



Tata Steel Limited - Investor Presentation

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Certain numbers in this presentation have been rounded off for ease of representation.

Tata Steel Overview

Key Credit Highlights

Financial Overview

A GLOBAL ENTERPRISE

Highly reputed Group in India with market capitalization of **~USD 152bn⁽¹⁾** (29 listed entities)

100+ operating companies with products & services in **150+** countries

Global leader across several sectors: IT & Communications, Automotive, Consumer Products, Materials, Energy, Chemicals, Services

Over **695,000** employees

Group revenue has grown **17x** in the last 21 years - FY17 total revenues over **USD 104bn** (International revenues **~64%** of total)

India’s most valuable brand - “Tata” Brand valued at **~USD 13.1bn** by Brand Finance – UK 2017

UNIQUE TRUST STRUCTURE



One of India’s oldest non-sectarian philanthropic organisations

Supporting and driving innovation in the areas like Natural Resources Management, Education, Healthcare, Livelihood, Nutrition, Arts & Culture through grant making, direct implementation and co-partnership

~66% ownership⁽⁴⁾



Tata Sons is the promoter of major operating Tata companies

- Holds stake in operating companies and supports their growth
- Promotes new enterprises

The owner of Tata brand and all Tata trademarks, registered in India and around the world

Select Companies

 World’s 10 th largest integrated steel player ⁽²⁾	 World’s 2nd largest IT services company ⁽³⁾	 Global player in commercial & passenger vehicles	 India’s largest manufacturer & retailer of branded watches, jewellery and eyewear	 World’s 2nd largest Soda-Ash Manufacturer
 World’s #1 international wholesale voice operator	 India’s market leader in room air conditioners	 One of India’s largest integrated power and renewable energy company	 World’s 2nd largest tea manufacturer	 One of the Asia’s largest and finest group of hotels

Source: Tata group presentation, Exchange rate used: USD 1 = INR 65

(1) Bloomberg data as of Jan 11 2018
(2) Worldsteel Association 2016

(3) Basis market cap and profit

(4) about 66% of the equity capital of Tata Sons is held by philanthropic trusts endowed by members of the Tata family

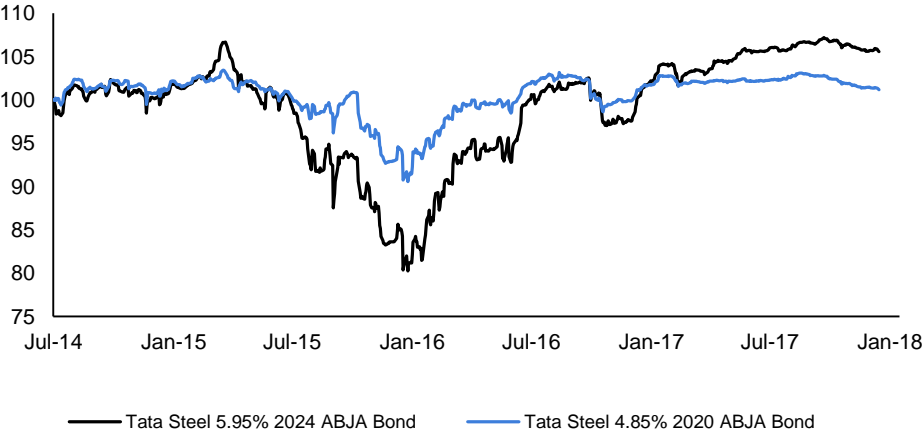
Tata Steel Group: Overview

World's 10th largest integrated steel player⁽¹⁾

Business Overview

- Geographically diversified steel producer – operations in 26 countries, commercial presence in 50+ countries
- Current Crude steel production capacity of c.27.5 MTPA
- Employee strength of 70,000+ across the world⁽⁴⁾
- Significant market positions in India and Europe with diversified product base targeting multiple end user segments
- Highly integrated and profitable India operations
- FY17 consolidated revenues from operations: c. USD18bn⁽²⁾
- Current market capitalization: USD11.8bn⁽³⁾

Bond Price Performance⁽³⁾



Source: Company filings

(1) Worldsteel Association 2016

(2) FX: USD 1 = INR 65.28

(3) Bloomberg data as on Jan 11 2018

(4) As of H1FY18

(5) Production capacity based on maximum possible steel production in FY17 considering upstream & downstream bottlenecks, assuming full manning of facilities and including any plant mothballed

Global scale of Operations

<p>India</p> <p> 45%</p>	<ul style="list-style-type: none"> ■ Crude Steel Capacity: 12.7 MTPA ■ 5.0 MTPA Brownfield expansion project announced ■ Product portfolio: Flats (HR, CR, Galvanised, Coated), Long (Wire Rods, Rebar), Wires and Tubes ■ Large producer of ferro chrome in India ■ Raw material linkage – 100% integration in iron ore and ~36% integration in coking coal⁽⁴⁾
<p>Europe</p> <p> 46%</p>	<ul style="list-style-type: none"> ■ Liquid steel capacity of 12.4 MTPA⁽⁵⁾ <ul style="list-style-type: none"> ■ IJmuiden, Netherlands: 7.3 MTPA ■ Port Talbot, UK: 5.1 MTPA ■ Product Portfolio: Strip Products (HR, CR, Galvanised, Coated, Plated & Precision), Tubes, Electrical steel ■ MoU with thyssenKrupp to form 50:50 JV in Europe – would create sustainable and 2nd largest steelmaker in Europe
<p>South East Asia</p> <p> 7%</p>	<ul style="list-style-type: none"> ■ Steel Making Capacity of 2.2 MTPA across Singapore (Natsteel) and Thailand (Tata Steel Thailand) ■ Product portfolio: Rebars, Wires and Wire Rods, Semi-finished steel ■ Strong presence in downstream long steel operations in South East Asia

