



TATA STEEL

 We Also Make Tomorrow

Results Presentation

Financial quarter and year ended March 31, 2019

April 25, 2019



Safe harbor statement

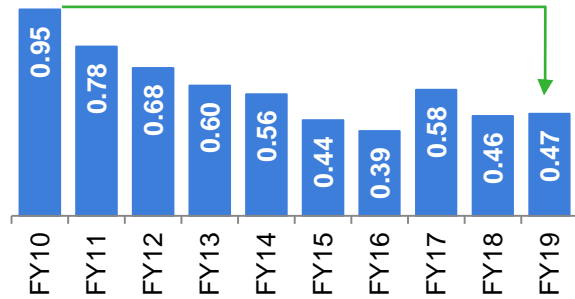
Statements in this presentation describing the Company's performance may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those directly or indirectly expressed, inferred or implied. Important factors that could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

Committed towards excellence in Safety, Health & Sustainability



SAFETY

- Launched safety campaign to reduce contractor related injuries – ‘Zero Harm to Contractor Employees’
- Organized and shared 230 best practices across location for horizontal deployment for process safety exposition



49%

Reduction in LTIFR¹ in last 10 years



HEALTH

- Covered ~**7,000** employees in refreshers training on first aid & CPR to improve competency
- Improved Health Index² by **1.2%** in FY19 vs FY18
- Completed comprehensive workplace ergonomics assessment in **3** departments
- Implemented **10** Ergo control projects

56%

High risk cases³ transformed into moderate/low risk till date



SUSTAINABILITY

- Featured among top **7** integrated steel companies globally in CDP 2018
- Reduction in ‘Specific Dust Emission’ and ‘Specific Water Consumption’ at TSJ by **63%** and **40%**, respectively, since FY13
- Reduction in ‘CO₂ Emission Intensity’ at TSI by **7.54%** since FY13

100%

LD Slag Utilization in FY19

1. LTIFR: Lost Time Injury Frequency Rate per million man hours worked; TSJ: Tata Steel Jamshedpur; TSK: Tata Steel Kalinganagar; TSI: Tata Steel India (TSJ + TSK); CPR : Cardiopulmonary Resuscitation 2. Health Index measurement based on BMI, cholesterol, blood pressure and sugar 3. High risk cases across Tata Steel India as per the health index, CDP: Climate Disclosure Project

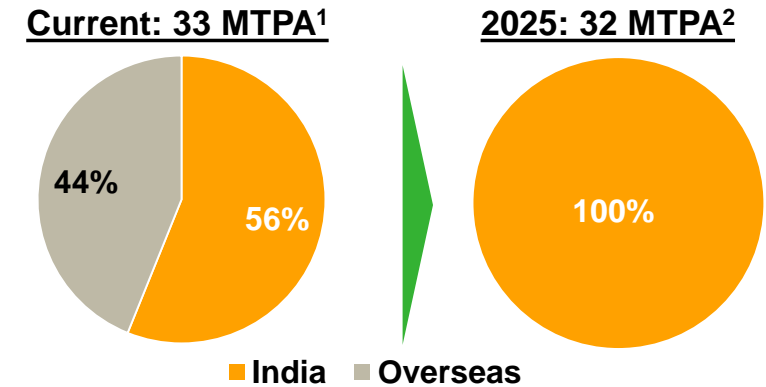
A compelling investment case

Strong foundation in India

- Strong and 'best in class' assets – Jamshedpur, Kalinganagar and Angul
- Indian operations are at globally competitive cost position

Reshaping Tata Steel

- Focus on Indian markets – best positioned to leverage India growth story
- Expansion of Kalinganagar by 5MTPA and ramping-up of Tata Steel BSL
- Growing downstream and long steel portfolio
- Carve-out of Europe business into tk-TSE JV
- Divestment of Tata Steel South East Asia Operation and other non-core assets



Financial health

- Diversified investor base
- Well spread debt maturity profile
- Demonstrated access to capital across domestic and international banks and capital markets

Increasing resilience to manage downside risks and create value across the cycles

Deleveraging

- Divestment/ monetization proceeds to be used for deleveraging
- Focus on enhancing internal cash generation through continued pursuit of operational excellence to drive efficiency and productivity
- Enabling growth without increasing leverage

1. India includes Tata Steel Standalone (13 MTPA) and Bhushan Steel (5.6 MTPA), 2. Post divestment of SEA operating entities, deconsolidation of Tata Steel operations and increase in India capacity to 30 MTPA by 2025 through organic and inorganic routes

Key performance highlights and updates

4QFY19 – key performance indicators

- Indian operations contributed 63% out of consolidated deliveries of 7.52 mn tons
- India domestic sales grew by 12% QoQ
- Consolidated ex TSE adjusted EBITDA of Rs.6,129 crores, EBITDA margin of 20.3%, EBITDA per ton of Rs.12,393/t
- Consolidated adjusted EBITDA of Rs.30,734 crores and reported PAT of Rs.9,098 crores in FY19

Divestment/ monetization

- Phase II review of the merger proposal for tkTSE JV is underway, expect review to complete in Jun'19
- SEA operating entities have been classified as “Assets held for sale”; divestment is on track

Deleveraging is on track

Increasing India footprint

- Kalinganagar 5MTPA Phase II expansion is on track
- Tata Steel BSL – Merger to accelerate synergies and consolidation
- UML’s steel business acquisition completed in April 2019 – expanding attractive long portfolio

Deleveraging

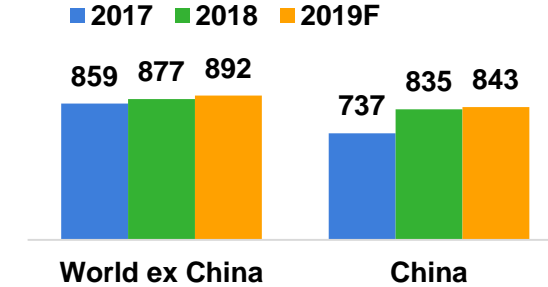
- Gross debt reduced by Rs.17,864 crores in 2HFY19;
- Debt maturity extended; raised Rs.4,315 crores through 15 years bonds
- Calibrated debt drawdown for organic expansion; enhanced use of internal cash flows

Global macro and business environment

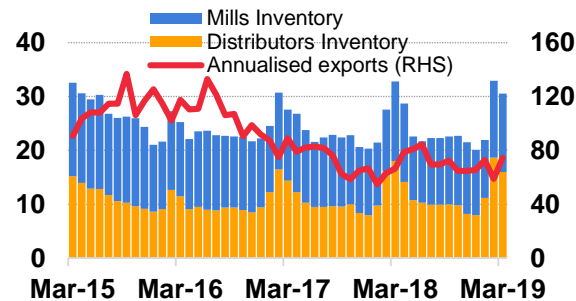
- Global economic growth has slowed down
- However, business sentiments and risk appetite are improving with expectation of US-China trade war resolution, hold by the Fed on rate hikes and Brexit postponement
- Chinese economic activities improved post 'New Year' holidays helped by limited policy support
- Chinese steel consumption¹ grew ~18mn tons in 4QFY19 vs. 4QFY18; Crude steel production increased by ~19mn tons
- Chinese steel exports remained below ~70mn tons on an annualised basis
- Seaborne Iron ore prices jumped with disrupted supply from Brazil and Australia; Coking coal prices also firmed up in Mar'19
- Steel prices have begun rebounding amidst raw material cost push and improved sentiments with jump in Chinese domestic demand

