



Tata Steel Group

Consolidated Financial Performance Quarter Ended December 31, 2008

Analyst Meet – Mumbai
February 27 , 2009





Agenda

- **Highlights**
- **Management Initiatives**
- **Financial Review**
- **Near Term Outlook**





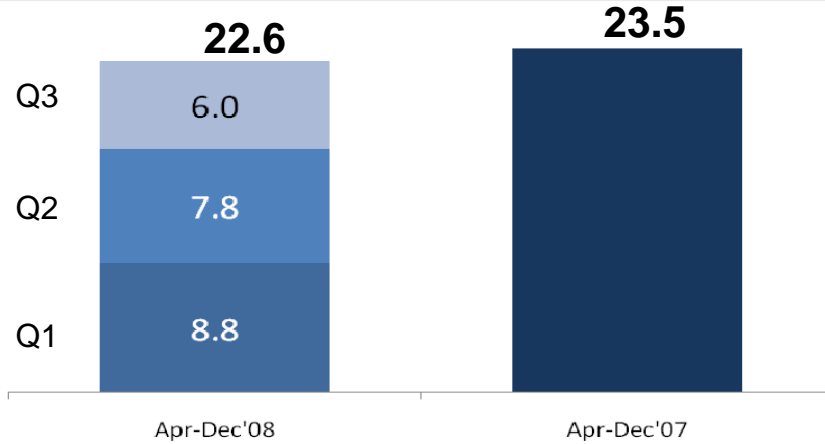
Highlights



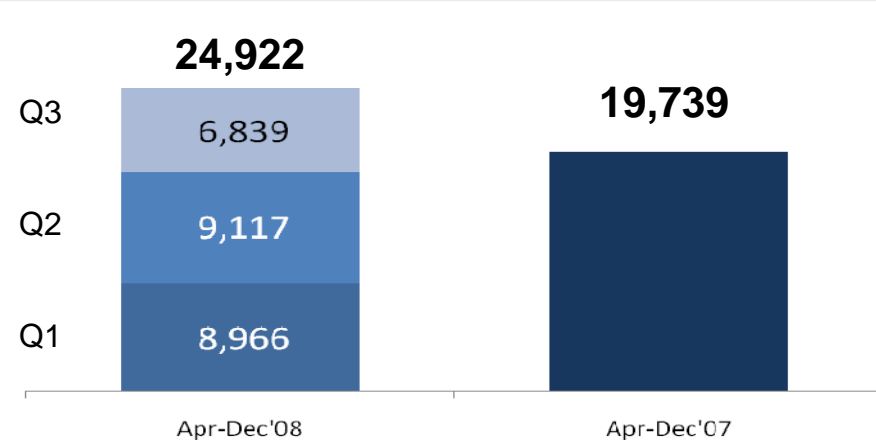
Consolidated Highlights - Nine Months ended Dec'08

(US\$ Mn)

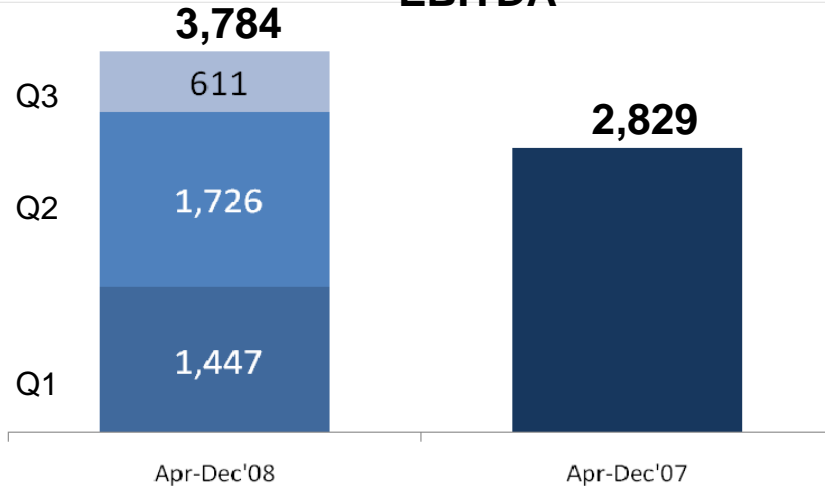
Deliveries (MT)



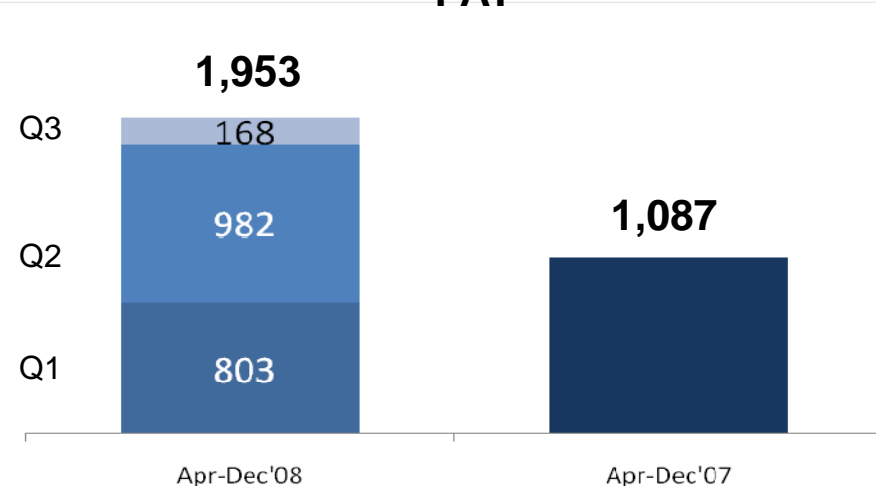
Turnover



EBITDA



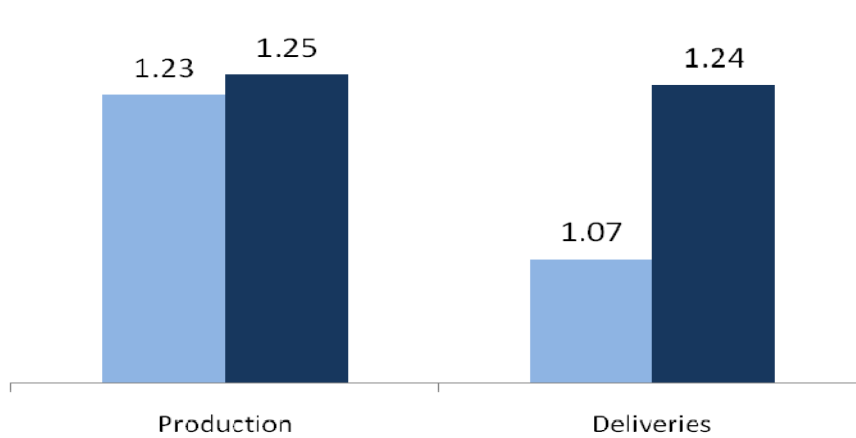
PAT *



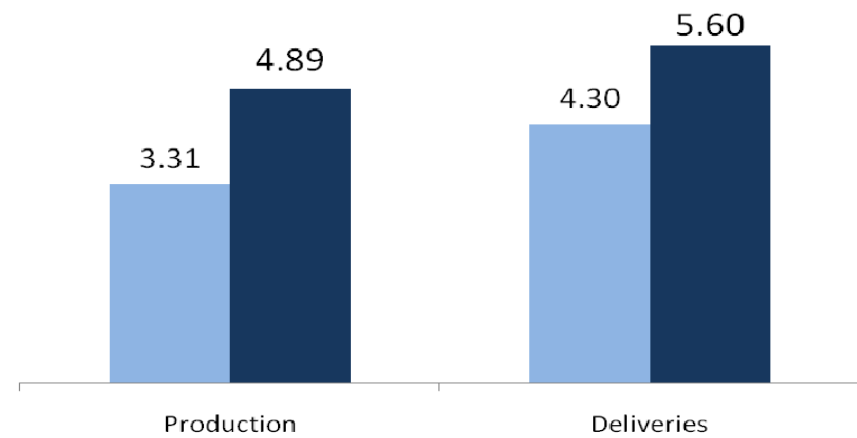
* PAT after Minority Interest and Share of Associates