Revenue split as of H1FY18

Tata Steel Overview

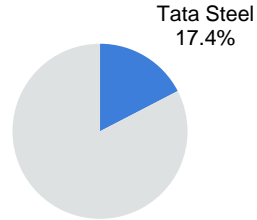
Key Credit Highlights

Financial Overview

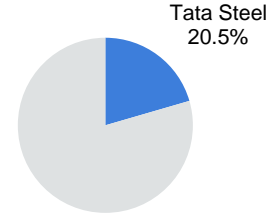


Tata steel contribution to Tata Group

Tata Group Revenue (1)



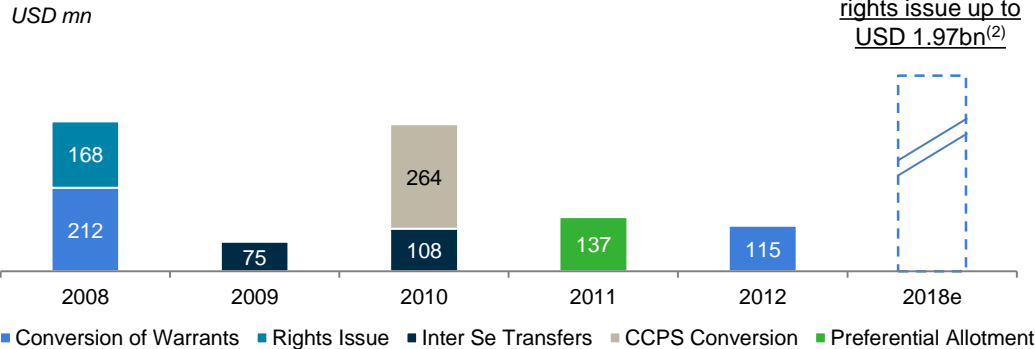
Tata Group Assets (1)



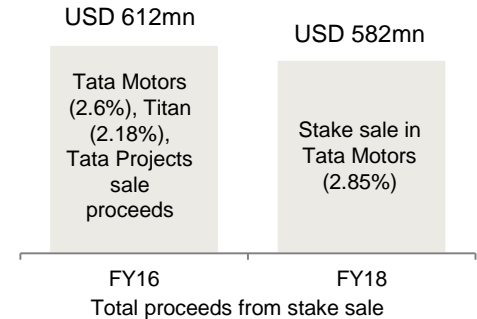
- Strategic and integral part of Tata Group
- Tata Group is the largest shareholder of Tata Steel with 31.35% stake in the company

Consistent support from Tata Sons

Equity: Tata Group has invested more than USD 1bn in Tata Steel since 2008



Divestment of non core assets: Tata Group has been a large buyer



Leveraging global “Tata” capabilities

- High Corporate Governance standards and transparency across the Group
- The Chairman of Tata Group chairs the Board of Tata Steel enabling transformational corporate actions
- Access to shared pool of highly talented resources provided by Tata Administrative Services (“TAS”)
- Focus on responsible growth, setting the benchmark in sustainability and CSR inline with the Tata Code of Conduct

(1) Tata Group and Tata Steel revenues and assets on gross basis as of FY17

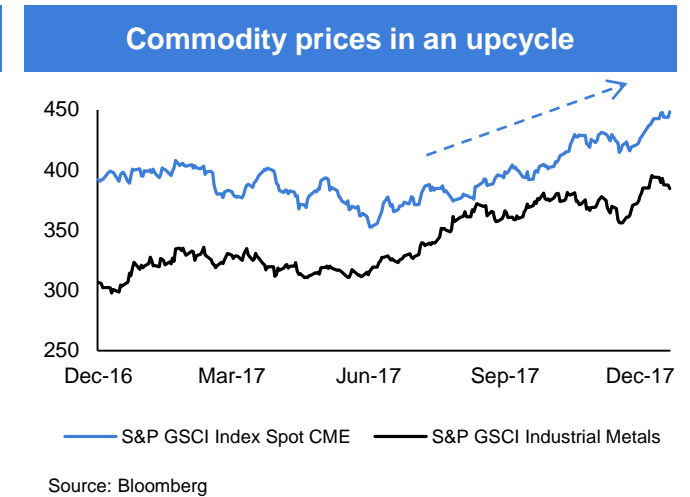
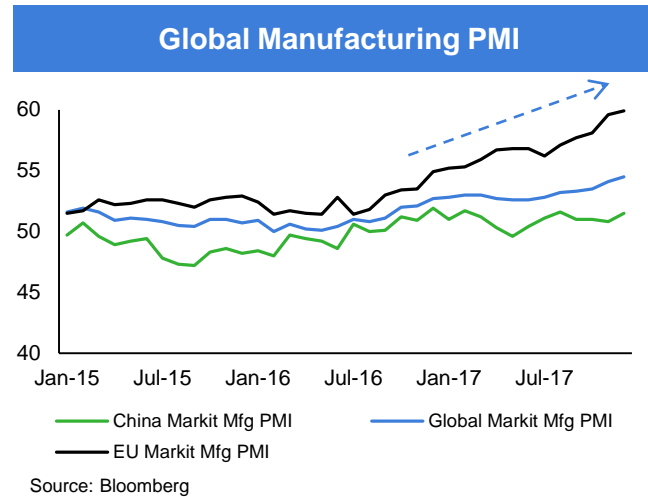
(2) Total rights issue size