Rebound in regional steel prices has begun

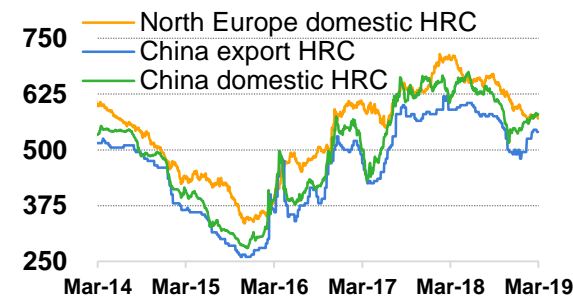
Finished steel demand (mn tons)



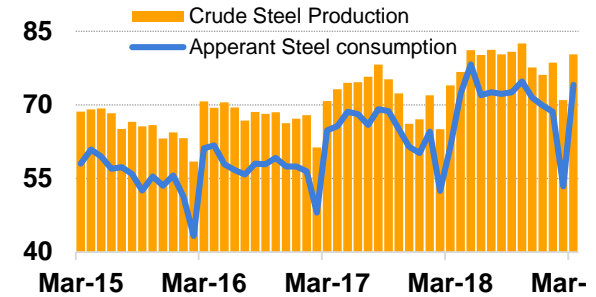
China steel inventory and exports (mn tons)



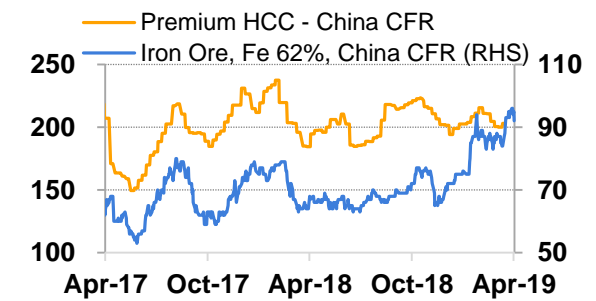
Global HRC prices (US\$ per ton)



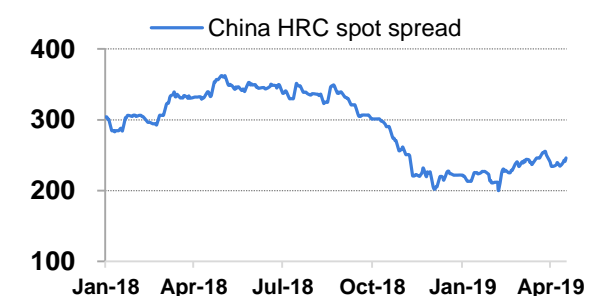
China Crude steel production and apparent steel demand¹ (mn tons)



Iron ore and Coking coal prices



Gross HRC spread (US\$ per ton)



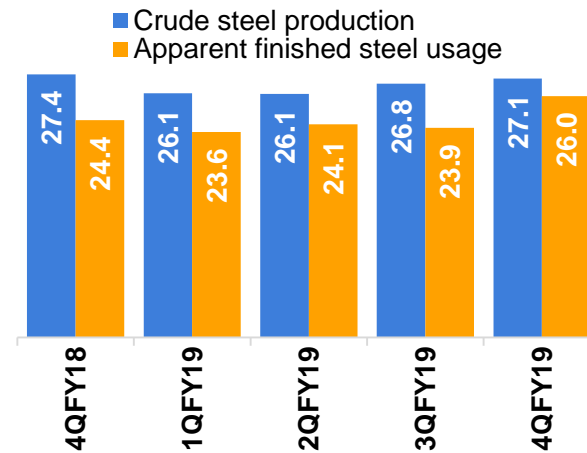
Sources: World Steel Association, Bloomberg, SteelMint and Morgan Stanley; China HRC Export - China Weekly Hot Rolled Steel 3mm Export Price Shanghai, North Europe Domestic HRC - PLATTS TSI HRC N Europe Domestic Prod Ex-Mill, China Domestic HRC - China Domestic Hot Rolled Steel Sheet Spot Average Price, China HRC spot spreads =China HRC exports – (1.65 x Iron Ore Spot Price Index 62% + 0.7x SBB Premium Hard Coking Coal); 1. Post adjustment for Inventory at Mills and distributors

India macro and business environment

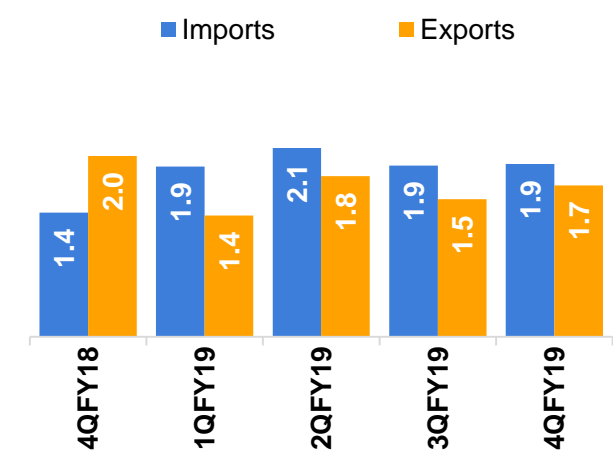
- Indian economic growth was modest in 4QFY19
- Apparent steel consumption grew by 9%QoQ in 4QFY19 after tepid 3QFY19; India remained a net steel importer
- Steel demand growth was primarily driven by infrastructure sector
- SME and other Industrial sectors witnessed sluggish growth; Automotive demand declined
- Average Industry price realisations fell sharply during the quarter as domestic steel prices fell until Jan'19 before witnessing a modest recovery
- Steel margins were under pressure with decline in average realisation and higher input costs

4Q margins were impacted by lower average realisations and higher input costs

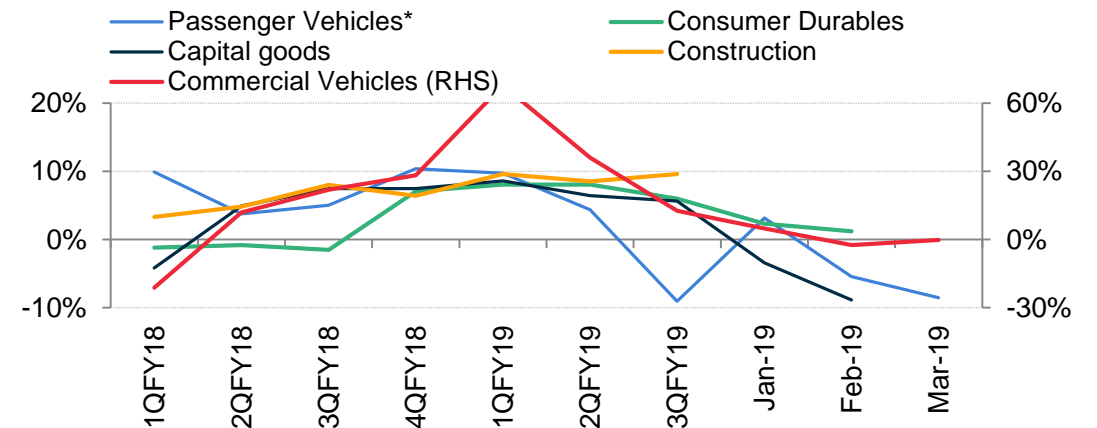
India steel production and consumption (mn tons)



