude steel production & capacity utilisation



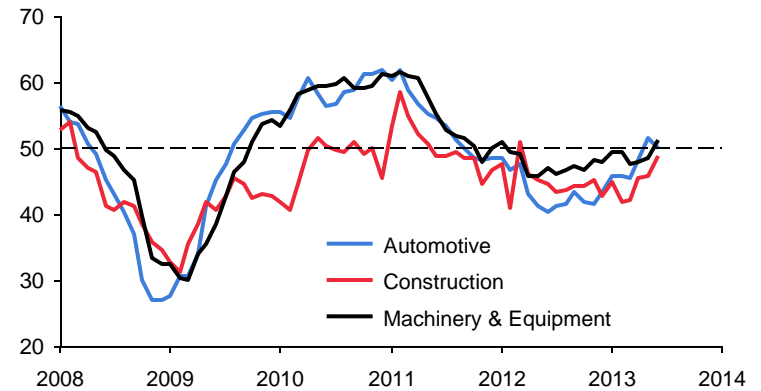
HRC spot price (US\$/tonne)



PMI's for India and SEA countries



PMI's for main steel using sectors in EU



Source: World Steel Association, TSE strategy, CRU, Markit,

Slowdown in EU apparent steel demand expected to continue in 2013 although some indicators have improved in recent times. India and Singapore continues to grow albeit at a slower pace.

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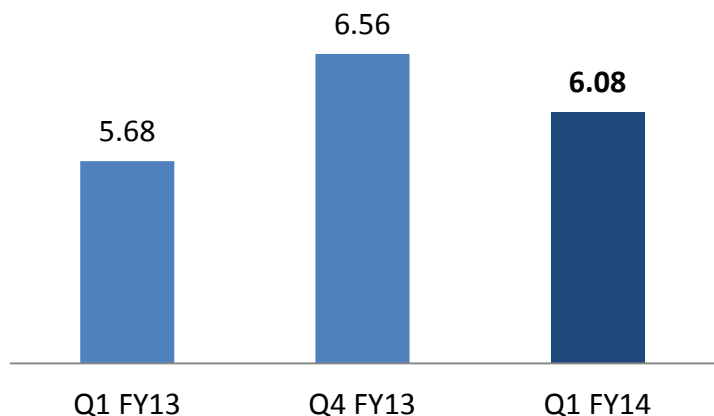
Group Financial Highlights

First Quarter Ended 30th June, 2013



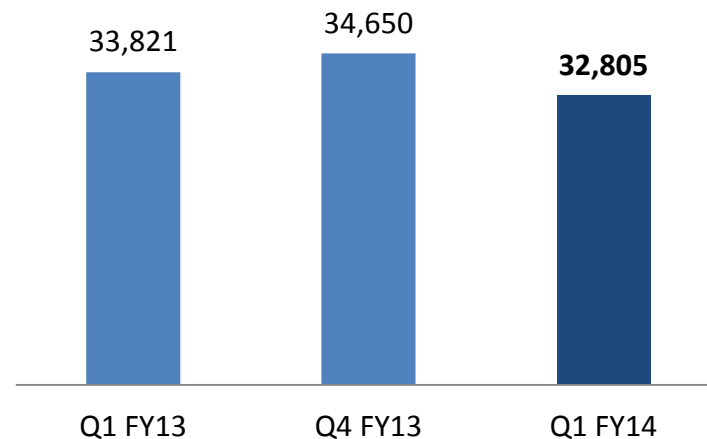
Deliveries

Mn T



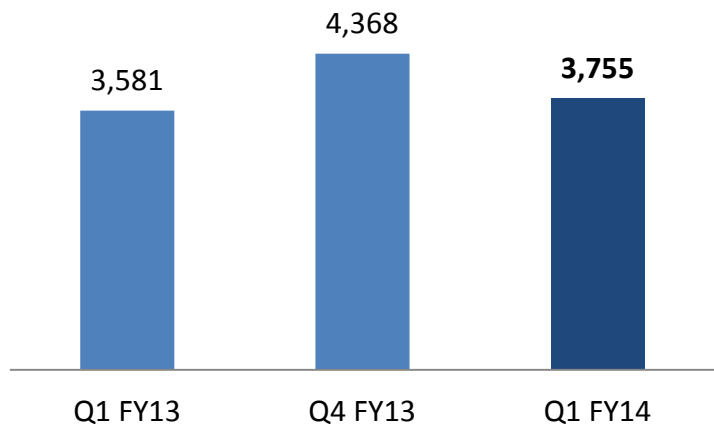
Turnover

Rs. Crore



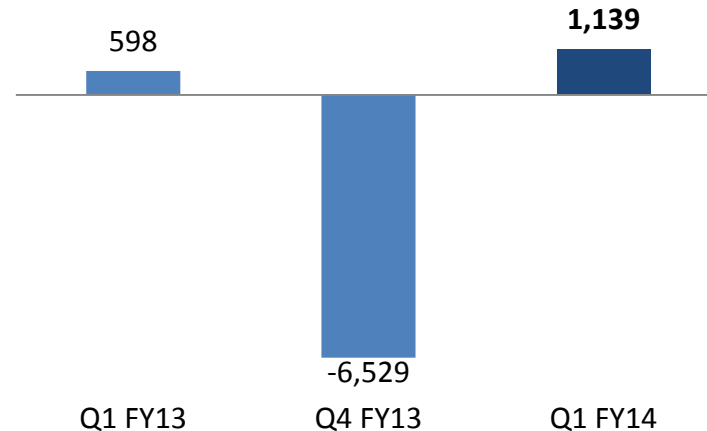
EBITDA

Rs. Crore



PAT*

Rs. Crore



Key Drivers

First Quarter Ended 30th June, 2013



India

- Volume increase even in a soft demand environment
- Net realisation improved over the last quarter
- Sequential improvement in underlying EBITDA/t
- Stable deliveries to target customer segments

