TATA STEEL

TATA

10th November, 2011

Consolidated Financial Results

Half Year Ended 30th September 2011

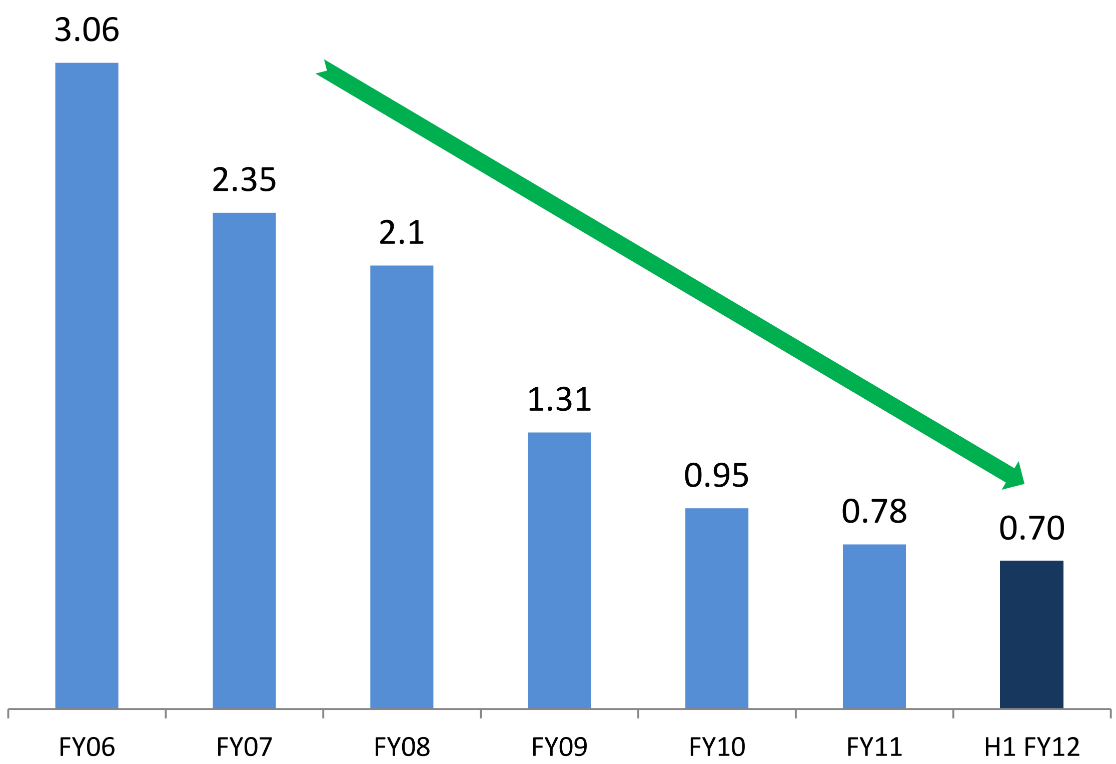
Press Meet Presentation

Agenda

- Introduction and consolidated highlights
- Global business environment
- Performance of Indian and SE Asian operations
- Performance of European operations
- Group financial performance
- Project updates
- Outlook

Tata Steel Group – Safety Performance

Lost Time Injury Frequency (LTIF)

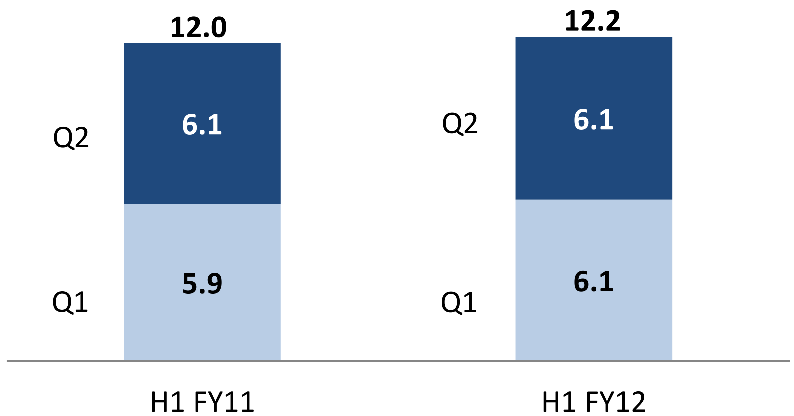


- Tata Steel's health and safety improvements recognised by industry peers; Tata Steel Europe and NatSteel were recipients of worldsteel H&S recognition awards
- Lost time injury frequency rate of 0.70 for H1 FY12 representing 10% improvement on FY11