Source: Company data

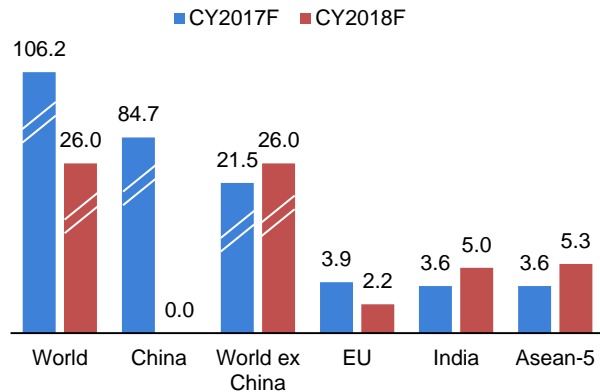
FX: USD 1 = INR 65.0

2 Tailwinds from global steel upcycle

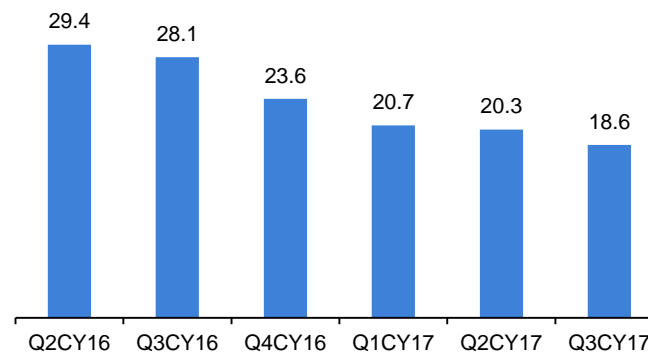
- Global economic recovery is now more broad based
- Global manufacturing is seeing an upturn supported by more visible signs of continued investment recovery; China growth remains stable
- 2017 has seen a strong commodities upcycle including in steel
- China has closed most of its outdated induction furnaces in 2017
- Global steel demand-supply position appears favorable with capacity closures in China



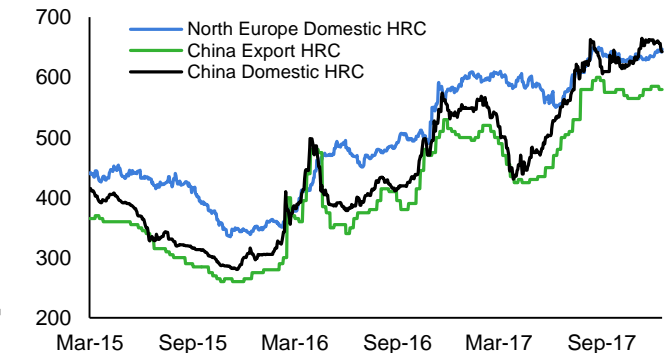
Steel demand growth forecast (mn tons)



China steel exports (mn tons)



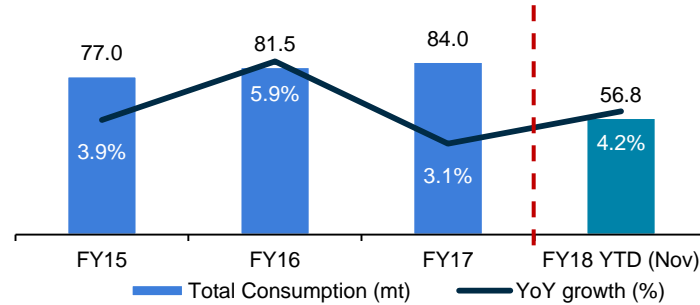
Global HRC prices¹ (US\$ per ton)



1) 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 Average Price

- India continues to remain one of the fastest growing major economies in the world
- Political stability and continued reforms driving positive growth outlook
- As per WSA, steel demand in India is expected to grow at 4.3% and 5.7% per annum 2017 and 2018, respectively
- GST and Demonetisation to accelerate increase in organized sector market share
- Trade remedial measure have provided downside protection; improvement in demand to result in better utilization rates and margins
- Cost push for the sector is also leading to higher realization
- National Steel policy 2017
 - Target to increase steel manufacturing capacity to 236MT by FY26 and 300MT by FY31
 - Preference for domestically manufactured iron and steel products in government procurement

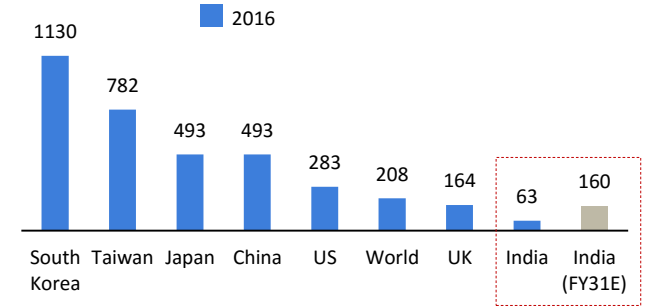
Positive domestic steel consumption environment



Source: Joint Planning Committee

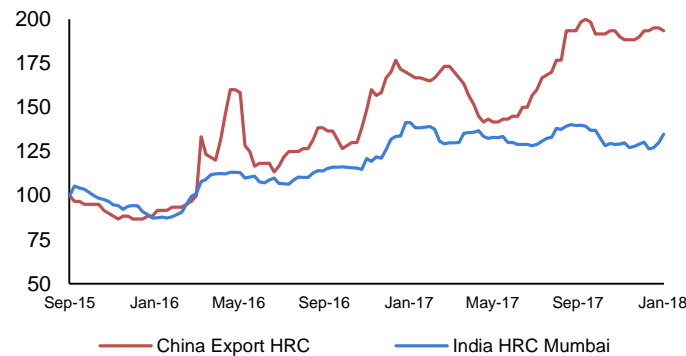
Low per capita steel consumption – Significant headroom for growth

(Kg of finished steel products per capita)



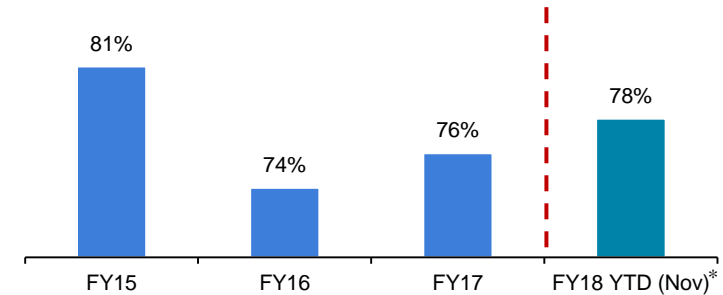
Source: World Steel, National Steel Policy 2017