Europe

- Average revenue improved on a sequential basis
- Positive momentum in EBITDA maintained – EBITDA higher than the comparable quarters
- Operations are on a much stronger footing post upgrades to the production facilities

South East Asia

- Planned shutdowns in Singapore affected production
- Scrap-Rebar spread narrowed especially in Singapore, China and Thailand affecting profitability

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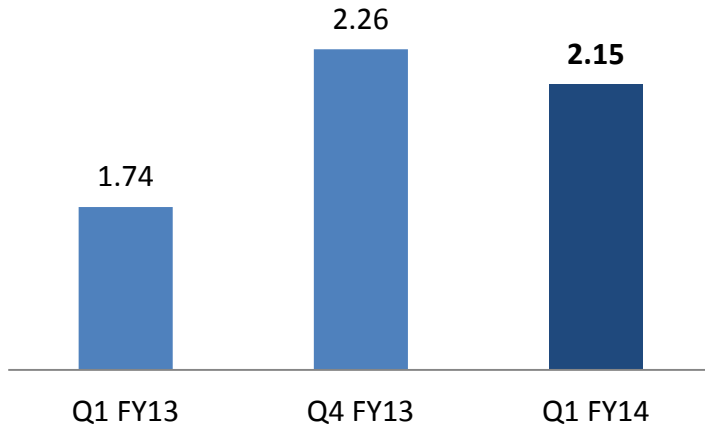
Performance of Tata Steel India

First Quarter Ended 30th June, 2013



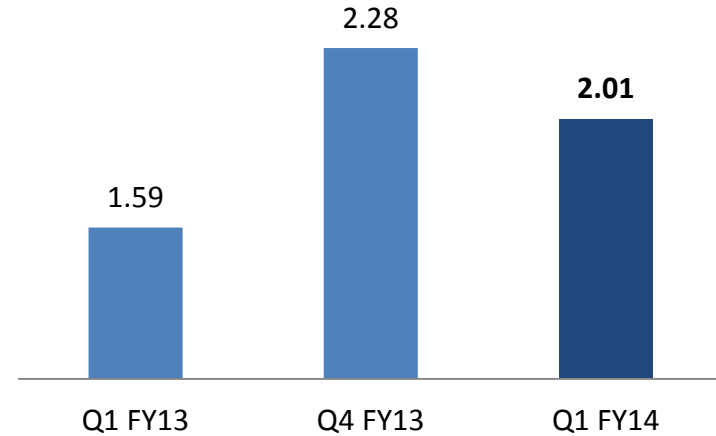
Production

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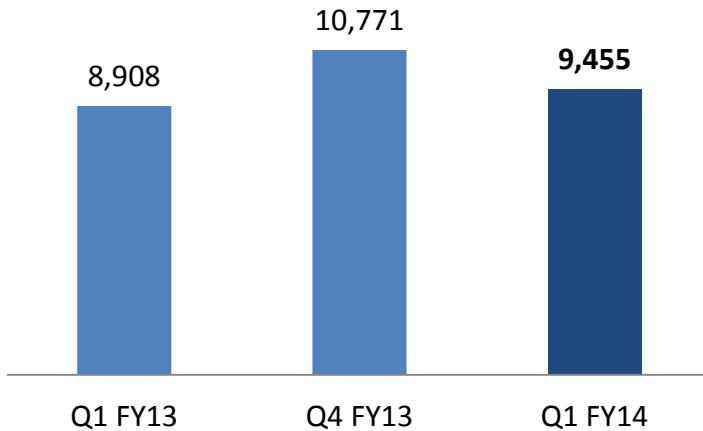
Deliveries

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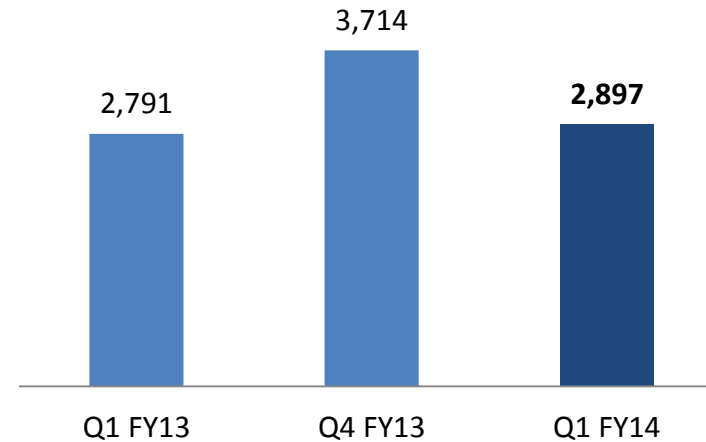
Turnover