Group Financial Highlights

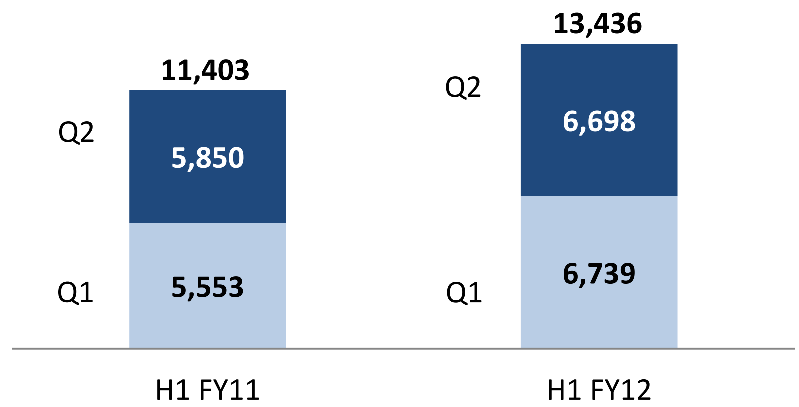
Deliveries

Mn T



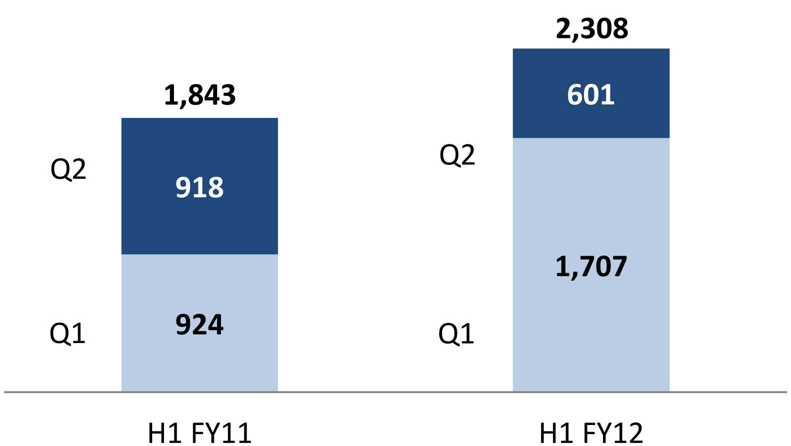
Turnover

US$ Mn



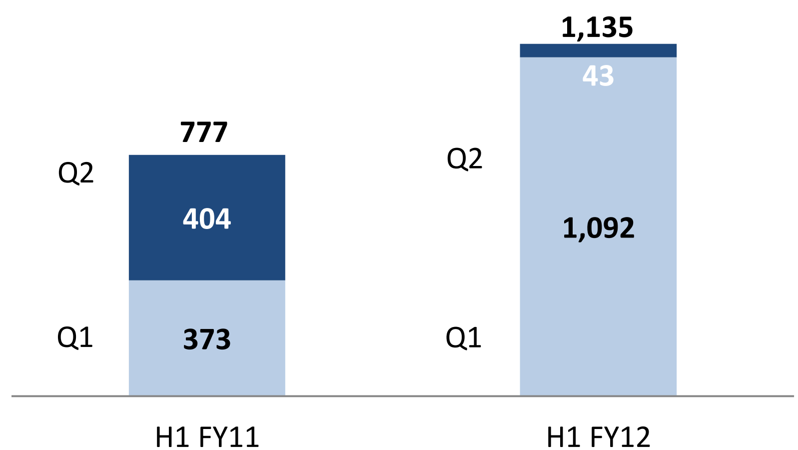
EBITDA

US$ Mn



PAT *

US$ Mn



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Conversion Rate INR/USD – 48.97 ; * PAT after Minority Interest and Share of Associates