Q3 FY'09 Production / Deliveries (Mn T)

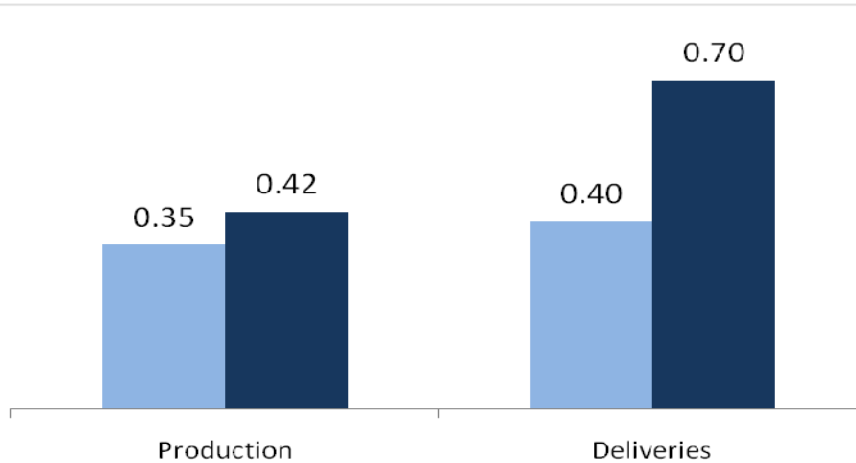
Tata Steel India



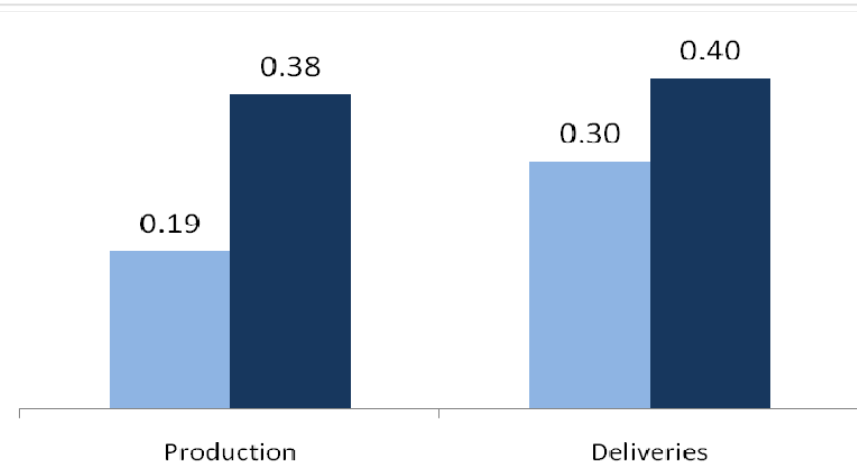
Tata Steel Europe



Nat Steel Asia



Tata Steel Thailand



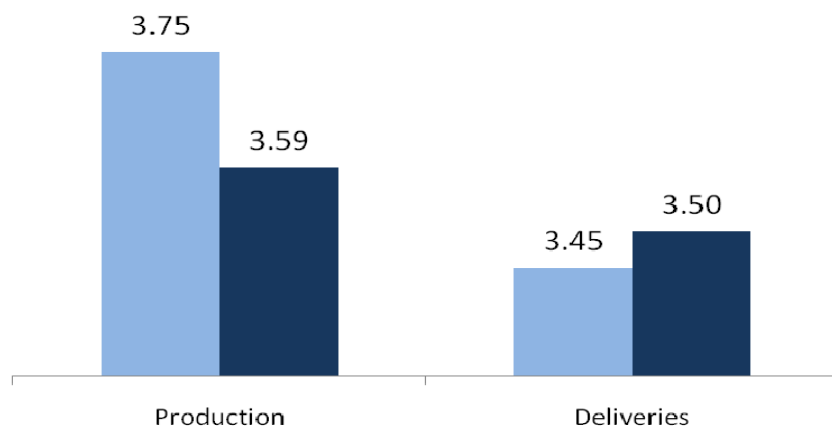
■ Q3 FY'09

■ Q3 FY'08

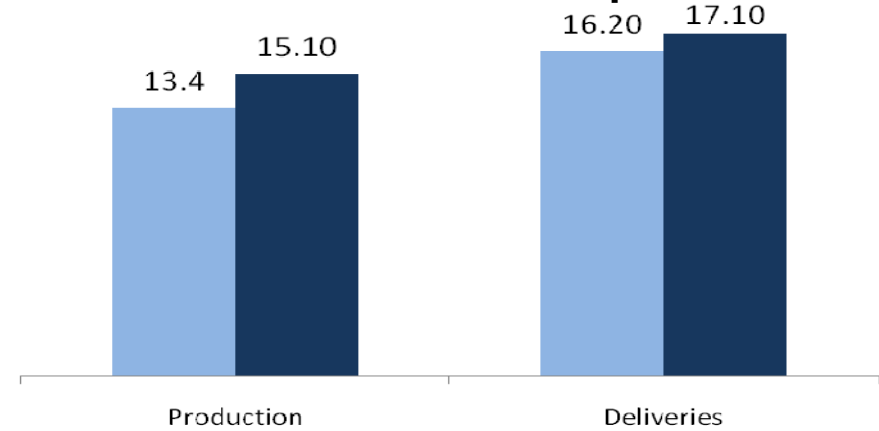
* India – Saleable Steel Production , Europe – Liquid Steel Production & S.E Asia- Finished Steel Production

Apr- Dec FY'09 Production / Deliveries (Mn T)