Rs. Crore



EBITDA

Rs. Crore

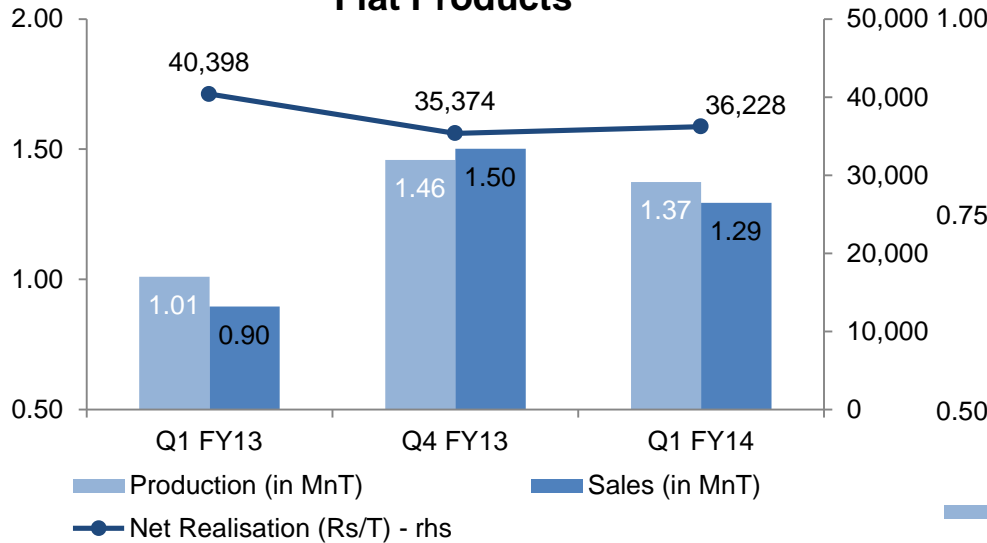


Performance of Tata Steel India

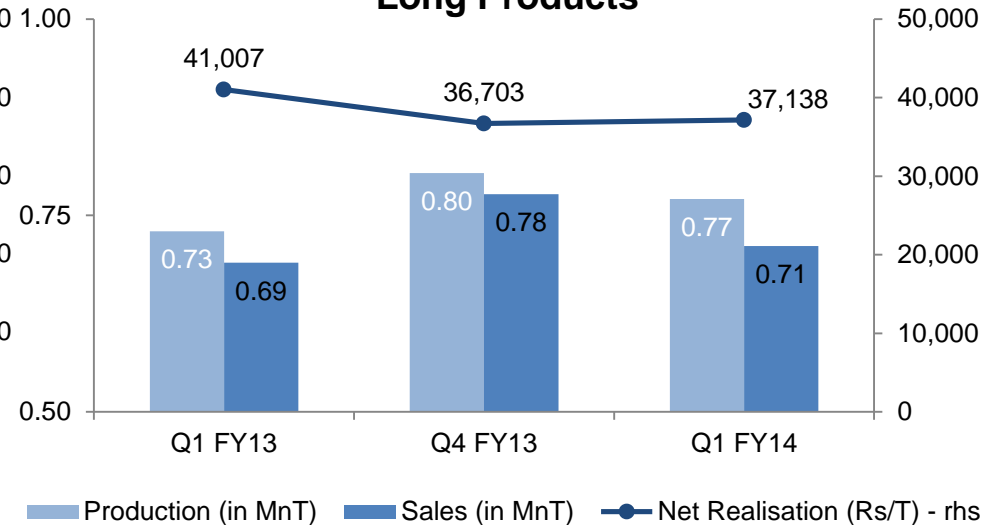
Longs, Flats and FAMD



Flat Products

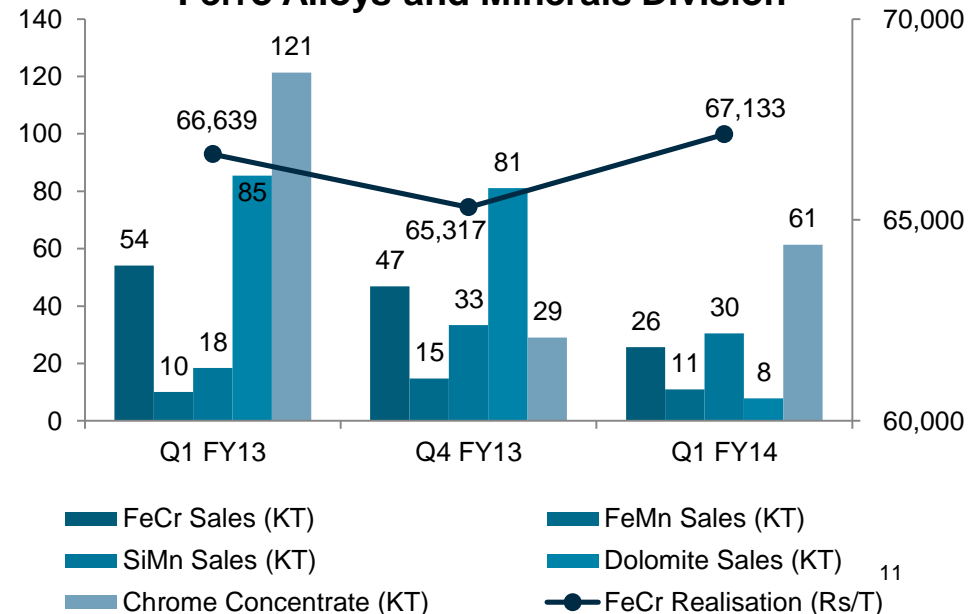


Long Products



- Realisation increased sequentially across product categories
- FP sales volume increased by 45% y/y – value added products sales increased by 15%
- LP sales volume increased by 3% y/y – sales through distribution channels up by 6% and significant increase in sale of value added services
- FAMD operations gradually coming back to normal