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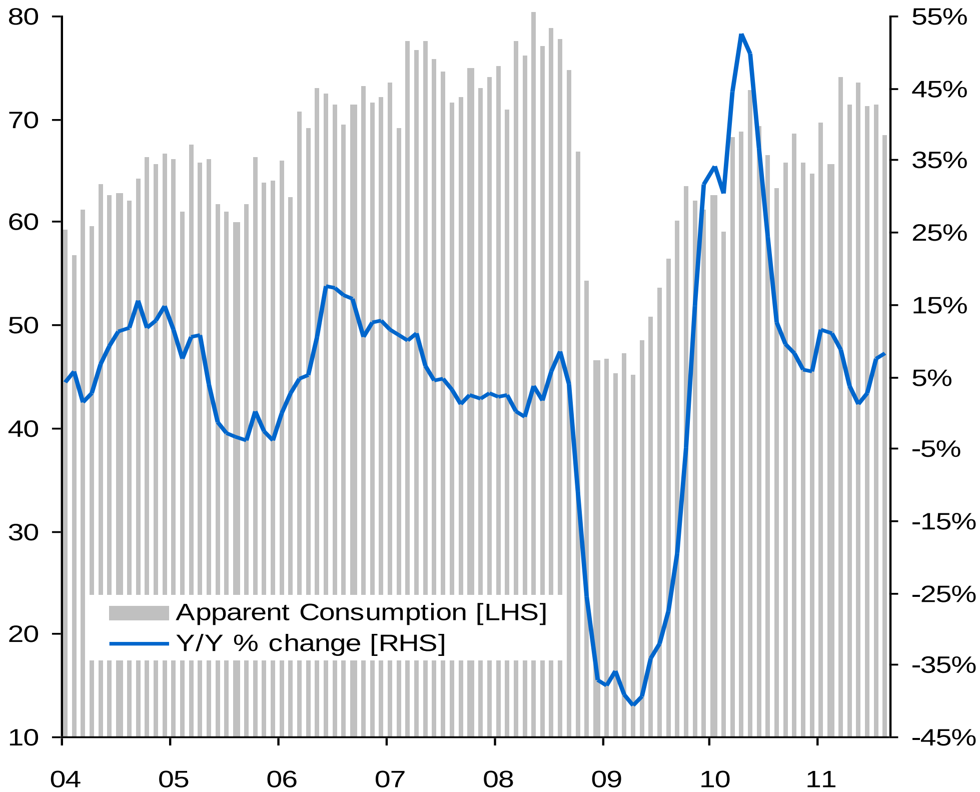
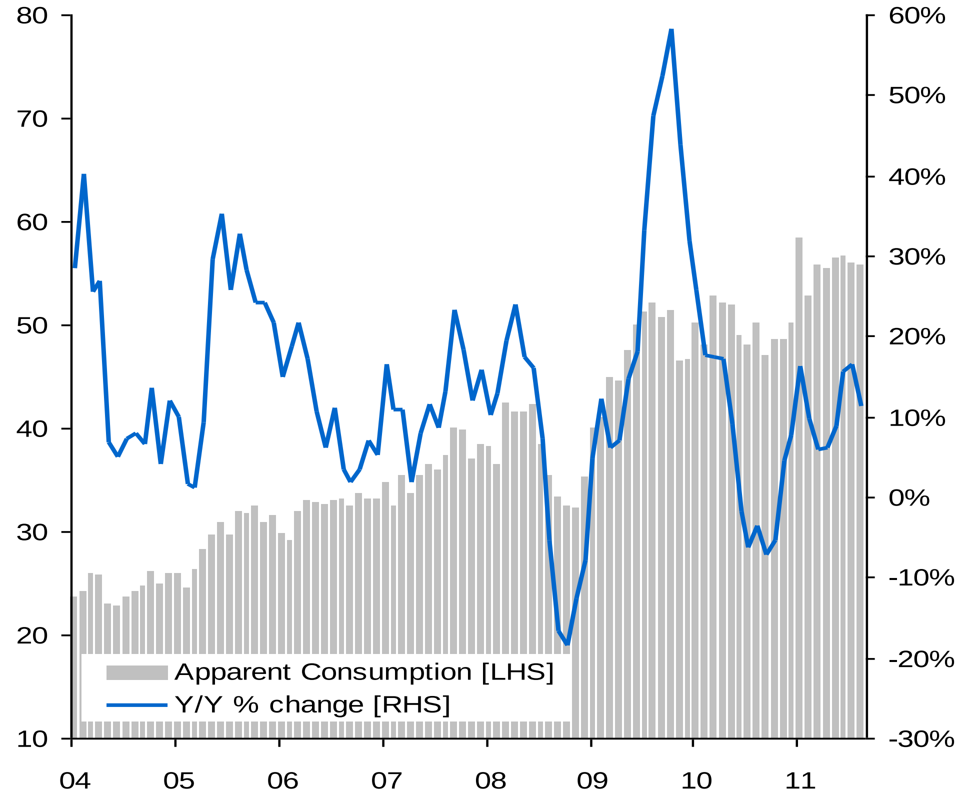
Global steel market environment

Apparent Steel Demand (crude steel) – World ex China



Apparent Steel Demand (crude steel) – China



Global steel consumption growth eased in the September quarter with capacity utilisation averaging 78% - falling from the average of 82% in the June quarter