Resilient Prices aided by policy support⁽¹⁾



Source: Bloomberg prices rebased to 100

...leading to improving utilizations



Source: Joint Planning Committee

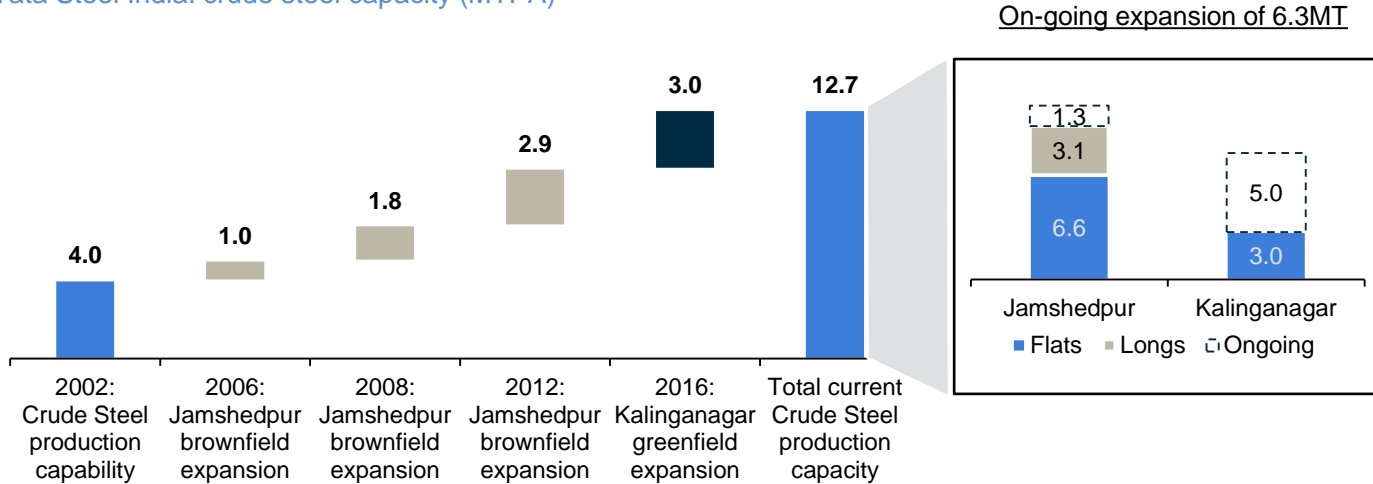
*Assumed capacity for FY18YTD to November at 128MT

(1) China Weekly Hot Rolled Steel 3mm Export Price Shanghai; PLATTS HRC India Domestic Delivered Mumbai

3 Focus on India growth through organic and inorganic routes

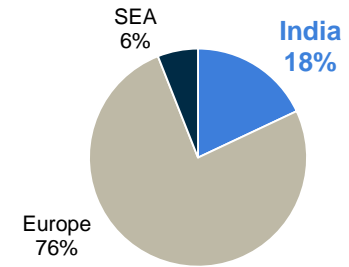
Demonstrated execution track record in India

Tata Steel India: crude steel capacity (MTPA)

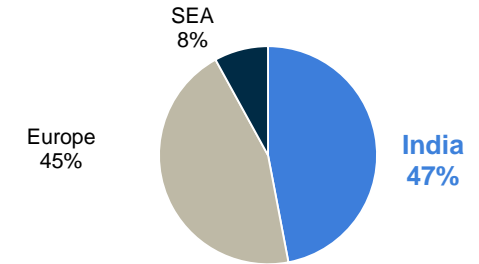


Growing share of India operations

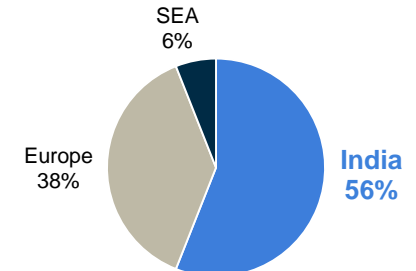
Capacity 2008: 28.1 MTPA



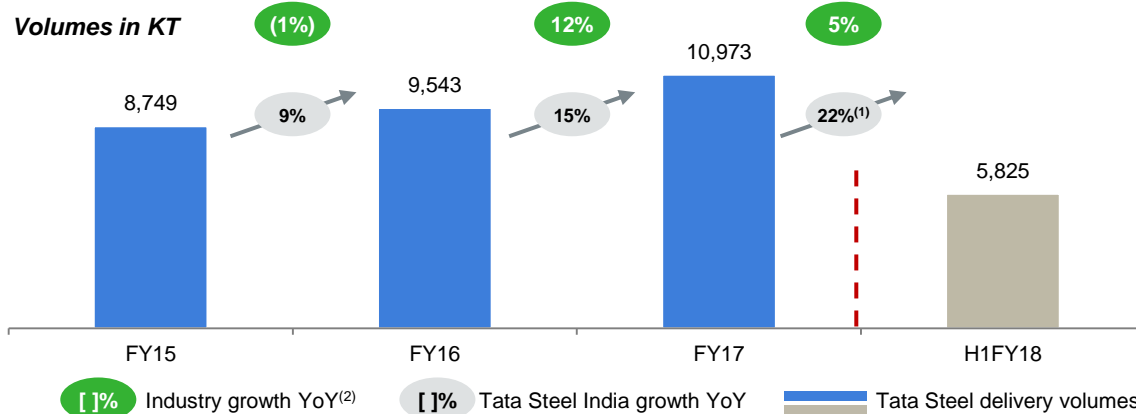
Current Capacity (as of H1FY18) : 27.5 MTPA



Capacity post expansion at Kalinganagar (5 MTPA) and Jamshedpur (1.3 MTPA): 33.8 MTPA



Growth in delivery volumes – Tata Steel India consistently outpaces the market



(1) H1FY18 growth is YoY on H1FY17
 (2) Source: JPC; Industry growth calculated on finished steel production