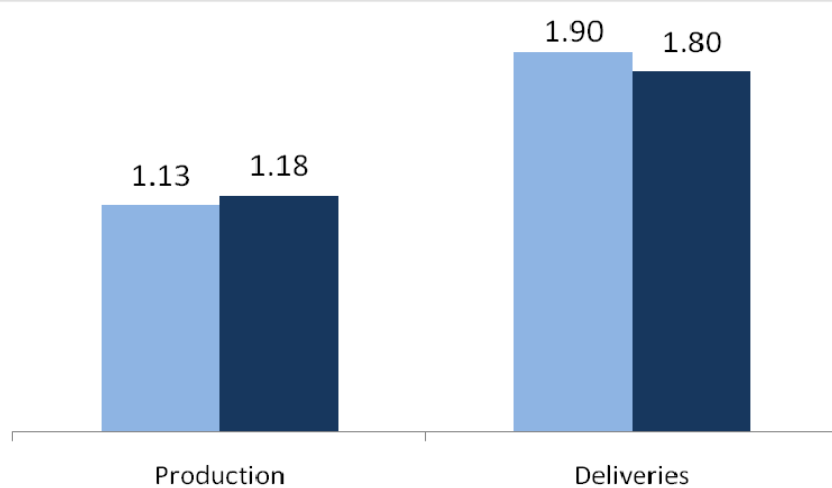
Tata Steel India



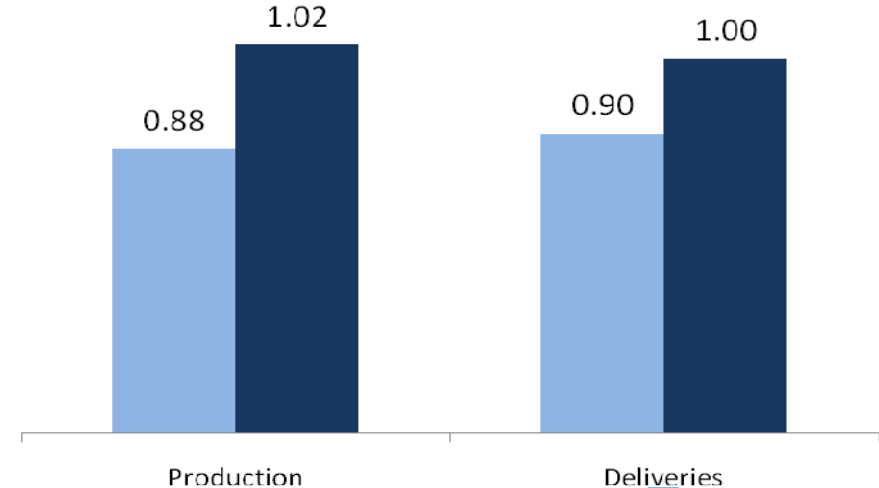
Tata Steel Europe



Nat Steel Asia



Tata Steel Thailand



* India – Saleable Steel Production , Europe – Liquid Steel Production & S.E Asia- Finished Steel Production



Tata Steel Group Management Initiatives



Response to the Financial Crisis

□ Tata Steel India

- Maximize sales in Jan-March Qtr to 1.5 million tons. **(Achieved Sale of 0.5 mt in Jan'09)**
- Renegotiating existing coal contracts for off take till June'09
- 2.9 mtpa expansion plans on track

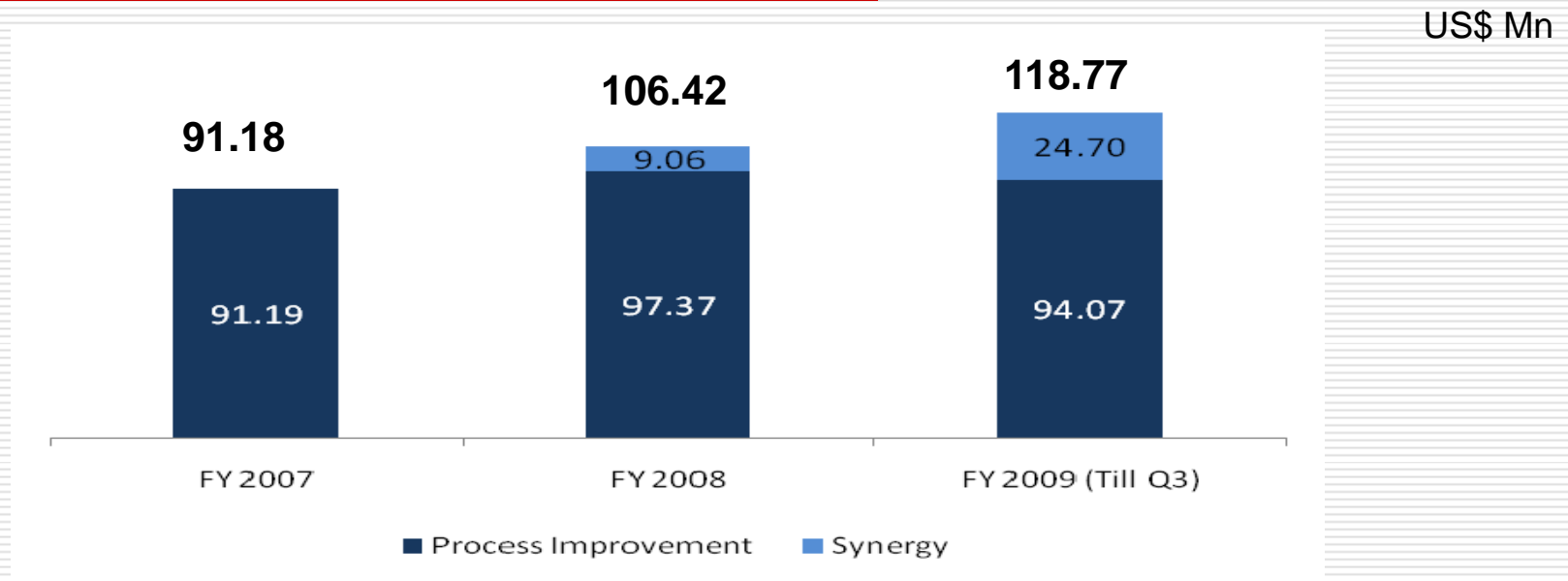
□ Nat Steel Asia

- Maximize plant capacity with cheaper domestic scrap and minimize rebar imports
- Preserving cash by reducing net working capital and postponing capital expenditure
- Continue to reduce operating & overhead costs & Optimize product mix by selling higher downstream tonnages
- Improvement initiatives to lead to yield improvement and reduction in power consumption

□ Tata Steel Thailand

- Special Wire rod sales to be increased, for higher realizations
- Cost Reduction measures entail – reduced ferro alloys consumption and reduction in maintenance and administrative costs
- Enhance Cash conservation and liquidity management by introducing Credit Insurance backed Securitization scheme
- Liquidating entire stock pile of inventory built before the economic downturn

Savings Through Improvement Initiatives - India



- **Procurement:** Saving of US\$ 16.4 Mn through spot buying of coal and exercise mutual options and saving of US\$ 4.4 Mn through postponement of spot buy of ferroalloys.
- **CSI:** Saving of US\$ 12.6 Mn due to reduction in coke rate in A-F blast furnace from 490kg/ton against a plan of 530kg/ton.
- **Long Product:** Saving of US\$ 1 Mn by reduction in Hot metal and scrap consumption in LD1 and US\$ 0.9 Mn by reduction in purchase of billet for WRM West.

Key Initiatives – TS Europe

“Weathering the storm” programme - £ 600 m cash savings to be realised in H2 FY’09

- ❑ Tactical actions to mitigate negative impact of the current market conditions
- ❑ Training and up skilling programme to take advantage of periods of low activity

“Fit for Future” programme- Expected benefits of over £ 200 m p.a.