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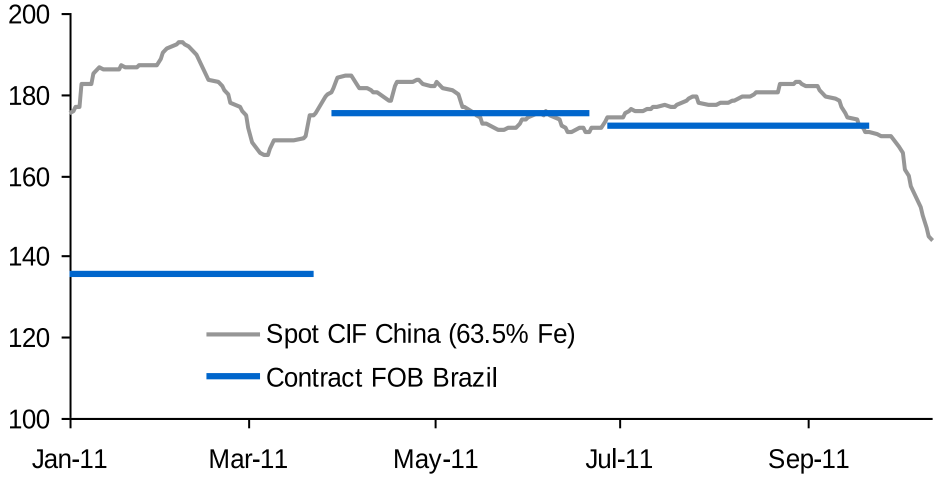
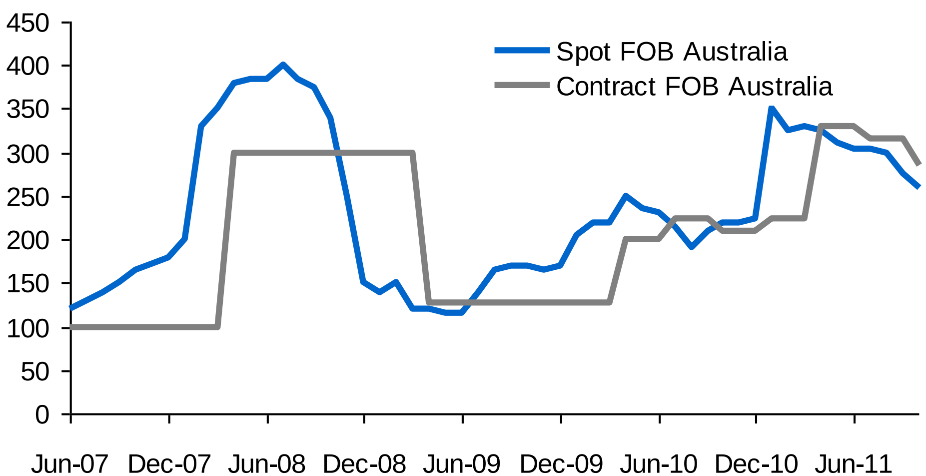
Source: worldsteel, Tata Steel – Strategy

Raw material prices declining

Iron ore fines, US$/tonne



Hard coking coal, US$/tonne



- Slowdown in steel demand has weakened the raw material spot prices
- Iron ore prices have declined sharply compared to coking coal prices
- March-12 quarter raw material contract prices to mirror the current drop in spot prices
- Steel prices may continue to remain under pressure due to fall in raw material prices

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Source: CRU, Platts

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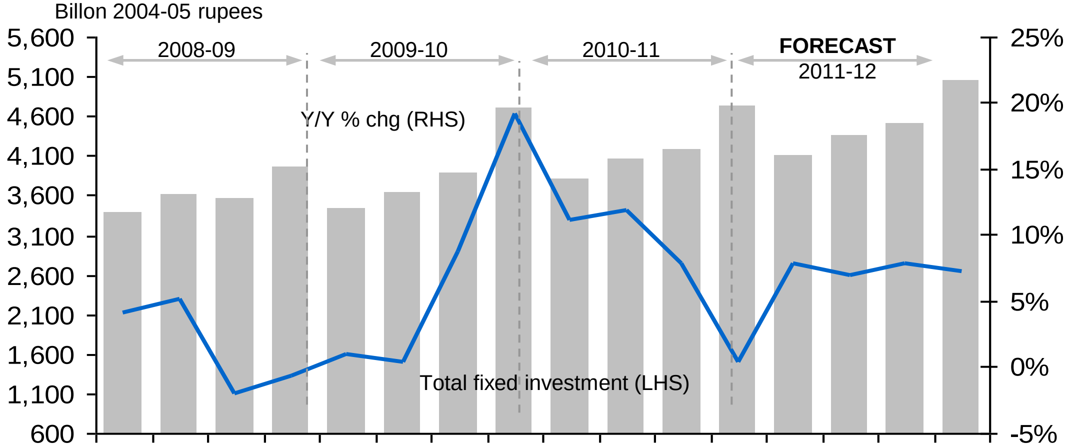
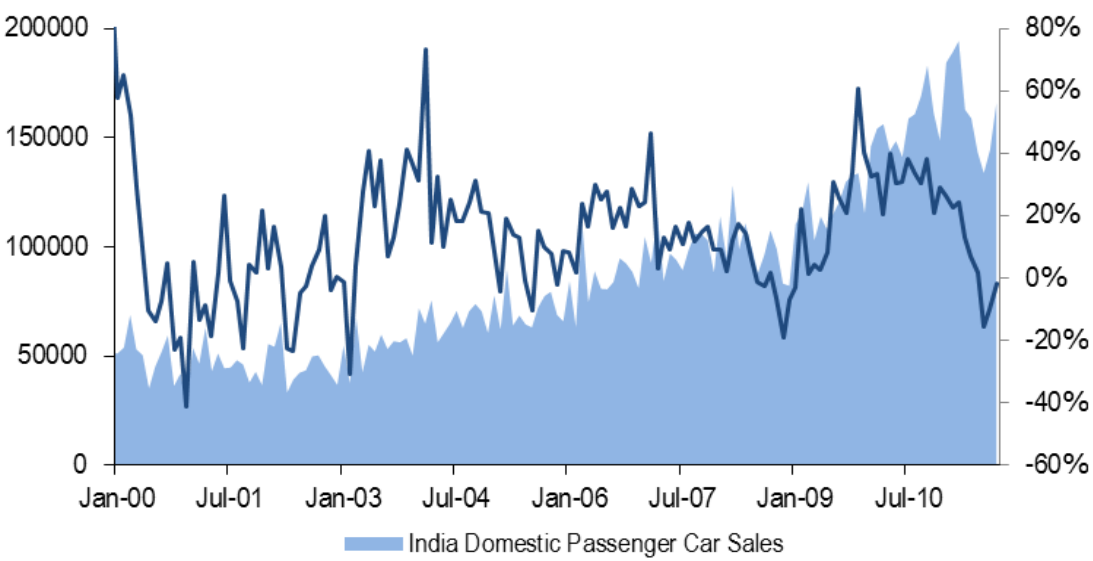
Indian steel market