India steel imports and exports (mn tons)



Key steel consuming sectors (% Change, YoY)



* Excludes two and three wheelers production

Source: Bloomberg, SIAM, Joint plant committee, World Steel Association

Consolidated operational and financial performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	Consolidated			Consolidated ex TSE ¹ (Proforma)		
	4QFY19	3QFY19	4QFY18	4QFY19	3QFY19	4QFY18
Production (mn tons) ²	7.21	6.71	5.70	4.48	4.38	3.07
Deliveries (mn tons)	7.52	6.47	5.85	4.95	4.12	3.30
Total revenue from operations	42,424	38,854	33,705	30,261	26,677	21,483
Raw material cost ³	15,744	15,389	11,598	12,751	12,472	8,301
Change in inventories	2,031	(529)	468	1,777	(1,376)	271
EBITDA⁴	7,762	6,726	6,420	6,077	5,768	5,272
Adjusted EBITDA⁵	7,814	7,217	5,857	6,129	6,259	4,709
Adjusted EBITDA per ton (Rs./t)	10,394	11,164	10,012	12,393	15,201	14,252
Pre exceptional PBT from continuing operations	4,241	3,191	3,810			
Exceptional items	11	32	11,376			
Tax expenses	1,899	1,407	584			
PAT	2,295	1,753	14,688			
Diluted EPS (Rs. per Share)	20.44	19.58	96.84			

SEA operating entities classified as 'Asset Held for Sale'

Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"

1. TSE: Tata Steel Europe 2. Production Numbers: India - Crude Steel Production, Europe - Liquid Steel Production, and Tata Steel BSL - Crude Steel Production; 3. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products, 4. EBITDA restated to exclude share of JV and Associates; 5. Adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings

Consolidated operational and financial performance

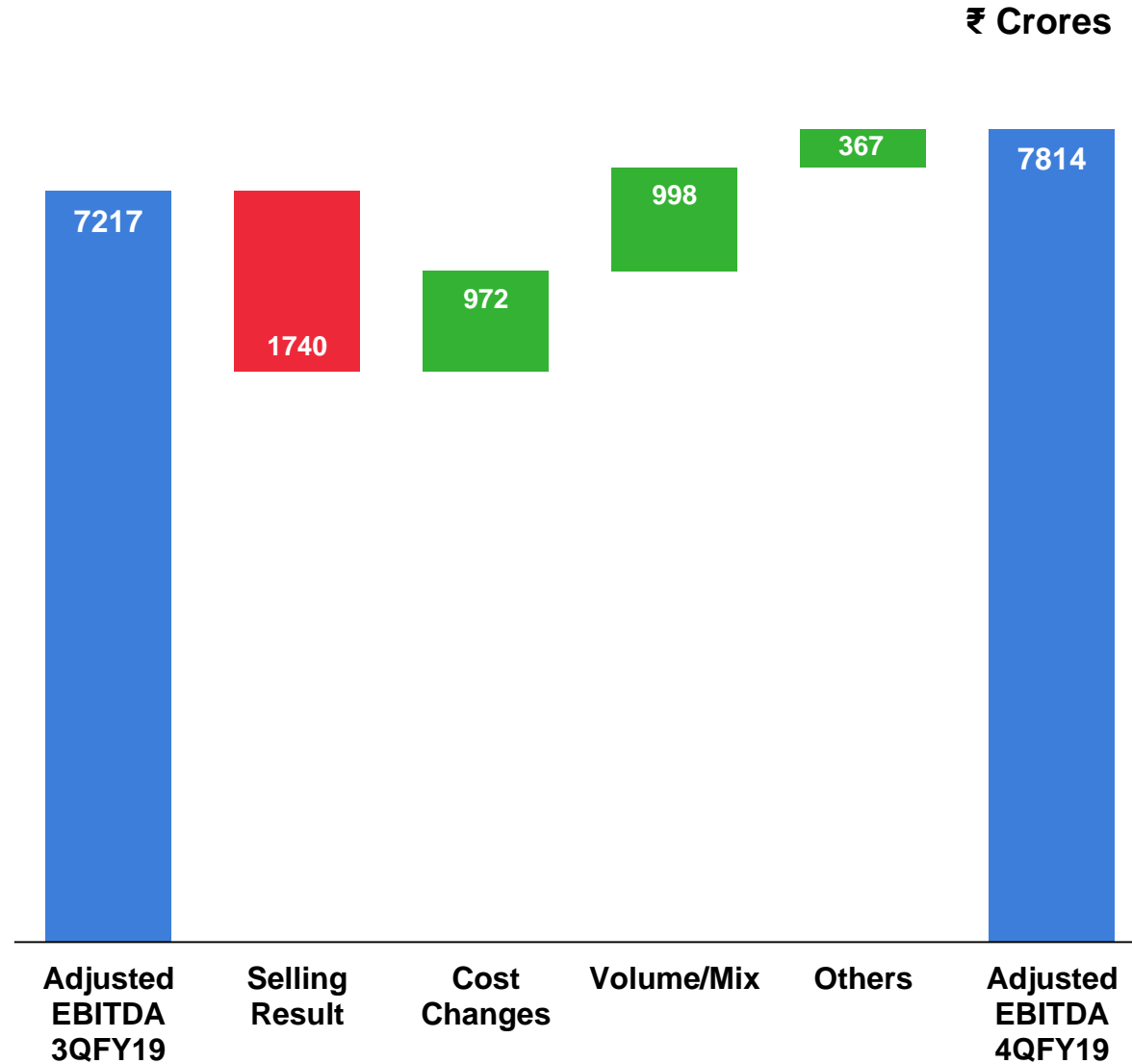
<i>(All figures are in Rs. Crores unless stated otherwise)</i>	Consolidated	
	FY19	FY18
Production (mn tons)¹	27.11	23.17
Deliveries (mn tons)	26.80	22.89
Total revenue from operations	157,669	124,110
Raw material cost ²	60,877	46,137
Change in inventories	(97)	99
EBITDA³	29,770	21,369
Adjusted EBITDA⁴	30,734	19,768
Adjusted EBITDA per ton (Rs./t)	11,470	8,637
Pre exceptional PBT from continuing operations	16,027	11,357
Exceptional items	(121)	9,599
Tax expenses	6,718	3,392
PAT	9,098	17,763
Diluted EPS (Rs per Share)	87.74	128.10

Consolidated adjusted EBITDA jumped to Rs.30,734 crores in FY19

Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"

1. Production Numbers: India - Crude Steel Production, Europe - Liquid Steel Production, South-East Asia - Saleable Steel Production, and Tata Steel BSL - Crude Steel Production; 2. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products, 3. EBITDA restated to exclude share of JV and Associates; 4. Adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings

Consolidated Adjusted EBITDA^{1,2} movement

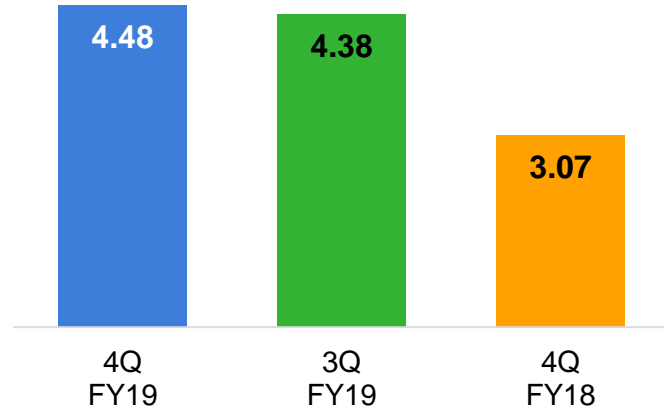


- Selling results reflects sequentially lower steel realizations across the geographies
- Primarily due to lower expenses at Tata Steel Europe with resumption of BF5 and Tata Steel Standalone
- Volume/mix impact due to higher deliveries across the geographies

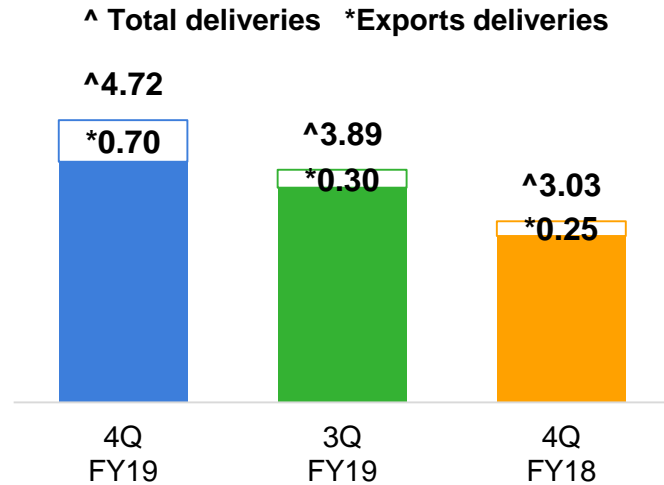
1. EBITDA adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings, 2. Restated to exclude South East Asia Operations which are classified as "Assets held for Sale"

Tata Steel India¹: Steel production and sales volumes

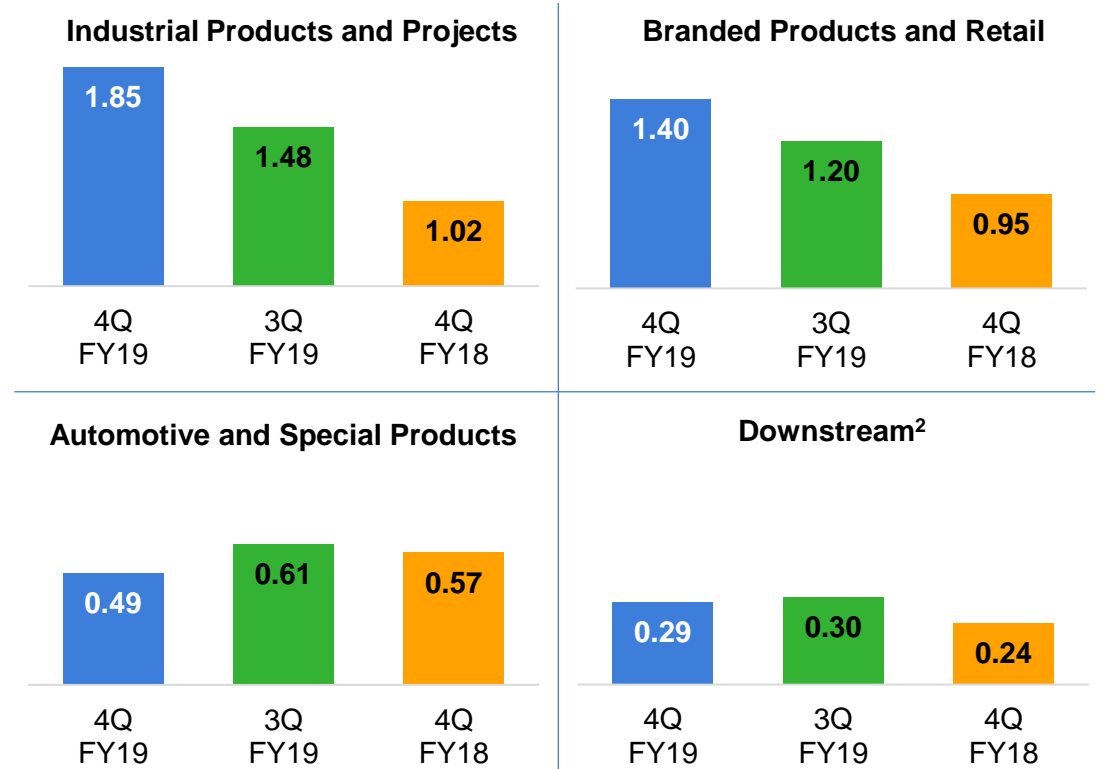
Crude Steel Production Volume (mn tons)



Total deliveries volume (mn tons)



- Quarterly domestic sales volume jumped by 12%QoQ to 4.72 mn tons compared to 9%QoQ market growth
- Industrial Products and Projects and Branded Products and Retail volumes increased by 25%QoQ and 17%QoQ, respectively
- Hi-end products mix improved in Automotive sales

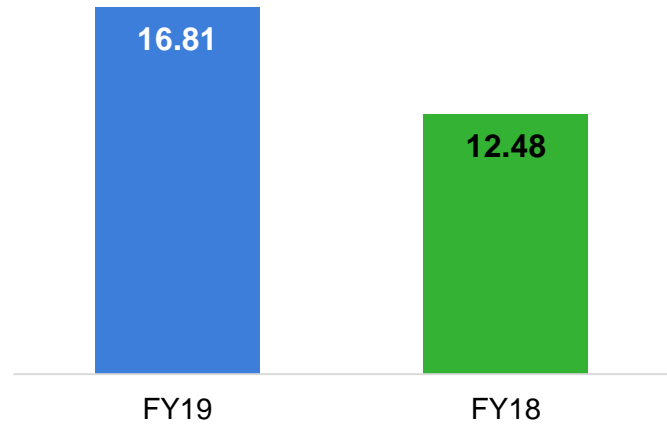


1. Tata Steel India includes Tata Steel Standalone and Tata Steel BSL on proforma basis without inter-company eliminations; Tata Steel BSL has been consolidated from 18th May, 2018

2. Transfer to downstream units

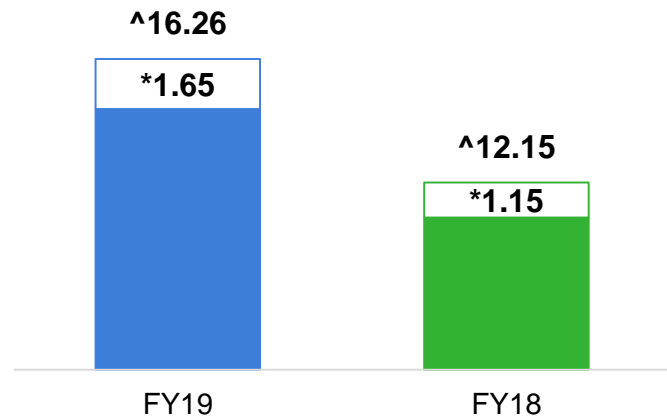
Tata Steel India¹: Steel production and sales volumes