- ❑ Restructuring initiatives to address the long term sustainability of some assets
- ❑ Improvement of the long term competitiveness of European operations



‘Weathering the Storm’ – TS Europe

Aligning production with current market demand

- 3 blast furnaces idled
- Adjustment of logistic and supply chain

Operational cash savings program to yield £600m in H2 2009

- Reduction in use of 3rd party services
- Flexible production to reduce energy cost
- Reduction in employment cost e.g. overtime, bonus
- General and administration cost saving programme
- Align hedging to new activity levels

Use of available workforce for training

- Governmental support payroll scheme effective in the Netherlands
- Governmental support scheme under discussions in UK

‘Fit For Future’– Divestments - TS Europe

Aluminium

- Corus and Klesch signed Sale and Purchase agreement 21 January 2009
- Briand Invest Klesch will acquire the aluminium smelters at Voerde and Delfzijl

Teesside Cast Products

- Sale of a majority stake in the equity of Teesside Cast Products
- Bring clarity beyond the current off take agreement

'Fit For Future'- Asset restructuring - Strip UK

Steel Making

Port Talbot

BF5 - running
BF4 – currently idled
Repair BF to extend life to 2012

Rolling

Port Talbot

HSM
3.2mt → 4mt

Llanwern

HSM and PL1
Mothballed

Re-rolling + Coating

Port Talbot

CRM
CAPL

Llanwern

PL2
Cold Rolling
ZODIAC

Llanwern
Central Engineering Workshop

Pontardulais
Aluminised Products

Key Actions

- Mothball Llanwern HSM and Pickle line 1
- Extend life of BF4 to 2012
- Increase Port Talbot HSM capacity to 4mt+
- Efficiency improvement programmes at Port Talbot

■ Close

■ Mothballed



'Fit for Future' - Asset restructuring - CES

Speciality Business

Steel Making

Rotherham
EAF-T
EAF-N

Casting & Rolling

Stocksbridge
Mills & Finishing

Downstream

Aero Service Centres:
Bolton
Suzhou, China

Bar Business

Scunthorpe
BOS
BBM

Rotherham
Thrybergh Bar mill

Aldwarke
Primary Mill & Large
Bloom Caster and
Finishing

~300Kt

~700Kt

Consolidate Downstream at
• Bright Bar & Processing in Rotherham
• Leverage CDUK

Slough, Bolton, Hetton, Wednesbury & Wolverhampton

Close

Key Actions

Re-size CES to 1mt

Create 2 businesses

- Speciality business focused on higher margin products (c 300kt)
- Bar business (c 700kt) to be integrated with Scunthorpe and supplied mainly through BOS route (c 550 kt) for cost competitiveness

Efficiency improvements

- Reduce overhead structure and operate Rotherham with mini-mill philosophy
- Consolidate secondary activities

‘Fit for Future’ - Asset restructuring - Downstream

Further Rationalisation of Distribution

- ❑ Closure of the Bellshill, Blackburn and Stourton service centres in the UK
- ❑ Strategic review of operations in Spain

Restructuring Building Systems

- ❑ Closure of Ammanford and Tewkesbury and relocate panel and profile lines to Shotton
- ❑ Strategic review of operations in France

Restructuring Tubes Business

- ❑ Strategic review of operations in the Netherlands

All the above initiatives will be implemented whilst maintaining and developing our market share



Synergies Realized in Apr-Dec FY'09

US \$ Mn

| TS India | Realized | Exit rate |
|----------------------|--------------|--------------|
| Manufacturing | 28.5 | 17.4 |
| Procurement | 2.8 | 2.3 |
| Total | 31.3 | 19.7 |
| TS Europe | Realized | Exit rate |
| Manufacturing | 46.8 | 45.4 |
| Procurement | 21.2 | 45.0 |
| Corp Center | 12.0 | 16.0 |
| Financing | 75.0 | 100.0 |
| Total | 155.0 | 206.4 |
| TSL (India & Europe) | Reported | Exit rate |
| Total | 186.3 | 226.1 |

Cost Projects in Progress

IJmuiden

- Increase in LCCS (low cost carbon sources) usage from 15% to 39%.

Jamshedpur

- Coke Rate reduced from 430 kg/thm to 380 kg/thm at G Fce through better burden distribution.
- Increase in LD vessel life from 2964 heats to 5000 heats.

Port Talbot

- Increase in LCCS usage from 10% in Q2 FY'09 to 37%.
- Increase in Coal Injection from 139 kg/thm to 189 kg/thm in PT#5.
- Increased usage of Processed Reverts ~ Additional 36kt ore replacement in FY'09.

Scunthorpe

- Increase in LCCS usage from 15% to 30%.



Financial Review



Consolidated Financial Performance

US \$ Mn

| Q3 FY'09 | Tata Steel | TS Europe | NSA | TSTH | Tata Steel Group(*) |
|---------------------------|------------|-----------|------|-------|---------------------|
| Deliveries (mt) | 1.1 | 4.3 | 0.4 | 0.3 | 6.0 |
| Turnover | 991 | 5,381 | 343 | 127 | 6,839 |
| EBIDTA | 306 | 358 | (16) | (76) | 611 |
| EBIDTA margin | 31% | 7% | (5%) | (60%) | 9% |
| PBT | | | | | 142 |
| PBT margin | | | | | 2% |
| PAT** | | | | | 168 |
| PAT margin | | | | | 2% |
| ROIC (pretax) | | | | | 8% |
| Diluted EPS (US\$) *** | | | | | 0.20 |

(*) Includes other JVs, Subsidiaries & share of profit of Associates of the Tata Steel Group

(**) Profit after taxes, MI and Share of Associates (***) Not Annualized



Consolidated Financial Performance

US \$ Mn

| Apr – Dec FY'09 | Tata Steel | TS Europe | NSA | TSTH | Tata Steel Group(*) |
|---------------------------|---------------|--------------|-------|------|------------------------|
| Deliveries (mt) | 3.5 | 16.2 | 1.9 | 0.9 | 22.6 |
| Turnover | 3,721 | 18,909 | 1,541 | 692 | 24,922 |
| EBIDTA | 1,635 | 2,047 | 59 | 22 | 3,784 |
| EBIDTA margin | 44% | 11% | 4% | 3% | 15% |
| PBT | | | | | 2,361 |
| PBT margin | | | | | 9% |
| PAT** | | | | | 1,953 |
| PAT margin | | | | | 8% |
| ROIC (pretax) | | | | | 25% |
| Diluted EPS (US\$) *** | | | | | 2.38 |