Ferro Alloys and Minerals Division



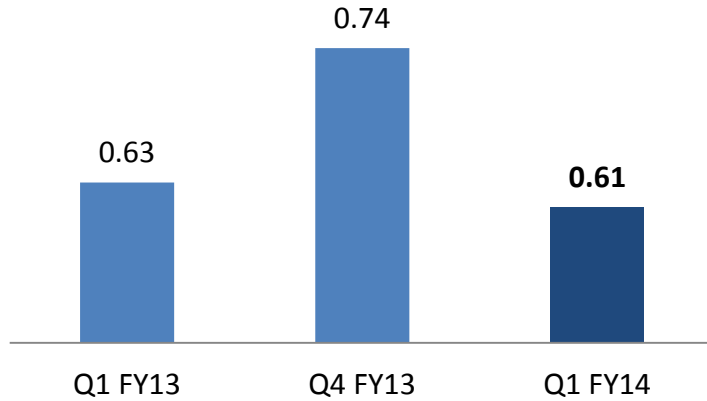
Performance of South East Asia

First Quarter Ended 30th June, 2013



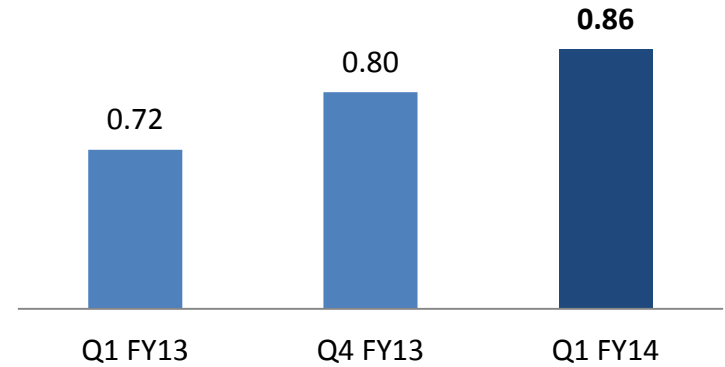
Production

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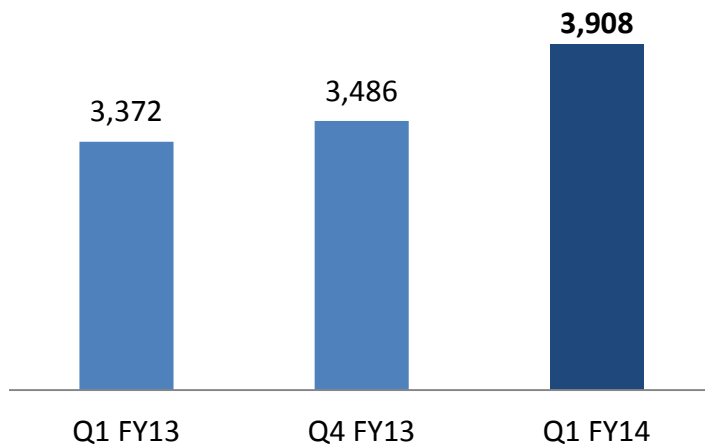
Deliveries

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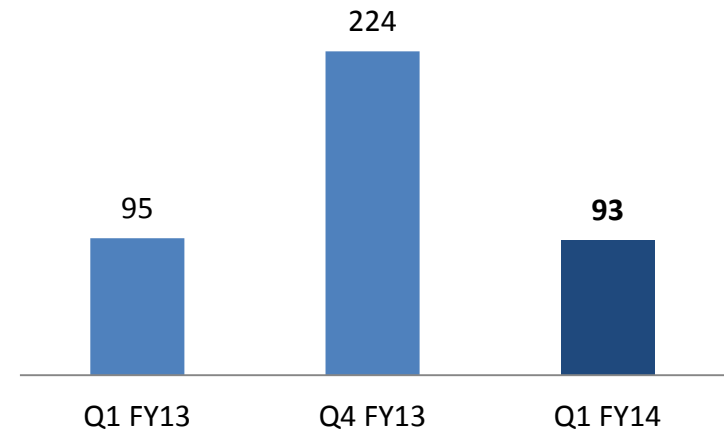
Turnover