Indian total fixed investment (billion 2004-05 Rupees, Y/Y % change)



Source: Oxford Economics

India domestic passenger car sales



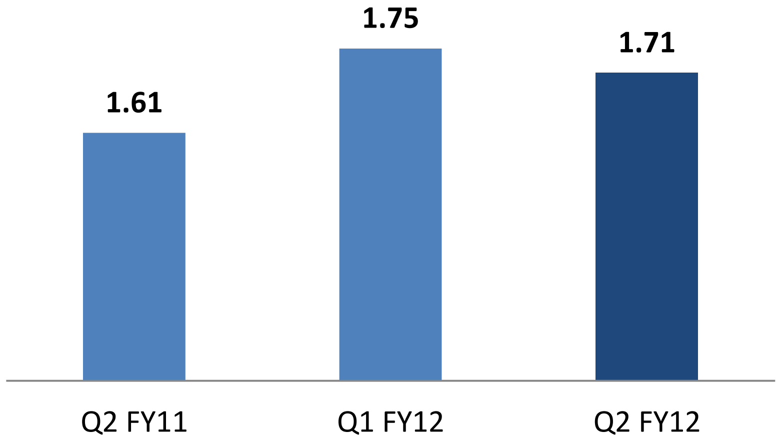
- Indian steel using sectors affected by moderation of economic activity
- Passenger car sales adversely affected by high interest rates
- Fixed asset investments are expected to increase in H2 FY'12