Overview

- ✓ Provides growth opportunity, scale and de-risks operations away from single location in India
- ✓ Lighter, high-tensile strength steel enabling expansion of customer universe to sectors including Defense, Oil and Gas, Lifting and Excavation
- ✓ Optimal design to drive efficiency and meet sustainability benchmarks
- ✓ Improved cost competitiveness with higher employee productivity and operating KPIs driven by automation
- ✓ Logistics advantage due to its proximity to the ports and captive Iron ore mines



Blast Furnace



Base-mix Plant



Sinter Plant



Hot Strip Mill



CPP

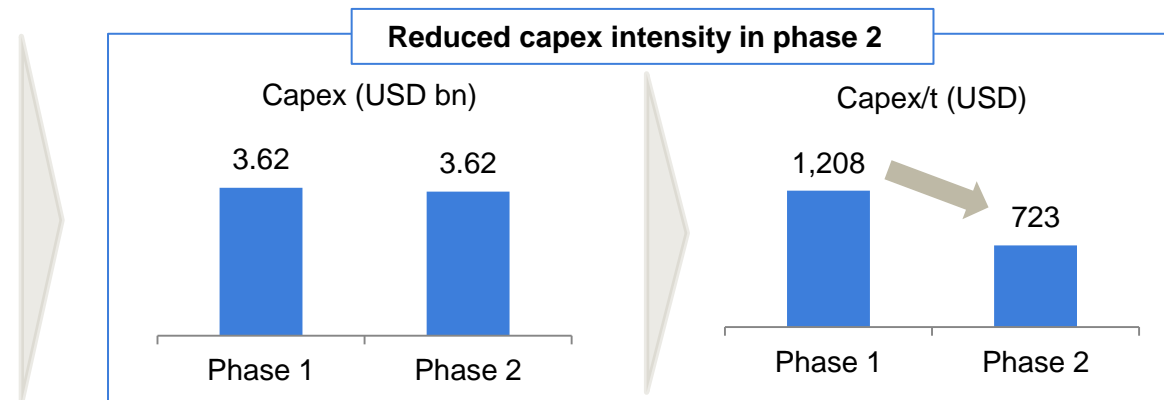


Coke Oven

Phase II: 5 MTPA expansion project underway





The project includes investments in:

- ✓ Upstream and midstream facilities: 2.2 MTPA coke plant, 0.8 MTPA sinter plant, 4.8 MTPA blast furnace, 3.2 MTPA hot strip mill
- ✓ Infrastructure & downstream facilities: 2.2 MTPA cold rolling mill including 0.9 MTPA continuous annealing line and 1 MTPA galvanizing line
- ✓ Timelines: to be implemented in 48 months.






Exchange rate used: USD 1 = INR 65

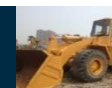

4 De-risking the business volatility with enhanced portfolio of value added products

Segment	Products	Sales (MT)		Key highlights	User Segments																				
		FY17	H1FY18																						
Automotive & Special products		1.58	0.85	<ul style="list-style-type: none"> Market leader with 44%⁽¹⁾ market share Strong customer relationships with auto companies Share in new launches show maturity of Tata Steel's presence 	<ul style="list-style-type: none"> Automotive segment 																				
Branded products, Retail & Solutions		3.47	1.82	<ul style="list-style-type: none"> ~3 million retail customers and 10,000 plus ECAs⁽²⁾ Strong brands; command premium over peers Unique Pan-India distribution network 	<ul style="list-style-type: none"> White Goods, Furniture, Individual house builders, warehousing, Solar and telecom panels, Project Fabrication & General Engineering, Commercial Building (Elevator & Racks & Storage Systems), Tubes, Agriculture, and Shelter & Sanitation 																				
Industrial Products, Projects & Exports		4.77	2.51	<ul style="list-style-type: none"> 6 fold jump in sales to new sub-segments like PEB, Lifting & Excavation, Construction & Projects, and Oil & Gas due to ramp-up at Kalinganagar Strong customer relationships and play in chosen value added products 	<ul style="list-style-type: none"> General Engineering, Oil & Gas, Lifting & Excavation, Infrastructure and Construction Projects, Pre- Engineered Buildings, Housing, Industrial, Power, Auto, Railways, and LPG 																				
Transfers to Downstream units		1.16	0.65	<ul style="list-style-type: none"> Value creation through downstream facilities 	<table border="1"> <thead> <tr> <th rowspan="2">Segment</th> <th colspan="2">Transfers⁽²⁾</th> </tr> <tr> <th>FY17</th> <th>H1FY18</th> </tr> </thead> <tbody> <tr> <td>Tubes division</td> <td>516</td> <td>259</td> </tr> <tr> <td>Wires division</td> <td>302</td> <td>176</td> </tr> <tr> <td>Tinplate</td> <td>319</td> <td>209</td> </tr> <tr> <td>Agrico</td> <td>20</td> <td>7</td> </tr> <tr> <td>Total transfers to downstream⁽³⁾</td> <td>1,157</td> <td>651</td> </tr> </tbody> </table>	Segment	Transfers ⁽²⁾		FY17	H1FY18	Tubes division	516	259	Wires division	302	176	Tinplate	319	209	Agrico	20	7	Total transfers to downstream⁽³⁾	1,157	651
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Total sales		10.97	5.83																						

Growing market share in value added segments

Value added segments		
<p>LPG</p>  <ul style="list-style-type: none"> Enhanced market share from <30% to 45% levels in 3 years, through customer acquisition and service differentiation with a replenishment system 	<p>PT</p>  <ul style="list-style-type: none"> Enhanced position in supplies to precision tube and MCHC segment by accelerated new product development for leading customers 	<p>MCHC</p> 