Rs. Crore

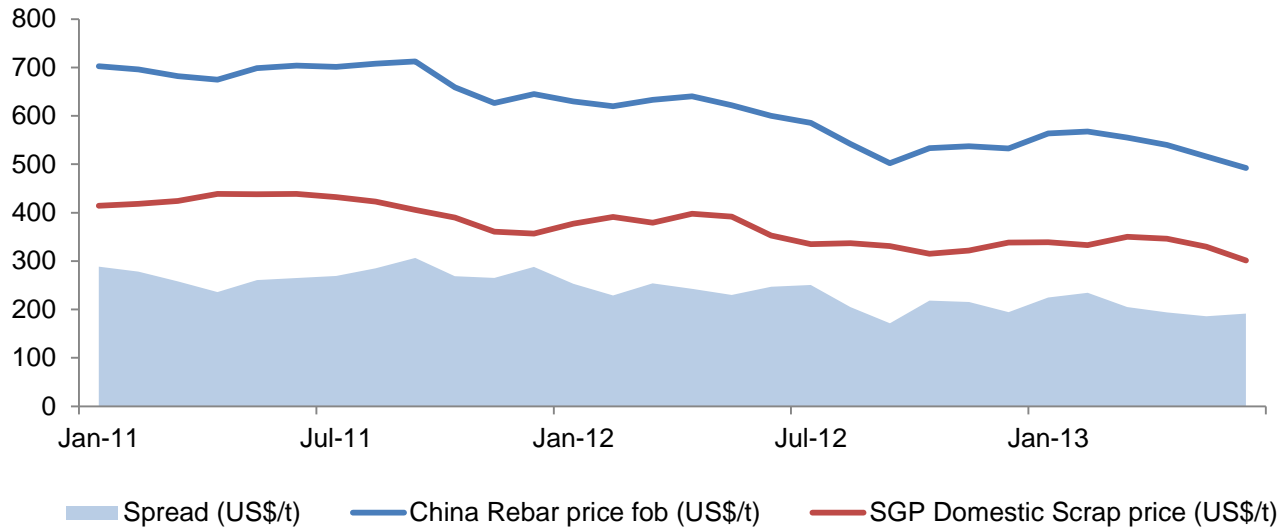


EBITDA

Rs. Crore



Spread between rebar and scrap prices deteriorated by US\$30/t Q/Q



- Singapore Operations took a planned shutdown to upgrade its Electric Arc Furnace. The revamped furnace should enable the operations to lower power costs further. The operations have resumed in Aug'13.
- Our operations in China have been ramped up to run rate of 1mtpa
- EBITDA margins were affected due to a sharp drop in steel prices and resultant narrowing of spread

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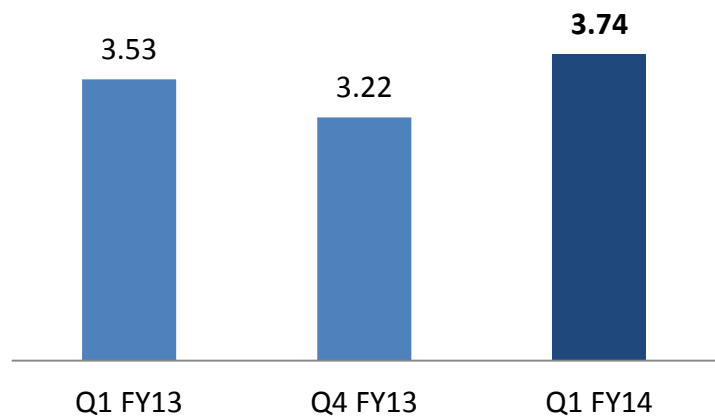
Performance of Tata Steel Europe