Crude Steel Production Volume (mn tons)



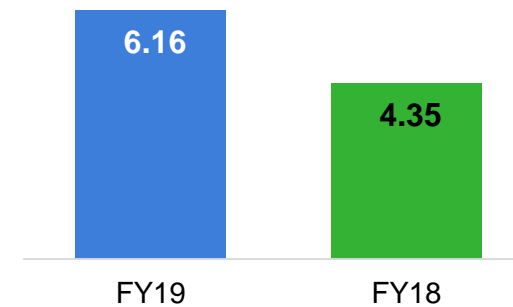
Total deliveries volume (mn tons)

^ Total deliveries *Exports deliveries

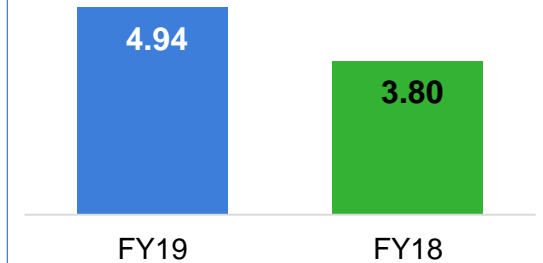


- Production grew by 35%YoY to 16.81 mn tons in FY19 with the acquisition of Tata Steel BSL and ramp-up at both Kalinganagar and Tata Steel BSL
- Sales volumes also jumped by 33%YoY to 16.26 mn tons; gained market share across the verticals
- Auto sales crossed 2.25 mn tons, increasing 21% YoY

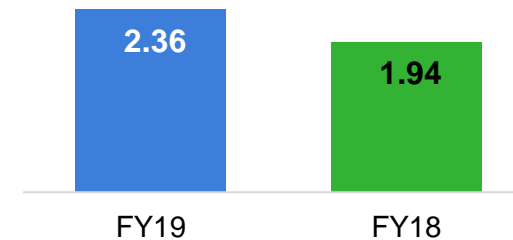
Industrial Products and Projects



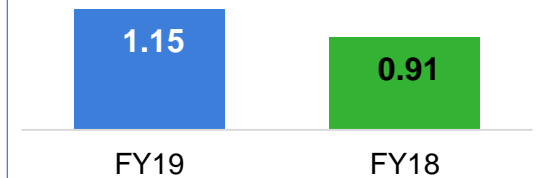
Branded Products and Retail



Automotive and Special Products



Downstream²



1. Tata Steel India includes Tata Steel Standalone and Tata Steel BSL on proforma basis without inter-company eliminations; Tata Steel BSL has been consolidated from 18th May, 2018

2. Transfer to downstream units

Setting standards at multiple levels



Market leading branded portfolio

Branded products sales contributes¹ 42.5% of total sales



Unparalleled Pan India reach

Network¹ of ~12000 dealers and 24 stockyards (6 hubs + 18 spokes)



Market leader in Auto Steel

First choice for new car launches



Most enriched product mix

Enriched/Value added products contribute¹ to 62% of total deliveries



Lowest cost producer

Both cash cost and conversion cost are one of the lowest among the global peers



Focus on innovation and R&D¹

New products in Q4FY19: 17 developed and 4 commercialized



Socially responsible corporate

CSR activities touch one million lives every year







Extending debt maturity profile

15 years funding raised

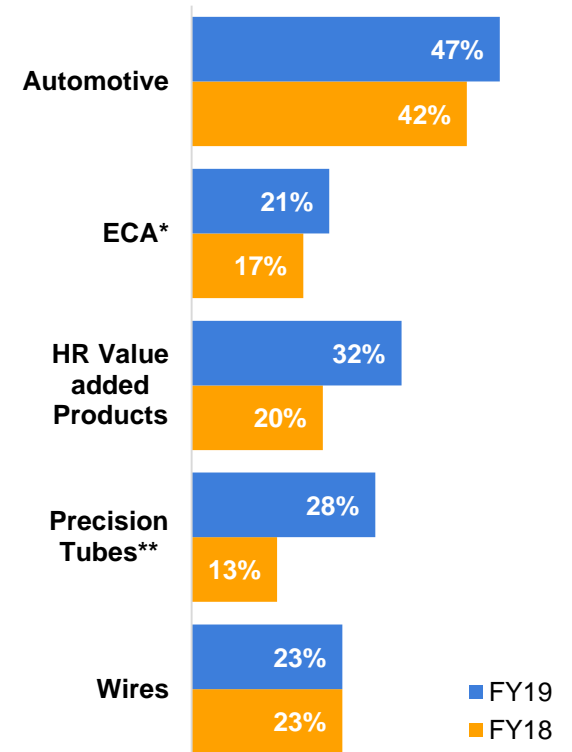
¹: Excluding Tata Steel BSL

Creating sustainable value

Key business segments' highlights

Automotive & Special products		<ul style="list-style-type: none"> ✓ Key suppliers of hi-tensile and auto galv products ✓ Largest supplier of Skin Panels
Branded products and Retail		<ul style="list-style-type: none"> ✓ Tata Tiscon sales crossed 1.40 mn tons ✓ Serving more than 40 Micro segments ✓ Launched select Tata steel brands at TSBSL
Industrial Products & Projects		<ul style="list-style-type: none"> ✓ No.1 position in LPG & Engineering segments ✓ "Hot Rolled Flats Engineering" Segment grew ~50% post TSK ramp-up. ✓ "Hot Rolled Value added products" segment grew ~20%
Downstream Transfers		<ul style="list-style-type: none"> ✓ No.1 position in Wires and Precision tubes (Post TSBSL) ✓ Launch of new product/ Brand: <ul style="list-style-type: none"> ○ Global Wires - GI Knotted Fence and Aayush Farming ○ Tubes - Tata Pipes Jeevan & Tata Structura Z+

Leadership position in chosen segments¹



Diversified customer base to build resilience

New revenue stream

- **Services & Solutions** – Pravesh achieved revenue growth of 2x while Nest In achieved Order book growth of 2x+
- **New Materials Business** – 5 Composite products commercialized with more in line
- **Special steel** through UML's steel business acquisition

Digital enablement across segments for future readiness



Early engagement e-commerce platform: Rs.100 crores revenue in 1st year of launch in B2C brands



Supply chain visibility for B2B Customers



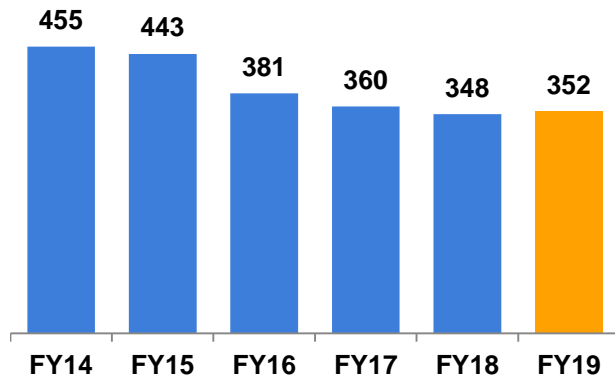
Unlocking value from ECAs*

*ECA: Emerging Customer Accounts ; ** Precision tubes based on overall market size