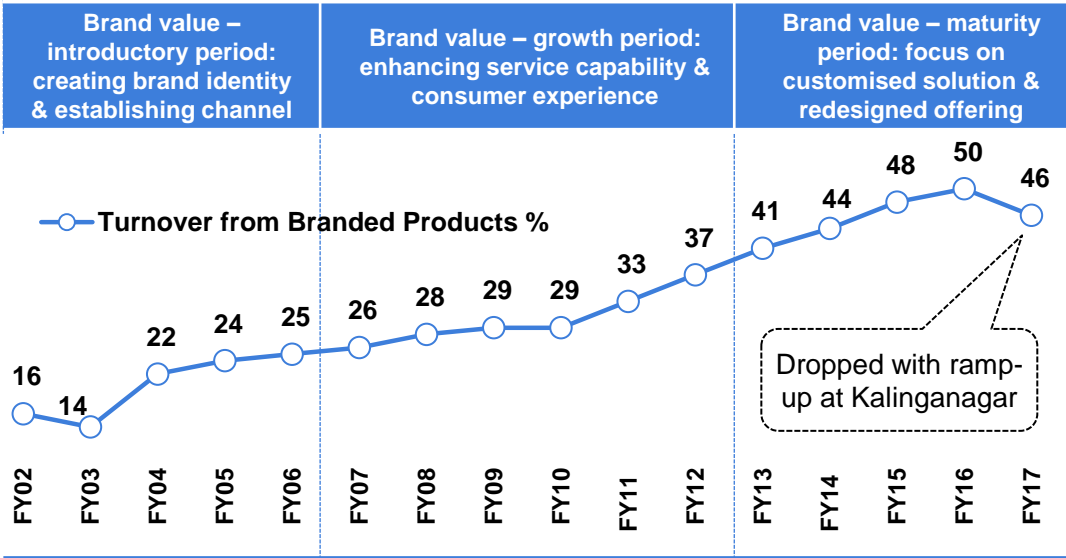
Expanding into new segments to tap a wider customer base

New Segments		
<p>PEB</p>  <ul style="list-style-type: none"> Gained entry into industry leaders within the segment 	<p>L&E</p>  <ul style="list-style-type: none"> Successful trials and commencement of supplies to global leaders 	<p>Oil & Gas Pipe</p>  <ul style="list-style-type: none"> Approvals from a leading Indian oil marketing company for supply of API grade steel Established as a major player in the large dia water pipeline segment through Kalinganagar; enhancing presence in construction projects

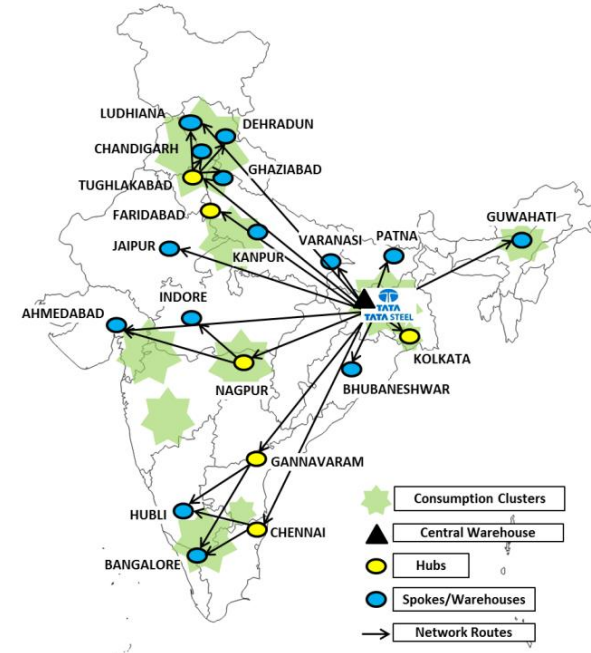
(1) In chosen markets in India, (2) Emerging Customer Accounts, (3) Transfers in thousand tons, (4) Transfers/sales to JCAPCPL and Tata BlueScope included in other segments

LPG: Liquid Petroleum Gas, MCHC: Medium Carbon High Carbon, PT: precision tubes, PEB: Pre-engineered Buildings, L&E: Lifting & Excavation

Increasing share of branded products



Strong retail reach of ~3mn customers



Innovating to capture value through Services & Solutions

- Incremental value pool untapped for construction solutions to Individual Home Builder; consumer pays for the solution, speed & convenience
- First steel company to enter in this space of branded steel doors

Services & Solutions Portfolio

In scale up mode	In pilot & trial mode
Pravesh Steel Doors & Windows MobiNest Portable Cabin	CYAN – Wardrobes EzyNest Solution for urban sanitation ATW (All Time Water) Kiosk Smart Sanitation Unit Solar Panel Smart Bus Shelter

- Integrated pan-India sales distribution network
- 212 distributors, and more than 12,600 dealers and retailers⁽¹⁾
- 60% of outbound logistics is covered by rail network and rest by roads; first company to have SFTO⁽³⁾
- 100% fleet covered by vehicle tracking system: 1st in Indian Steel Industry
- Delivery compliance (DDP⁽²⁾) continues to be > 95 %; enabled by TOC⁽⁴⁾ in branded products

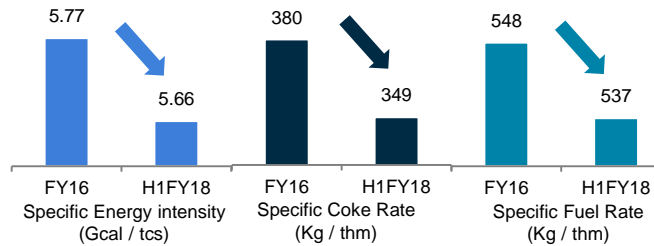
(1) As of September 2017, (2) DDP: Due date performance, (3) SFTO: Special freight train operations, (4) TCO: Theory of constraints