Source: worldsteel, SBB

Performance – Tata Steel India

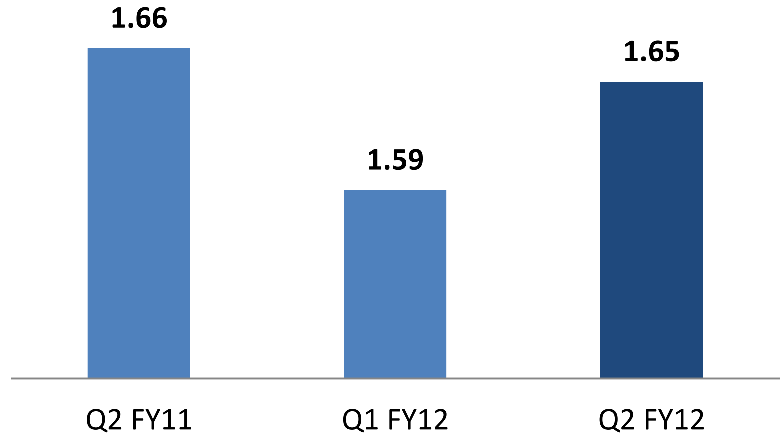
Production

Mn T



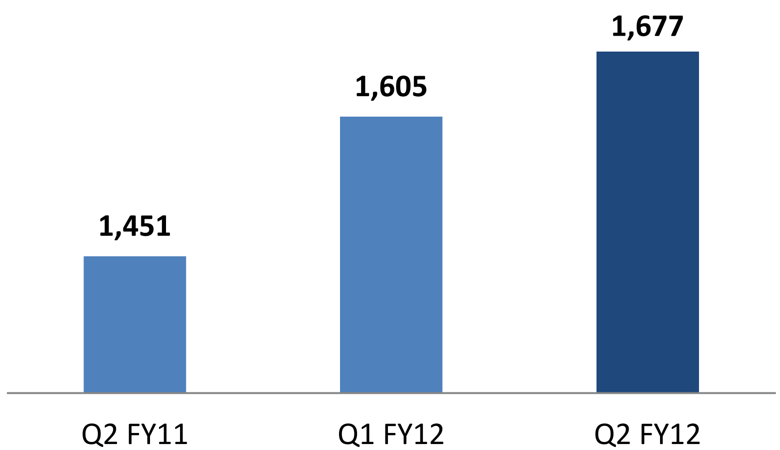
Deliveries

Mn T



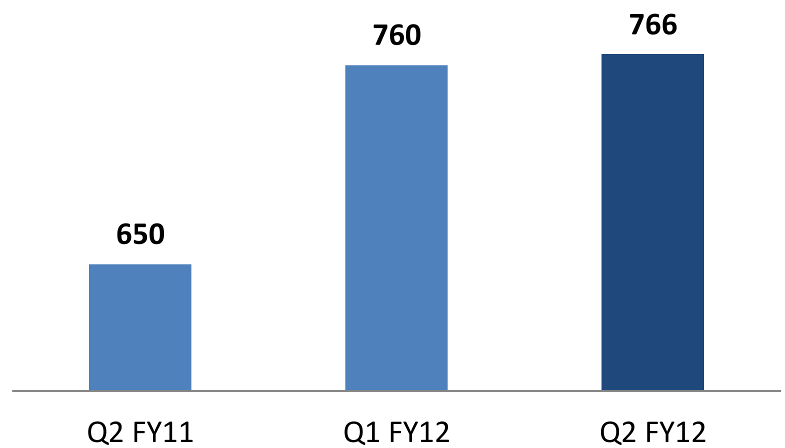
Turnover

US$ mn



Steel Net Realisaton/t

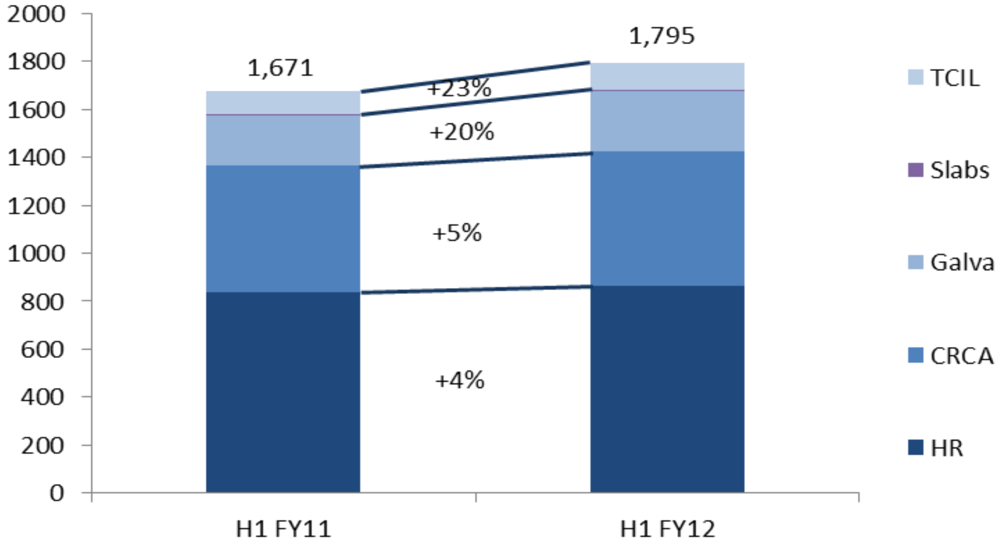
US$



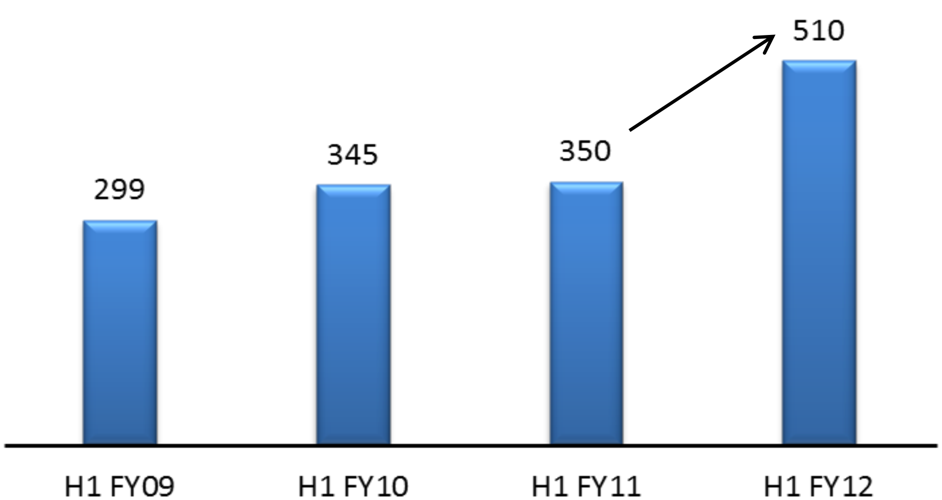
Conversion Rate INR/USD – 48.97

Operating performance – Tata Steel India

Flat product deliveries (kt)