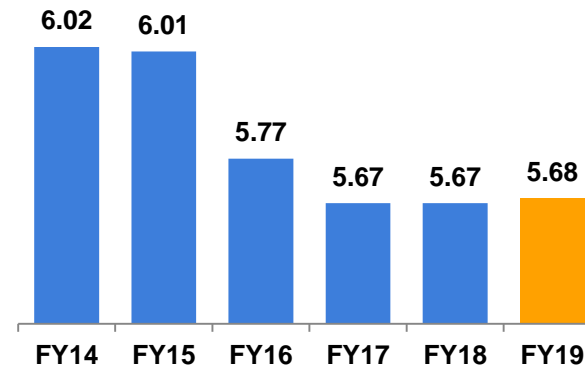
1. Includes Tata Steel BSL from 18th May, 2018

Key sustainability parameters

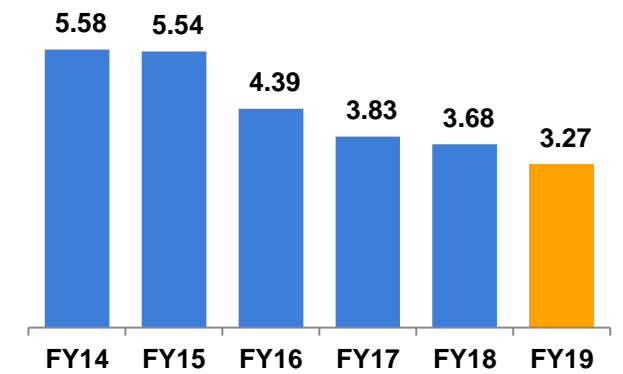
Coke Rate (kg/tcs)
23% reduction since FY14



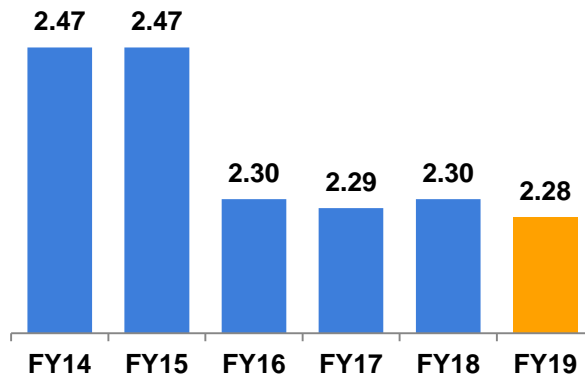
Specific Energy Intensity (Gcal/tcs)
6% reduction since FY14



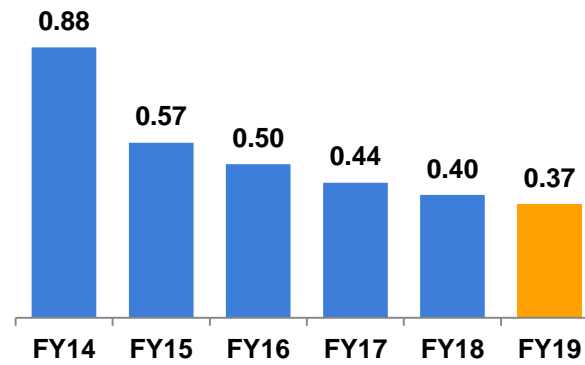
Specific Water Consumption (m³/tcs)
41% reduction since FY14



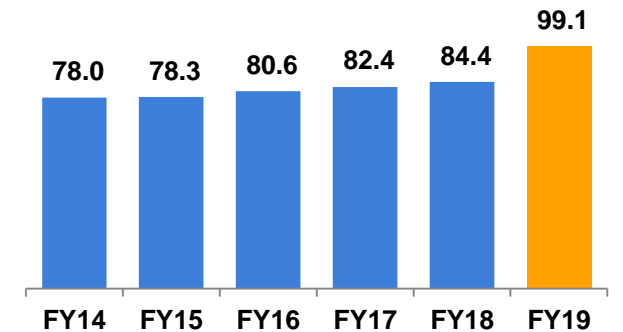
CO₂ Emission Intensity (tCO₂/tcs)
8% reduction since FY14



Specific Dust Emission (kg/tcs)
58% reduction since FY14



Solid Waste Utilization (%)
Increased to 99.1%



Continued focus on operational efficiencies and minimizing environmental impact

All the above mentioned data is for Tata Steel Jamshedpur operations

Engaging with neighbouring communities and improving their quality of life

Spent more than Rs.1,100 crores in India over last 5 years

Education

- Back in school – 12,952 children benefitted
- Child Free Labor Zones (CLFZ) – covered 1,667 villages
- Jyoti fellowship felicitated – 3,323 meritorious students

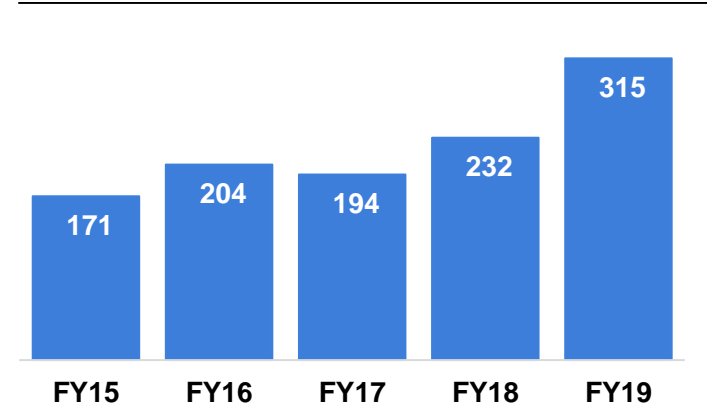
Livelihood

- Agriculture and allied activities – 19,723 farmers benefitted
- 4,700 youth skilled in various vocational trades and 3,870 gainfully employed /self-employed
- Self-help groups – 12,945 women empowered

Health & Sanitation

- Health care clinics, mobile medical units and health camps – 432,553 patient footfalls recorded
- Ante-Natal & prenatal check-ups – 5,395 women benefitted
- Regional Initiative for Safe Sexual Health by Today's Adolescents (RISHTA) – covered 21,968 adolescents
- Maternal And New-born Survival Initiative (MANSI) – covered 12,888 mothers and children
- Disability care units SPARSH – 1,392 people benefitted

TSL Standalone – CSR Spend (Rs. crores)