First Quarter Ended 30th June, 2013



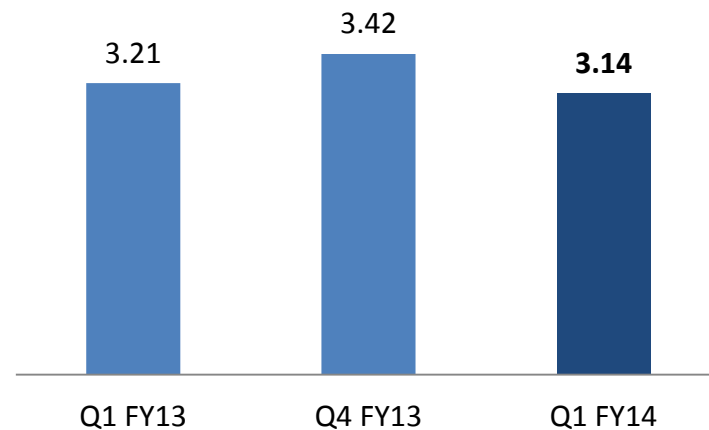
Production

Mn T



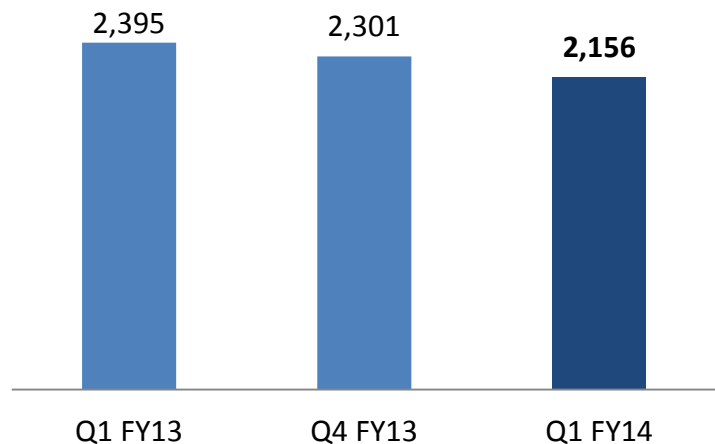
Deliveries

Mn T



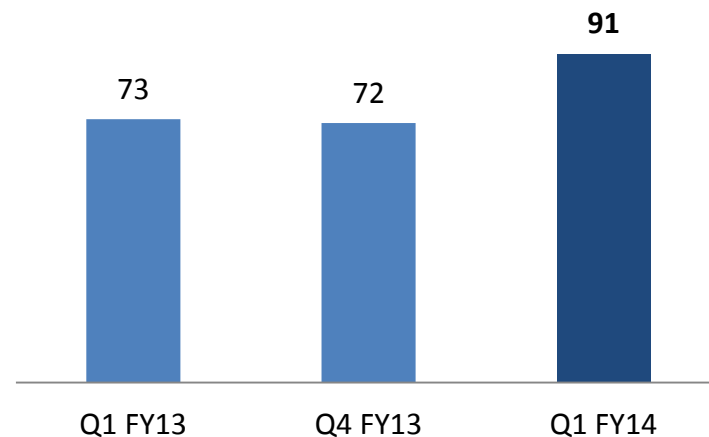
Turnover

GBP mn



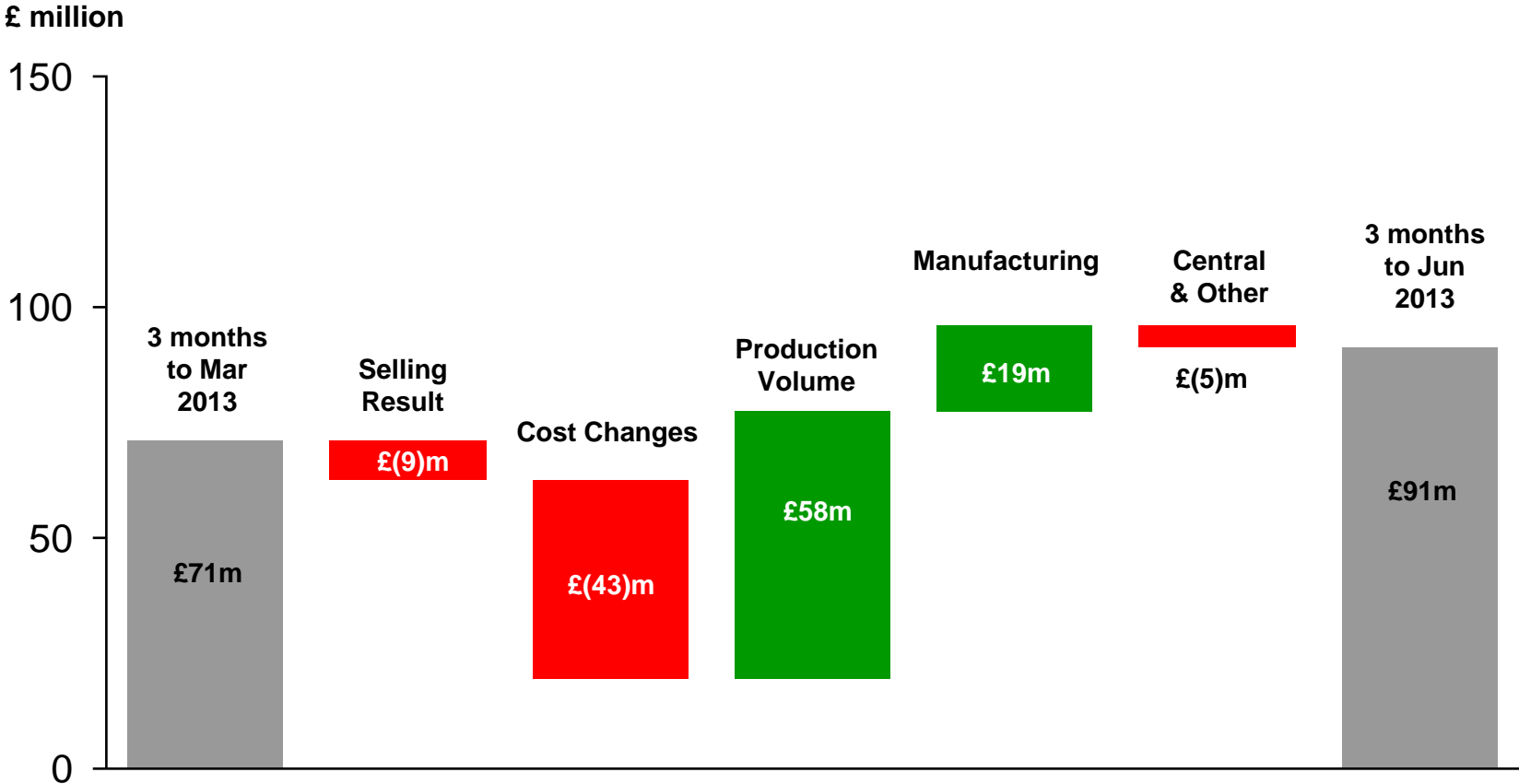
EBITDA

GBP mn



European operations

EBITDA bridge Q1 FY2014 vs. Q4 FY2013





Improved Production Performance

- Highest quarterly steel production in two years
 - BF4 in Port Talbot now fully operational
 - Successful maintenance of BF7 in IJmuiden in Q4

Differentiated Products Strategy

- Ratio of differentiated products increased by 5% in Q1 alone
- Upgraded corrosion-resistant coating line improves and expands range of high-value automotive steels
 - Capacity also increased by c.25% to 0.5 mtpa
- Long-term agreement to supply aerospace steels to Safran Group and delivery of 1 millionth tonne from enhanced rail facilities

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Group Financial Performance – Q1 FY14



Figures in Rs. Crore unless specified

	Q1 FY14				Q1 FY13
	Tata Steel India	Tata Steel Europe	SE Asia	Others	Tata Steel Group
Deliveries (Mn T)	2.00	3.14	0.86		6.08
Turnover	9,455	18,432	3,908	1,010	32,805
EBITDA	2,897	777	93	(11)	3,755
EBITDA Margin (%)	31%	4%	2%		11%
EBITDA/tonne (Rs.)	14,450	2,473	1,081		6,177
					Q1 FY14
Profit Before Tax					1,494
Profit After Tax, Minority Interest and Associates' Income *					1,139
					Q1 FY13
					1,416
					598