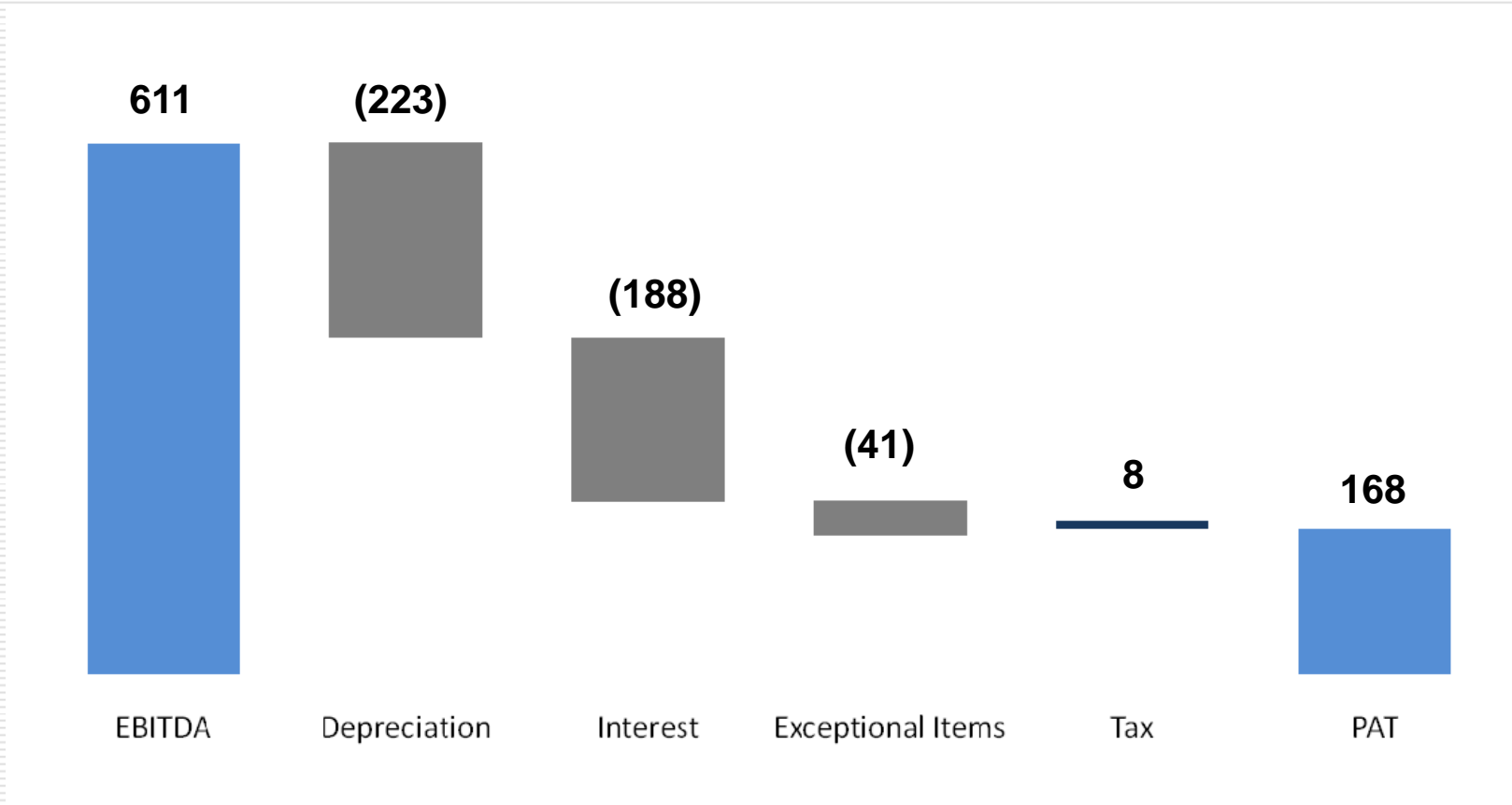
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Consolidated Profit Bridge – Q3 FY'09

US\$ Mn

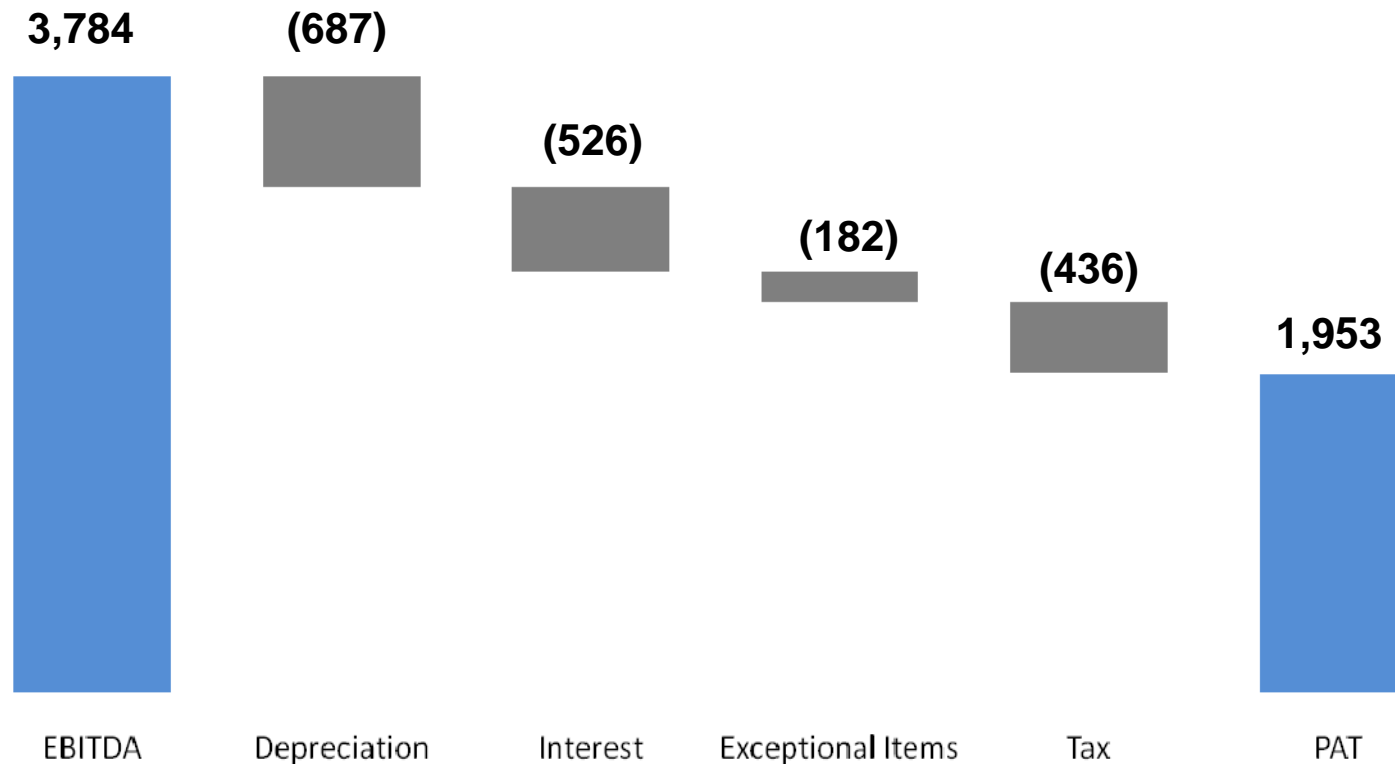


* PAT is after Minority Interest and Share of Associates



Consolidated Profit Bridge – Apr- Dec FY'09

US\$ Mn

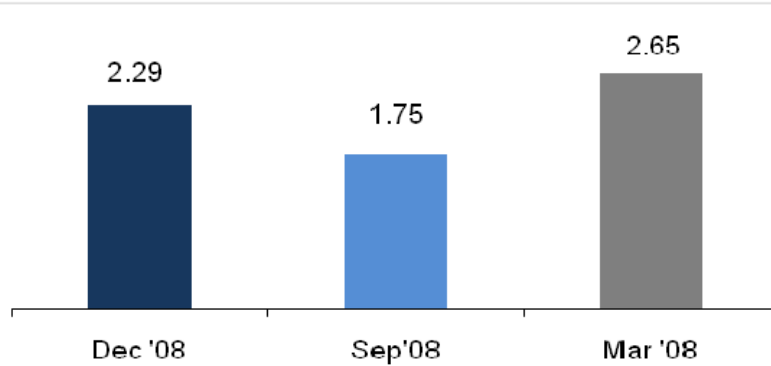


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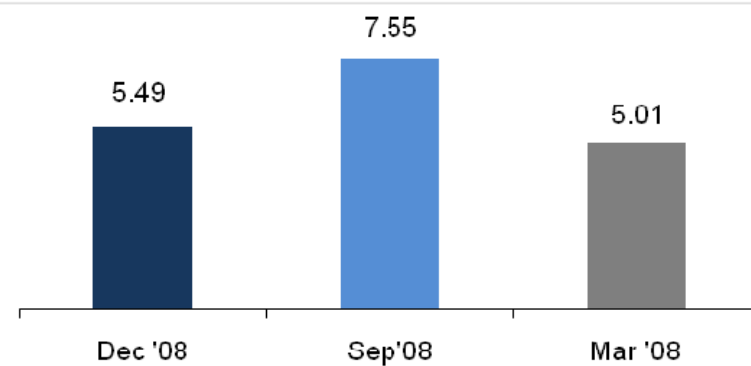