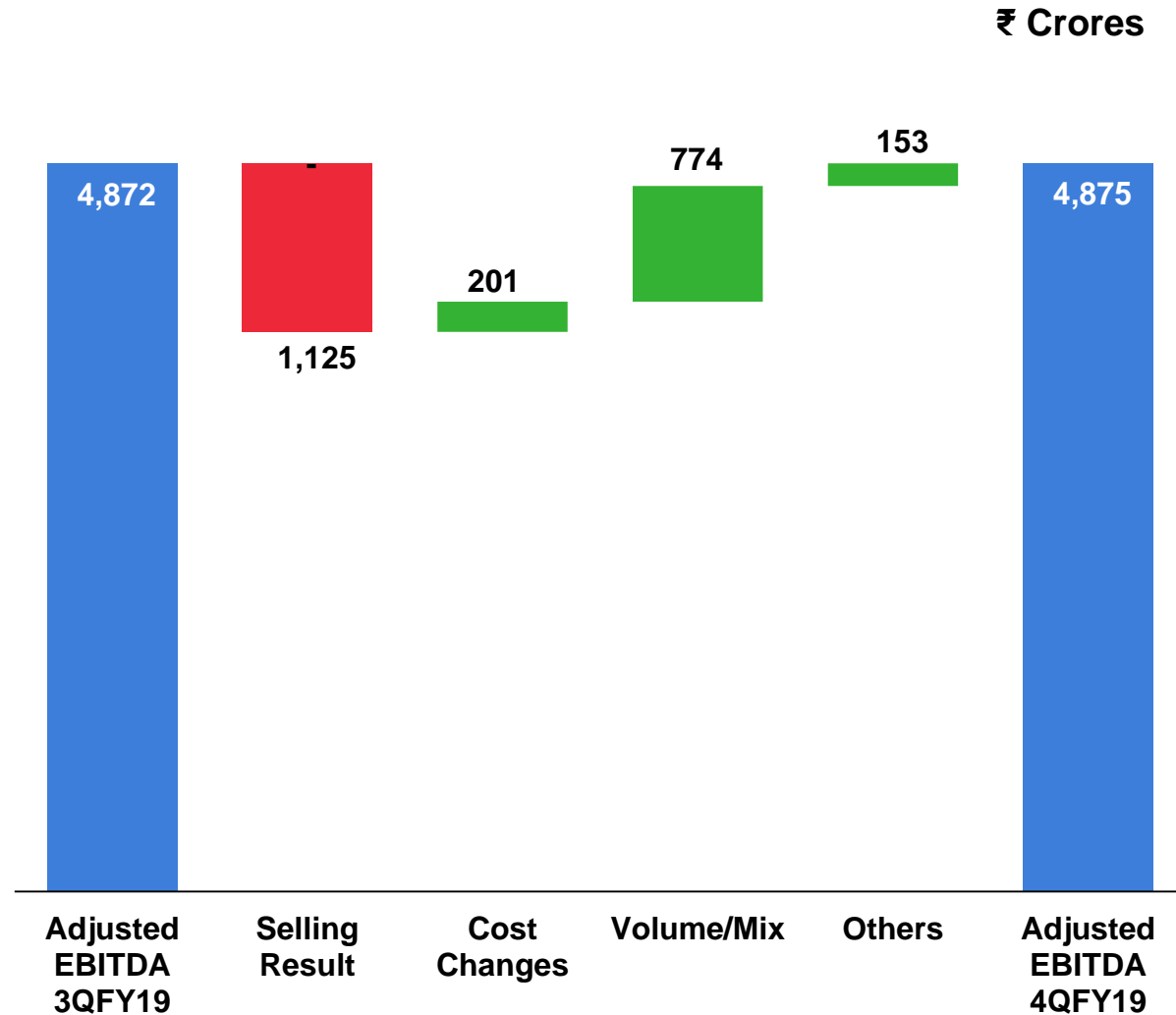


Standalone financial performance

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	4QFY19	3QFY19	4QFY18	FY19	FY18
Total revenue from operations	19,130	17,174	16,281	70,611	60,519
Raw material cost ¹	5,534	5,828	4,211	21,648	17,525
Change in inventories	1,170	(928)	102	(554)	545
EBITDA	4,953	4,560	4,823	20,744	15,800
Adjusted EBITDA²	4,875	4,872	4,491	20,850	15,333
Adjusted EBITDA per ton (Rs./t)	13,619	16,408	14,835	16,428	12,619
Pre exceptional PBT from continuing operations	3,876	3,514	3,363	16,341	10,005
Exceptional items	(11)	260	(1,607)	(114)	(3,366)
Tax expenses	1,374	1,317	725	5,694	2,469
Reported PAT	2,491	2,456	1,031	10,533	4,170
Diluted EPS (Rs per Share)	21.36	21.05	9.38	90.40	38.56

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products; 2. EBITDA adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings and revaluation gain/loss on external/ internal company debts/ receivables at Tata Steel Global Holdings.

Standalone EBITDA¹ movement



- Selling results reflects sequentially lower steel realizations
- Lower employee costs; also 3QFY19 had higher on consumption of purchased pellets
- Volume/mix impact due to higher deliveries
- Others include higher export credit benefits

1. Adjusted for fair value changes on account of exchange rate movement on investments in Tata Steel Holdings

Tata Steel BSL: performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	4QFY19	3QFY19	FY19 ²
Crude Steel production (mn tons)	1.03	1.04	3.58
Deliveries (mn tons)	1.14	0.91	3.52
Total revenue from operations	5,517	4,889	18,376
Raw material cost ¹	2,752	2,866	9,847
Change in inventories	549	(417)	518
EBITDA	786	1,009	3,033
EBITDA/t (Rs.)	6,911	11,005	8,498

Key updates

- Deliveries increased by 24%QoQ, however, EBITDA was lower due to lower realizations and higher exports
- Developed ~15 skin panel grade HR coils for import substitution and received approvals for X70 API grade HR coils for OCTG segment.
- Reduction in cost through several structural improvements in operations during the year –
 - More than 30% improvement in PCI injection rates
 - Lower power consumption in 4QFY19
- Launched Tata Steel brands(Tata Shaktee ,Tata Kosh ,Tata Structura and Tata Pipes)