Long products retail sales (kt)



- Highest skin panel and galvannealed sales to the automotive sector
- Increase in dealer base from 2,750 to 3,200 during the last half year in the long products segment leading to 46% y-o-y increase in retail sales
- Record quarterly sales of long products despite the monsoons
- Tata Shaktee and Tata Tiscon selected as a ‘Superbrand’ in India

Product development – Tata Steel India

Flat products

➢ Deep drawn and high tensile galvannealed and bake hardened products for car components with higher corrosion resistance and improved dent resistance

Benefits:

- Lower thickness leads to higher fuel efficiency of cars
- Import substitution – leading to higher market share

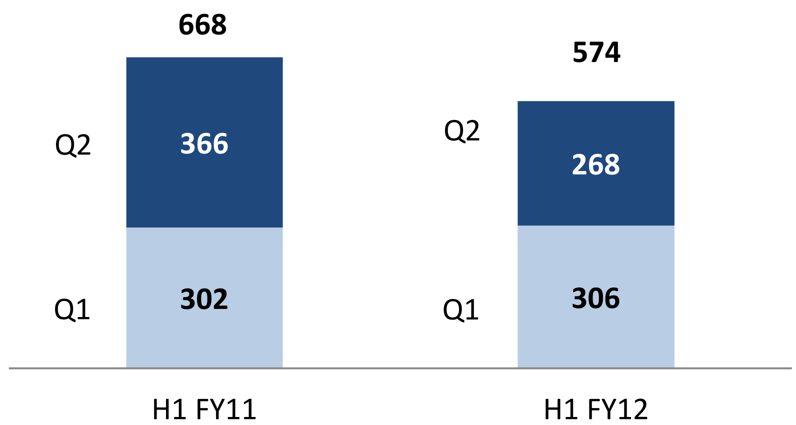
Long products

➢ Low carbon and high carbon wire rods enabling high speed drawing and fewer breakage

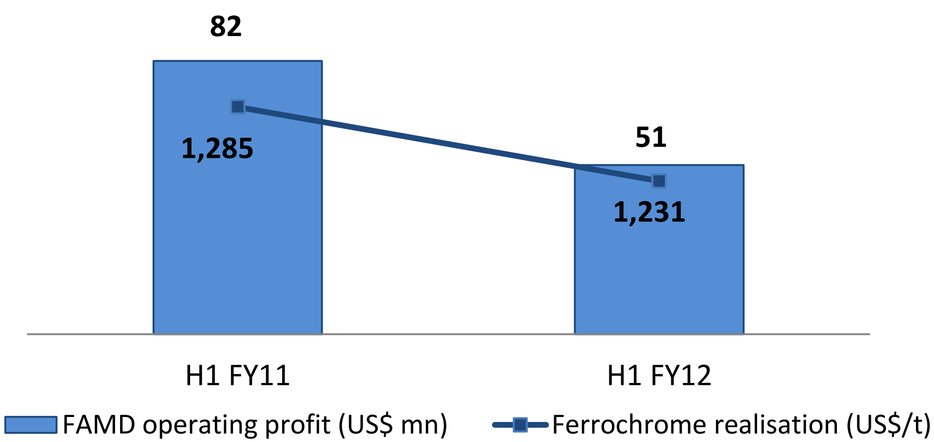
➢ Designing micro alloyed and thermo-mechanically treated rebar for safer construction

Ferro Alloys & Minerals Division – Tata Steel India

Deliveries (kt)*



Year on year movement



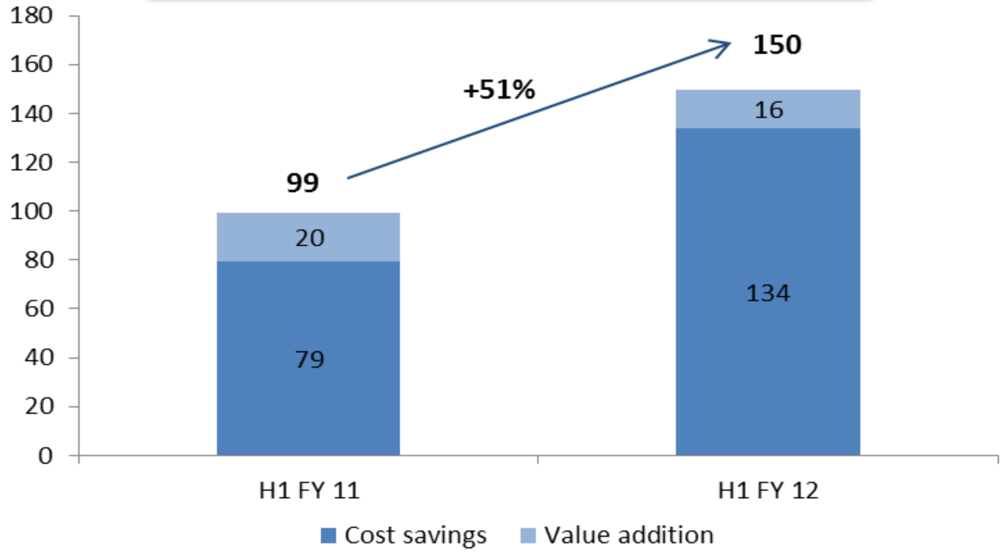
- Reduced capacity utilization of Japanese stainless steel Industry resulting 50% drop in premium segment demand
- Prices deteriorated materially in H1 – expected to improve marginally in the second half of the year
- Profitability drop is the dual effect of price and volume reduction