Consolidated Financial Ratios

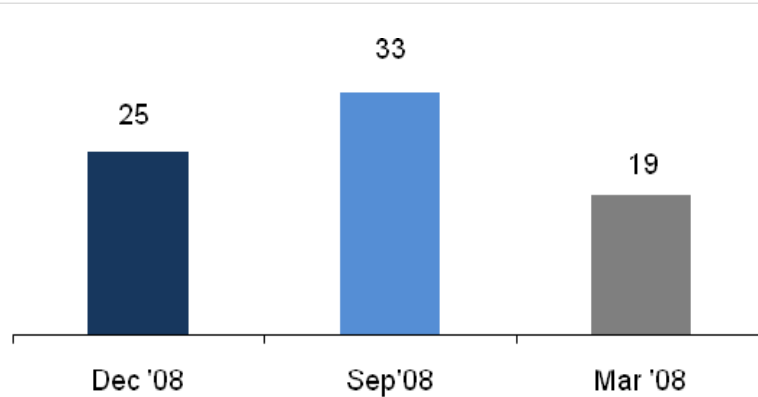
Net Debt / EBITDA



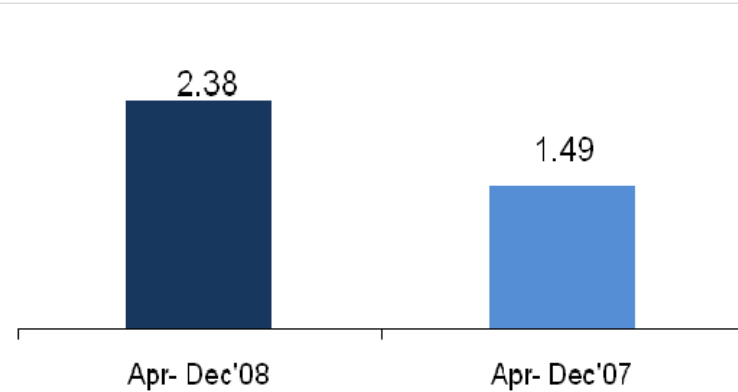
Interest Cover



ROIC (%) – Pre Tax – (Annualised)

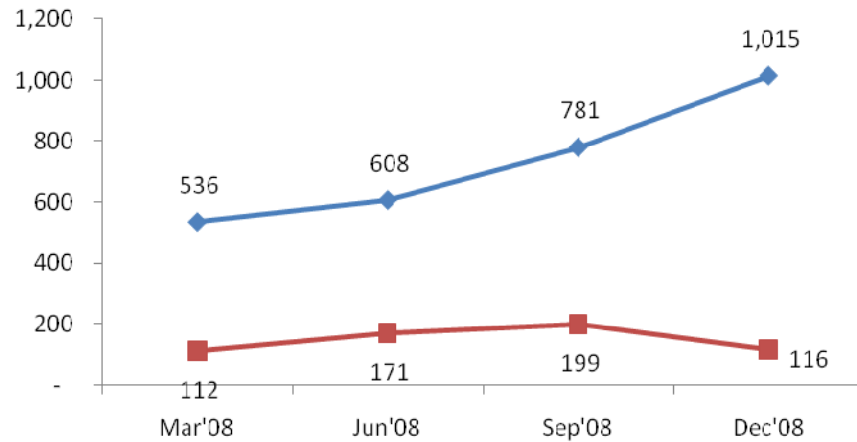


Diluted EPS – (Not Annualised) (\$)