5 Sustainable and highly efficient cost operations in India

1 Building sustainable business for the future

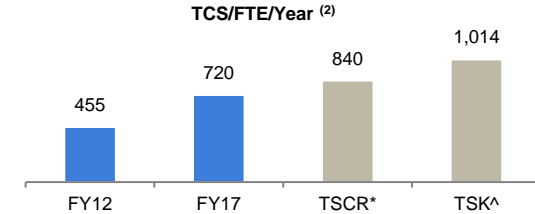
- Over **USD 385mn** invested on environmental efforts in the last 10 years
- CO2 emission intensity: **26%** reduction in last 12 years
- Specific water consumption: **35%** reduction in last 4 years
- Specific dust emissions **50%** reduction in last 4 years
- One of the first companies in India to introduce Internal Carbon (Shadow) Pricing

2 Captive Raw Material & Resource Efficiency⁽¹⁾



- Access to low cost raw materials to drive cost efficiency benefits in upturn
- 100% Iron Ore self sufficiency with captive mines; FY17 production stood at 21.3mt
- 36% Coking coal self sufficiency in FY17 with 6.3mt production from captive mines

3 Process Efficiency



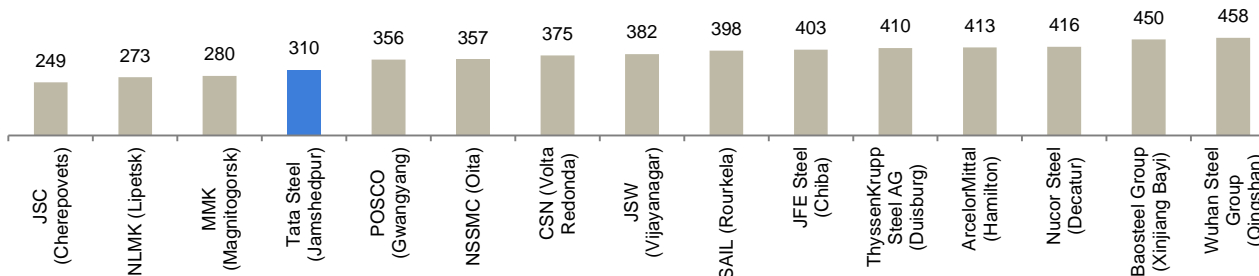
Shikhar 25: Cost savings of ~USD 306mn in FY17 across the steel value chain and cross-functional segments

- Focus on improving process efficiency, speed and throughput, reliability, energy efficiency, value in chain, supply chain, logistics and other processes
- Ultimate goal to improve overall efficiency that would translate in EBITDA improvement

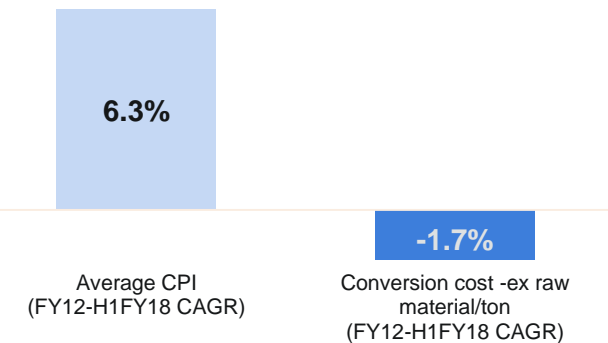
Amongst the lowest cost producers globally

Production costs for HRC globally (USD / ton)

Source: CRU 2016



...countering the impact of Inflation



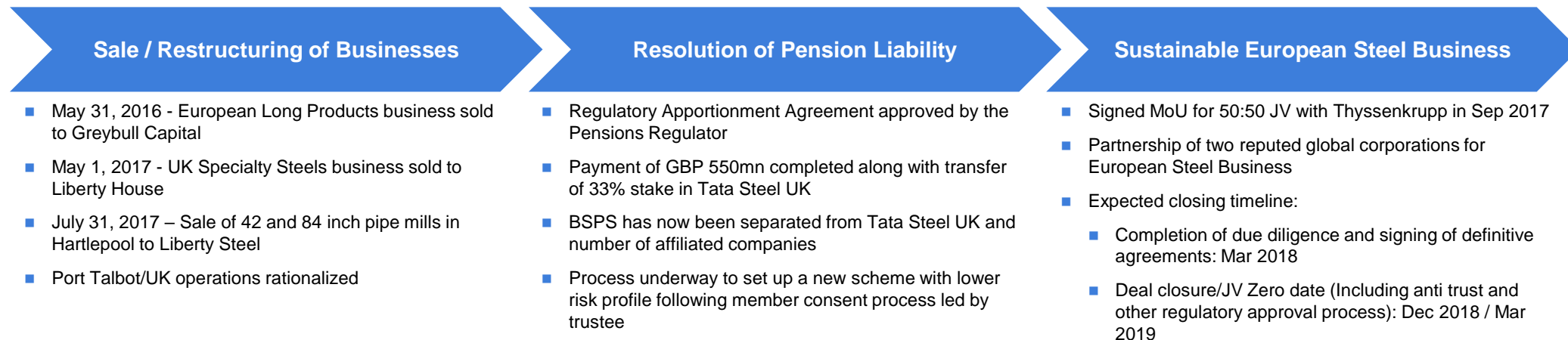
(1) KPIs only for Tata Steel Jamshedpur

(2) TCS = Tons of Crude Steel; FTE = Full Time Equivalent Employees

* Thin Slab Caster at Jamshedpur along with 2.9 MTPA capacity expansion; ^ Tata Steel Kalinganagar phase 1 productivity at full ramp up

FX: USD 1 = INR 65.0

Achieving Turnaround of Tata Steel Europe



De-consolidation of Tata Steel Europe

Tata Steel Europe	Jun'17 (LTM)
Deliveries (in million tons)	9.8
Turnover (EURmn)	7,381
EBITDA (EURmn)	699



Thyssenkrupp Steel Europe	Jun'17 (LTM)
Deliveries (in million tons)	11.5
Turnover (EURmn)	8,585
EBITDA (EURmn)	866