* PAT for Q1 FY14 includes exceptional gains of Rs.18 crores

Standalone Results – QoQ Variations



All figures in Rs. Crore

Particulars	Q1 FY14	Q4 FY13	Key Reasons
Net sales	9,363	10,603	Decrease in sales due to seasonal decline in volumes, partly compensated by increase in realisation
Other operating income	92	168	Q4 included non-recurring service income
Changes in inventories	(329)	576	Seasonal inventory build up post higher deliveries in the last quarter
Purchases of finished, semis & other products	143	118	Increase due to import of rebar from NatSteel; partly offset by lower purchases at Growth Shop.
Raw materials consumed	2,306	2,419	Reduction due to lower cost of imported coal and lower cost and consumption of purchased coke
Employee benefits expenses	1,003	1,029	Reduction due to differential impact of retiral provisions from decreases in discount rates
Purchase of power	653	561	Increase in power costs for own use and for resale (regulated recovery rates) and absence of the one-off credit included in the previous quarter
Freight and handling	635	699	Decrease due to lower despatches and change in destination mix
Depreciation and amortisation	460	461	Depreciation was at par with the last quarter
Other expenses	2,212	2,064	Increase due to higher forex losses, higher consumption of stores & spares; partly offset by reduced conversion charges and reduction in royalty
Other income	144	475	Gain on cancellation of forward covers and sale of current investments in Q1 vs. dividend income received from Kalimati in Q4
Finance costs	466	459	Small increase due to increase in interest on loans, offset in part by capitalisation of interest
Exceptional items	Nil	(684)	Impairment provision for TSKZN in Q4

Consolidated Results – QoQ Variations

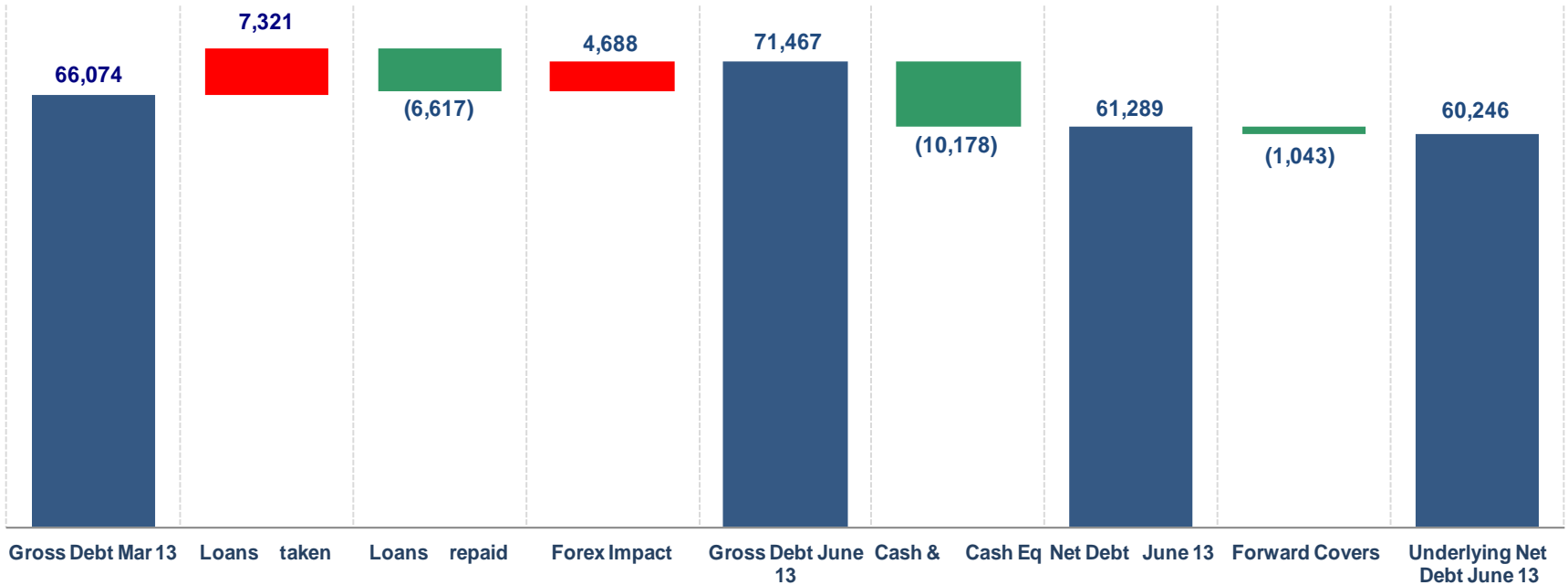


All figures in Rs. Crore **TATA**

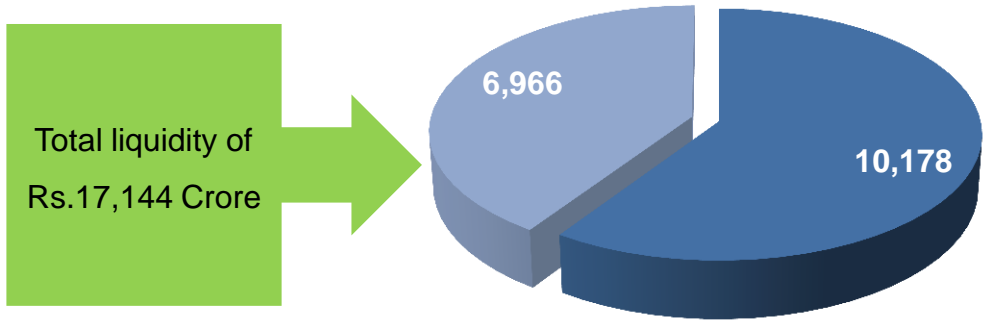
Particulars	Q1 FY14	Q4 FY13	Key Reasons
Net sales	32,550	34,180	Decrease due to lower deliveries partly compensated by higher realisation in both India and Europe
Other operating income	255	470	Decrease in India and lower electricity buyback by ESKOM
Changes in inventories	(1,466)	2,624	Seasonal inventory build up post higher deliveries in the last quarter
Purchases of finished, semis & other products	4,204	3,689	Increase mainly due to higher purchases by NatSteel during plant upgrade; partially offset by lower purchases at Europe
Raw materials consumed	10,441	8,755	Increase due to higher production in Europe (due to restart of BF4 in last quarter) and higher raw material prices
Employee benefits expenses	4,791	4,853	Decrease mainly in India and credit from pension curtailment of outgoing employees in Europe partially offset by exchange rate impact
Purchase of power	1,463	1,347	Increased in India and increase in Europe is due to higher production
Freight and handling	1,985	2,031	Decrease due to lower despatches
Depreciation and amortisation	1,403	1,470	Decrease in Europe and Thailand mainly due to impairment charges taken in Q4
Other expenses	7,698	6,982	Increase in India and increase Europe is mainly due to exchange impact.
Other income	184	(68)	Increase mainly in India
Finance costs	992	995	Broadly unchanged
Exceptional items	18	(7,413)	Impairment provisions in the last quarter
Tax	351	1,102	Decrease in India and tax credit in Europe relating to deferred taxes, compared to a charge in Q4