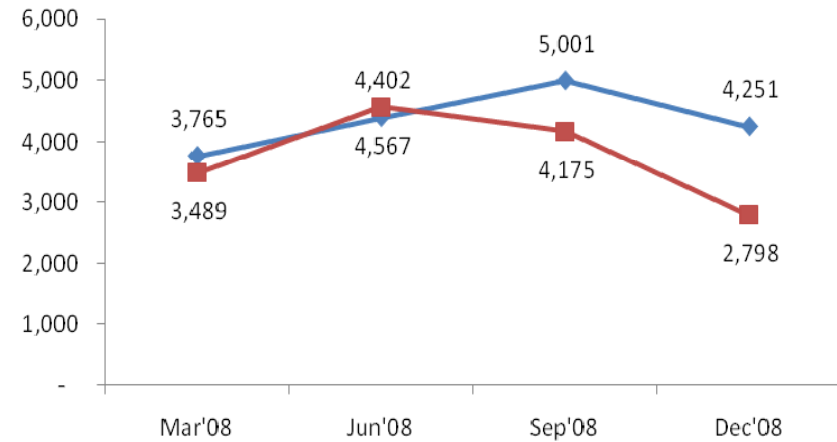
Working Capital Management

Tata Steel India

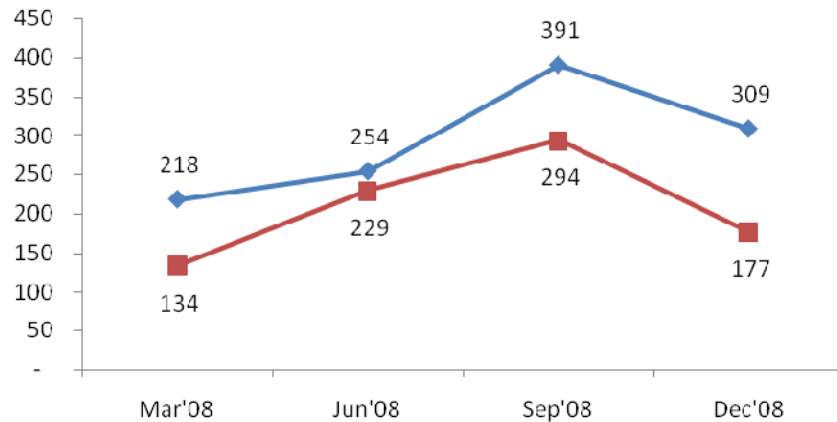


Tata Steel Europe

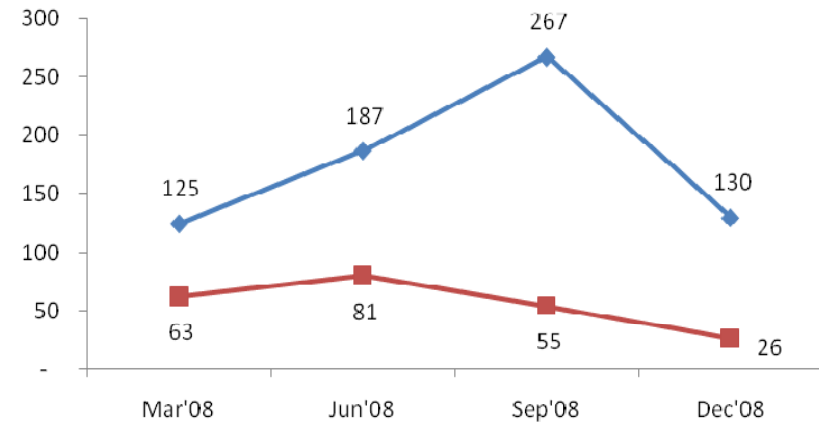
US\$ Mn



Nat Steel Asia



Tata Steel Thailand

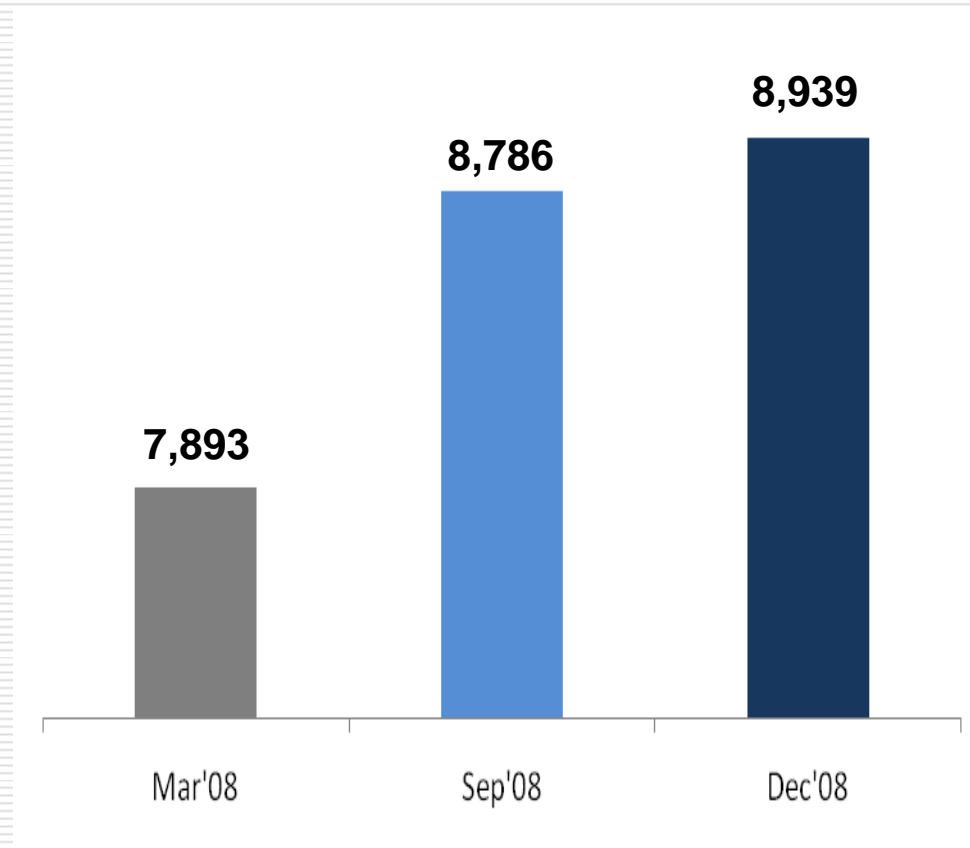


----- Inventory ----- Receivables



Net Term Debt Position – Tata Steel Group

US\$ Mn



Net Debt Increase Includes :

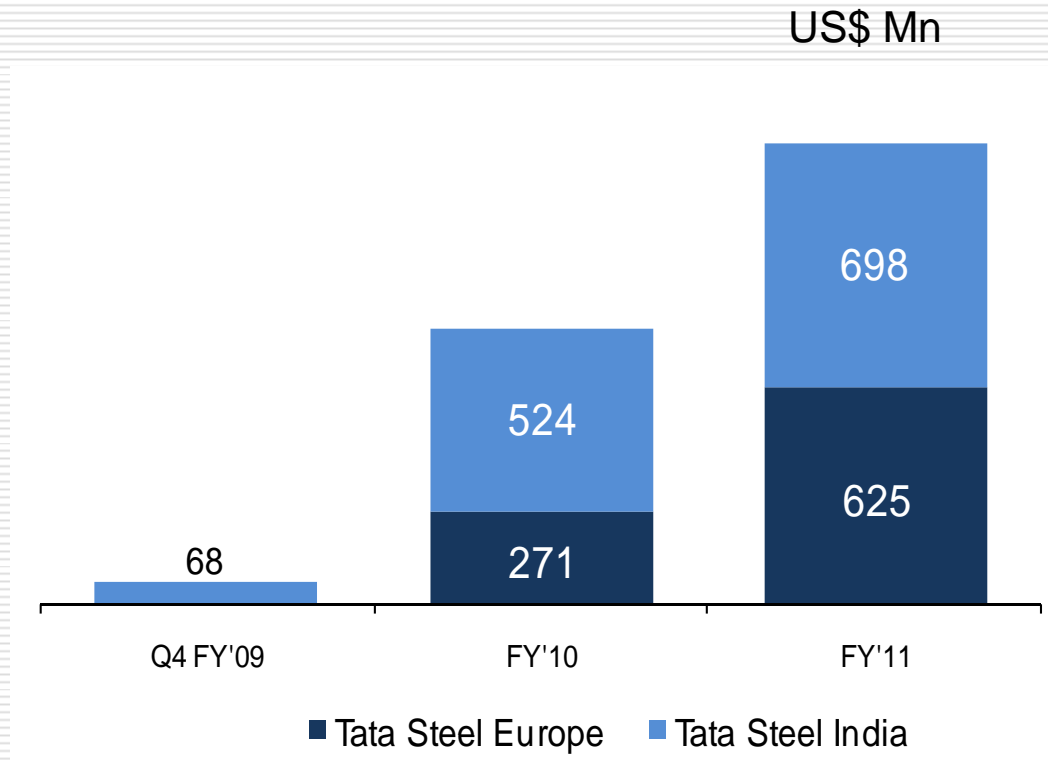
- Exchange Rate Fluctuation on account of US\$ 1.6 Bn ECB loans in TSL India (Fully Hedged) – **694**
- Exchange Fluctuation impact due to depreciation of Pound Sterling against Euro in Senior Facility Agreement - **889**

Note:

Net Debt excludes CARS, Working Capital Loans, Securitization of Receivables and Finance Leases