JV Proforma (Indicative)	
Deliveries (in million tons) ⁽¹⁾	21.3
Turnover ⁽¹⁾ (EURmn)	15,966
EBITDA ⁽¹⁾ (EURmn)	1,565
Term Debt (EURmn)	2,500
Pension & legacy business liabilities (EURmn) ⁽²⁾	3,600–4,000

2nd largest pan-European steel player

Robust capital structure designed for a sustainable future

Structural reduction in debt : Transfer of EUR 2.5bn of debt into the JV

Initial estimated⁽³⁾ cost synergies of EUR 400-600mn p.a. on a steady state basis

Deconsolidation of Tata Steel Europe and related liabilities from Tata Steel Group balance sheet

FX: EUR 1 = INR 72.48 (average)

(1) LTM basis

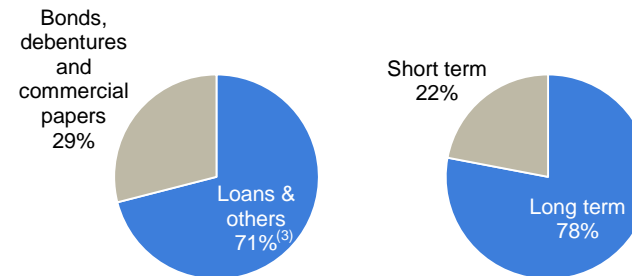
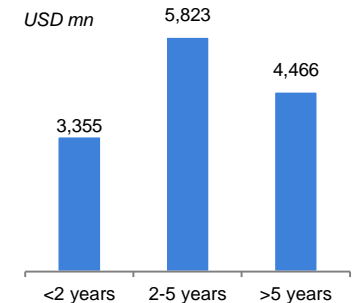
(2) From thyssenkrupp Steel Europe

(3) Management estimate

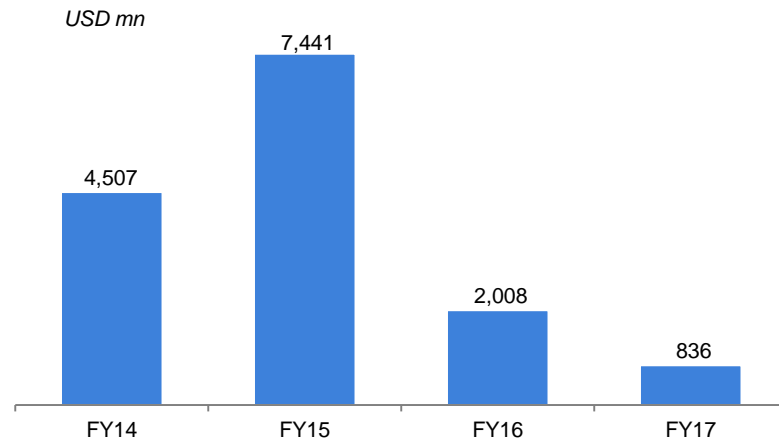
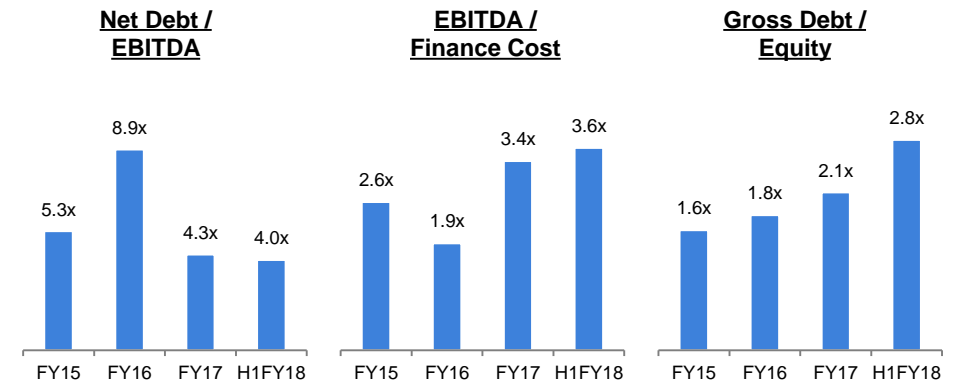
- Ability to raise capital consistently at competitive terms
- Diversified funding sources with strong relationships with over 40 banks/financial institutions
- Well Spread maturities; maturity profile to further improve post ongoing refinancing
- Reduction in leverage in FY17 & H1FY18 on the back of improved operating environment and portfolio restructuring of European business
- Further strengthening of balance sheet expected via board approved \$1.97bn Rights Issue

Diversified sources of debt funding

Borrowings Mix (Consolidated – FY17)

Maturity Profile (FY17)⁽²⁾

~USD 15bn of capital raising at competitive terms

Strengthening leverage metrics ⁽¹⁾

Source: Company filings

FX: USD 1 = INR 65.0

(1) Consolidated figures

(2) Consolidated figures - includes future finance charges and capitalization of transaction costs

(3) Includes loans from banks and financial institutions and finance lease obligations

Tata Steel Overview

Key Credit Highlights

Financial Overview

	Tata Steel (Consolidated)				Tata Steel (Standalone)			
<i>(USD mn)</i>	FY15	FY16	FY17	H1FY18	FY15	FY16	FY17	H1FY18
Deliveries (MT)	26.32	23.54	23.88	12.28	8.75	9.54	10.97	5.83
Revenue from Operations	22,105	16,290	17,987	9,718	7,135	6,541	8,159	4,388
EBITDA	1,952	1,218	2,608	1,481	1,547	1,194	1,831	970
EBITDA / Ton	74	52	109	121	177	125	167	166
Finance Costs	743	647	777	413	303	283	412	216
Depreciation & Amortization Expense	910	813	869	456	306	454	543	288
Profit/(Loss) before Tax from Continued Operations	(213)	419	379	582	1,303	236	821	425
Profit/(Loss) from Discontinued Operations	NA	(389)	(592)	3	-	-	-	-
Reported PAT	(606)	(76)	(639)	297	986	146	528	276

Source: Company filings
FX: USD 1 = INR 65.28