Net Debt Movement and Liquidity Position

Net debt movement



Liquidity position (Rs. Crore)



Capex incurred in Q1 FY14:
Rs.3,764 Crores

Pensions Management – European Operations

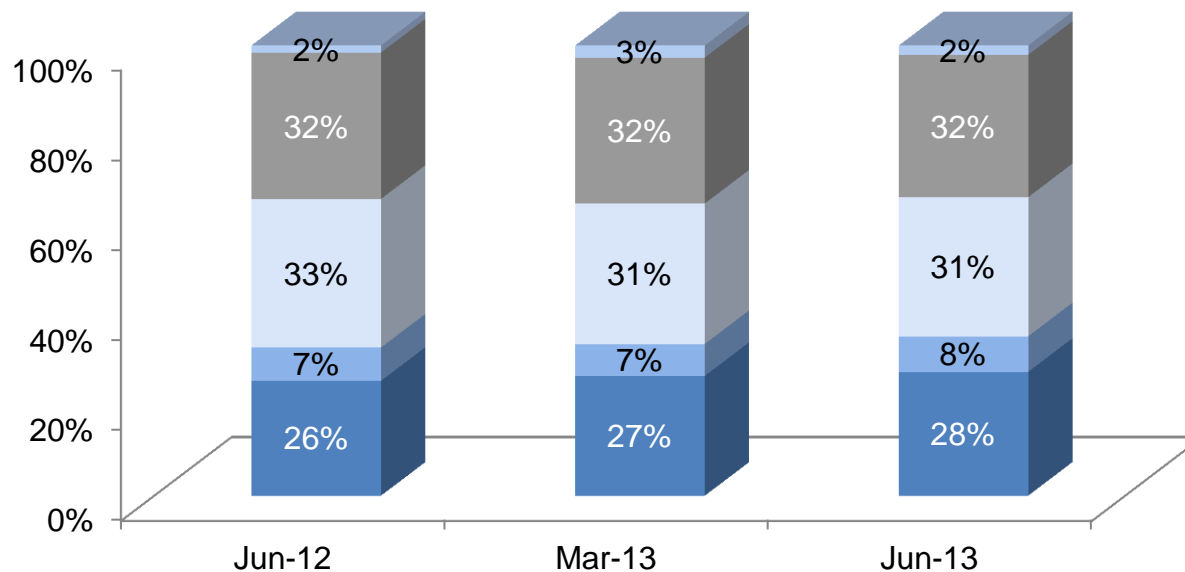


Figures in GBP mn

	Jun-12	Mar-13	Jun-13
Total Scheme Retirement Benefit Assets	16,891	18,674	18,010
Total Scheme Retirement Benefit Liabilities	(16,853)	(18,391)	(17,582)
Net Pension Surplus (BSPS &SPH)	38	283	428

Pension Asset Composition – BSPS

GBP mn



■ Equity Securities ■ Real estate/property ■ Corporate bonds ■ Gilts ■ Cash

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Project work in progress at Odisha site



- Civil work, structural fabrication and structural erection work on schedule
- Rs.9,500 spent to date with Rs.2,000 crores spent in Q1
- Organised mobile health dispensary - 1895 patients served

Benga Project, Mozambique

- About 0.3mt of hard coking coal shipped YTD 2013
- Severe monsoons have disrupted shipments in the first half
 - Coking coal volume of about 900kt is expected in 2013
- Phase II expansion delayed pending more clarity on rail and port capacity enhancements

Direct Shipping Ore Project, Canada

- Plan for 1mt of iron ore in FY14, to be ramped up to over 3 mt in FY15
- Key permits, approvals and environmental clearances obtained and construction is underway
- Port arrangements in place for 2013-14 – first despatch through train achieved on 10 July 2013

India:

- Market conditions have become more difficult than they were at the beginning of the year
- Auto sector challenges continue along with the seasonal weakness in construction
- Long products will be undergoing a sixty day planned shutdown from September
- Rupee depreciation is cushioning the downward pressure on domestic prices

Europe:

- European steel demand expected to be -3.1% y/y in 2013; quiet summer months expected again with demand strengthening from Q3 into 2014 (+1.8 y/y in 2014)
- Continued focus on business performance improvements: delivering differentiated products and services, capitalising on operating platform and rigorously managing costs

South East Asia:

- Construction outlook remains positive in the region
- Imports from China is putting pressure on the domestic manufacturers



Thank You

Contact Information



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