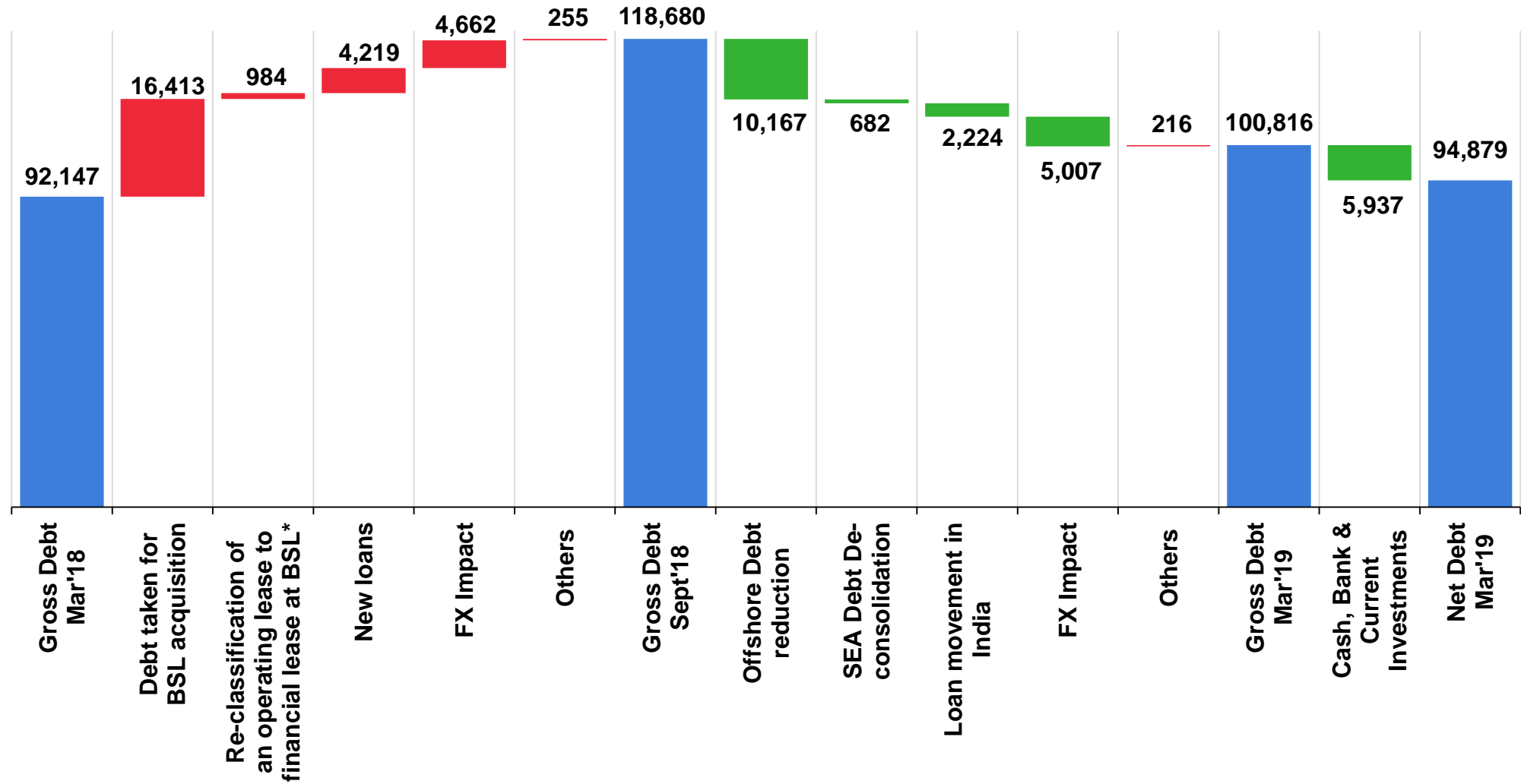
Merger to accelerate operational synergies

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products

2. FY19 financials from the date of consolidation i.e 18th May 2018

Consolidated Debt movement

₹ Crores



Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"

Business Outlook

Steel Demand

- Global steel demand is expected to witness a gradual recovery, mainly driven by improving real estate demand conditions in China, however, uncertainty over the trade environment is still a risk
 - India Steel demand to witness modest recovery with conclusion of general elections and improvement in liquidity. Automotive sector demand is expected pick-up slowly; 2HFY20 to benefit BS-VI pre-buying
-

Steel prices

- Regional steel prices have begun picking up and are expected to improve further driven by expected demand pick-up in China and cost push
 - India steel prices are expected to pick-up gradually with better domestic demand and improving pricing sentiments in regional markets
-

Iron Ore

- International prices surged after Vale's dam collapse; further accentuated by supply disruption in Australia due to cyclones. The prices are expected to remain elevated in near term.
-

Coking Coal

- Prices firmed up in Mar'19 with restocking demand post Chinese new year and various supply disruptive incidents in Australia. The supply has now normalised and China import restrictions are expected to keep prices in check.
-

Annexure – I: Standalone QoQ Variations

Rs Crores	4QFY19	3QFY19	Key Reasons
Income from operations	18,498	16,691	Primarily due to higher delivery volumes; partly offset by softness in steel realisations
Other operating income	632	483	Higher exports credit benefits
Raw materials consumed	5,162	5,332	Higher consumption of purchased pellets in 3Q
Purchases of finished, semis & other products	372	496	Lower purchase of Slabs from Tata Steel BSL and Wire rods
Changes in inventories	1,171	(927)	Deliveries were higher than production in 4Q; Finished goods inventory replenishment in 3Q
Employee benefits expenses	1,159	1,313	Lower provisions due to change in actuarial assumptions
Other expenses	6,321	6,411	Favourable FX impact in 4Q over 3Q; partially offset by increase in line with higher volumes
Depreciation & amortisation	953	940	At par
Other income	538	586	At par
Finance cost	654	682	Lower loss on MTM of swaps
Exceptional Items	(11)	260	Charge due to ESS under SBKY scheme
Tax	1,374	1,317	In-line with profitability level
Other comprehensive income	39	(105)	Primarily on account of re-measurement gain/loss on actuarial valuation of employee benefits

Annexure – II: Consolidated QoQ Variations

Rs Crores	4QFY19	3QFY19	Key Reasons
Income from operations	41,186	38,086	Primarily due to higher delivery volumes across India and Tata Steel Europe ; partly offset by softness in steel realisations
Other operating income	1,237	768	Higher exports credit benefits at India operations, benefit under Maharashtra Sales Tax Deferral scheme post GST at Tata Steel BSL
Raw materials consumed	14,241	13,707	In-line with higher production at Europe operations
Purchases of finished, semis & other products	1,502	1,682	Lower purchase across the operations
Changes in inventories	2,031	(529)	Lower inventories across the operations
Employee benefits expenses	4,651	4,613	Lower expenses at mainly at Standalone operations; partially offset by increase at Tata Steel Europe
Other expenses	12,485	12,665	Lower inventories across the operations
Depreciation & amortisation	1,881	1,866	At par
Other income	490	217	Primarily at Tata Steel Europe
Finance cost	1,938	1,926	At par
Exceptional Items	11	32	Reversal of impairment/provision at TSBSL, offset by charge at Tata Steel standalone and Tata Steel Europe
Tax	1,899	1,407	Increased with improvement profits
Other comprehensive income	(101)	172	Re-measurement gain/loss on actuarial valuation and favourable FX translation impact

Note: Consolidated numbers doesn't include NatSteel Singapore and Tata Steel Thailand as it has been classified as "Asset Held For Sale"

Annexure – III: Tata Steel Europe – performance and key updates

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	4QFY19	3QFY19	4QFY18	FY19	FY18
Liquid Steel production (mn tons)	2.73	2.34	2.63	10.30	10.69
Deliveries (mn tons)	2.57	2.35	2.55	9.64	9.99
Total revenue from operations	16,568	15,850	16,208	64,777	59,985
Raw material cost ¹	7,268	6,395	7,089	28,222	27,429
Change in inventories	254	847	214	142	(366)
EBITDA^{2,3}	1,696	949	1,137	5,414	3,713
EBITDA/t (Rs.)	6,591	4,041	4,466	5,614	3,716

Key updates

- 4QFY19 sales improved as production grew by 17%QoQ with better plant availability. Blast furnace 5 at Port Talbot resumed operations in January 2019 after completion of life extension program
- EBITDA improved 66%QoQ to Rs.1,569 crores with better deliveries and savings on maintenance costs⁹
- Tata Steel and thyssenkrupp AG have recently submitted a comprehensive package of proposed remedies after the European Commission issued its 'Statement of Objection' for the proposed European steel JV

Regulatory review of tk-TSE JV is ongoing

1. Raw material cost includes raw material consumed, and purchases of finished and semi-finished products; 2. EBITDA restated to exclude share of JV and Associates

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