Conversion Rate: USDINR -48.58

Gross Debt Maturity – Tata Steel Group



□ No repayment obligation till

December 2009 in TS Europe

□ Company will prepay debt of

~ US\$ 450 Mn during FY'10 in

TS Europe

Natsteel Asia has no long term external debt liabilities

TS Thailand has long term debt of ~ US\$ 146 Mn

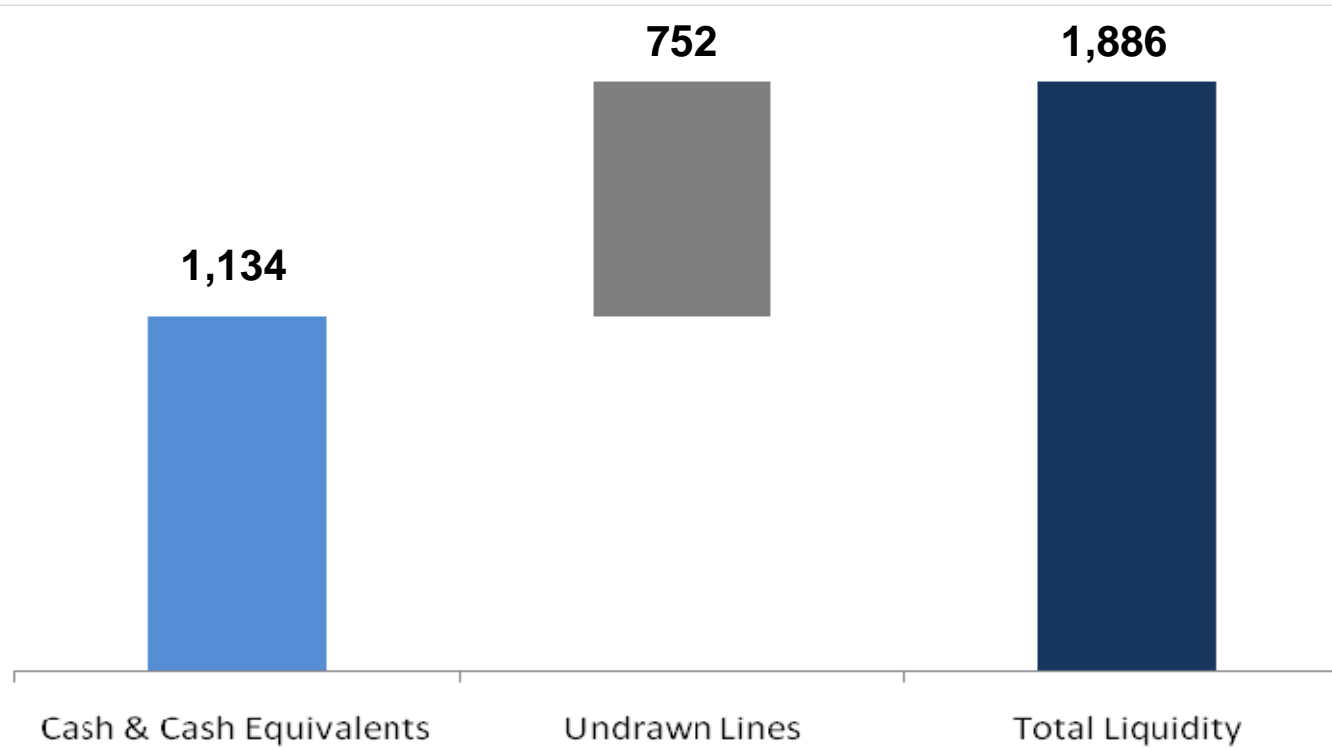
payable over 5.5 years



Liquidity Position - Tata Steel Group

US \$ Mn

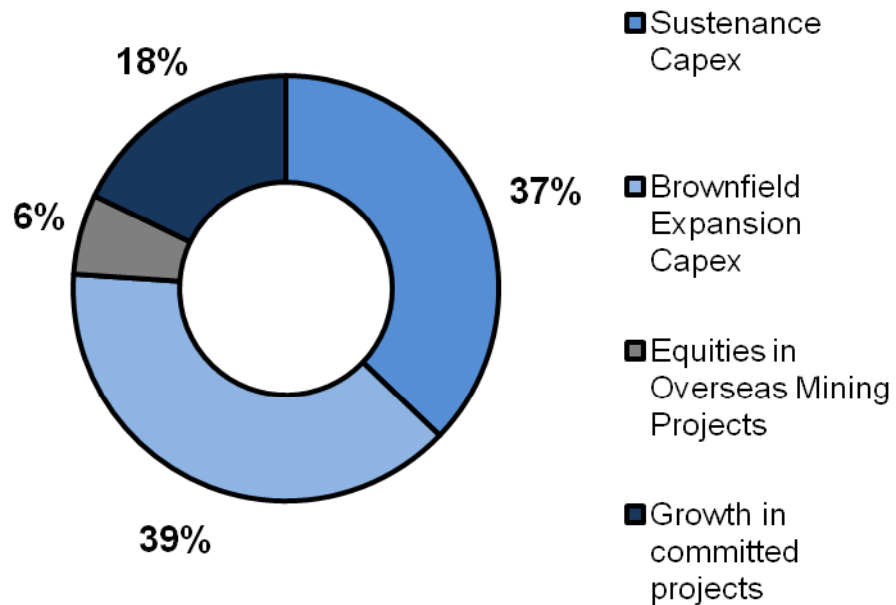
Position as on 20th Feb'09



Covenants as at Dec'08 have been met



Group CAPEX for 2009-10



2009-10 Capex for TS group to be around US\$ 1.2 Bn

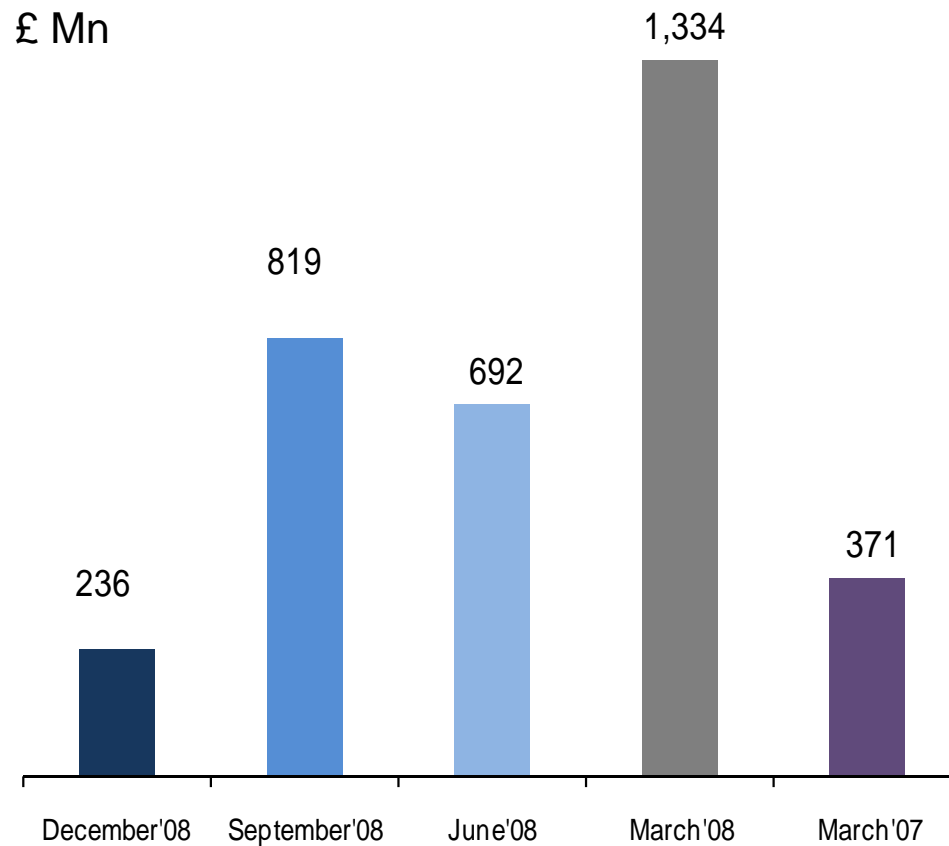
Focus on High Growth Projects e.g. Jamshedpur Expansion to 10 mtpa by December 2010

Continue commitment towards developing existing investment in overseas raw material projects



TS Europe Pensions

Combined Surplus of all TS Europe Pension Funds



- Tri-ennial valuation completed
- Agreement with trustees finalized
- Contribution fixed for next 3 years @ 12%
- Proposal to close schemes to new members by migrating from Defined Benefit scheme to Defined Contribution scheme



Near Term Outlook



Thank You