* Includes transfers to other divisions. Conversion Rate INR/USD – 48.97

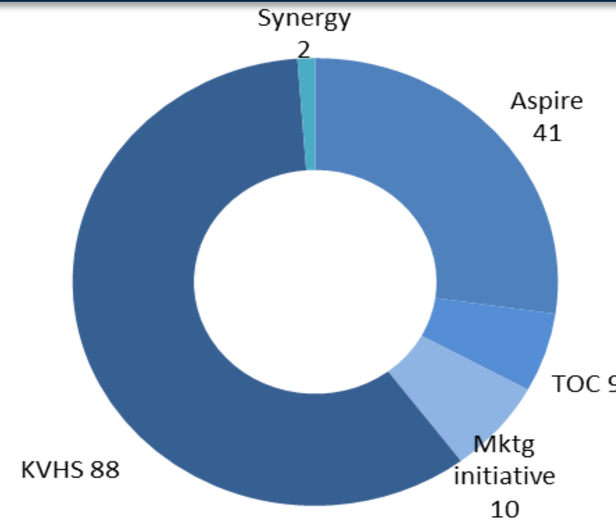
Continuous improvements – Tata Steel India

Figures in US$mn

Savings on improvement initiatives



Initiative wise break up



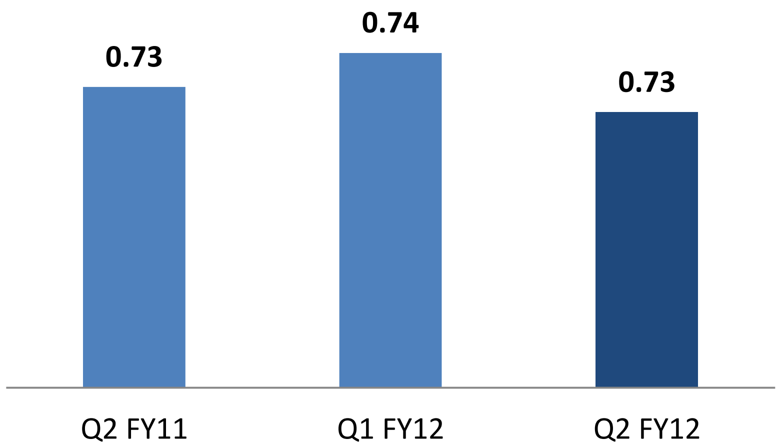
Improvement initiatives :

- "Kar Vijay Har Shikhar" initiatives in the raw materials divisions generated a savings of US$31mn. Substitution of imported coal with coal procured from the domestic markets generated savings of US$7mn
- Increasing the height of the coal cake in HMC resulted in savings of US$8mn
- Improvement in slag management throughout the plant resulted in savings of US$3mn
- Marketing initiatives in flat and long product segments generated value creation of US$9mn

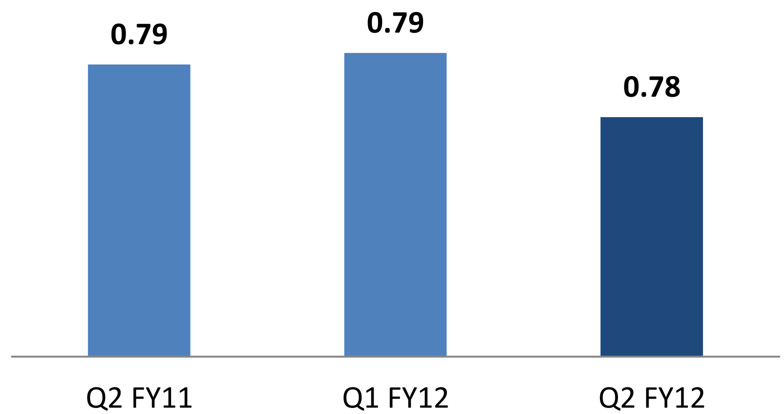
Conversion Rate INR/USD – 48.97

Performance – South East Asia

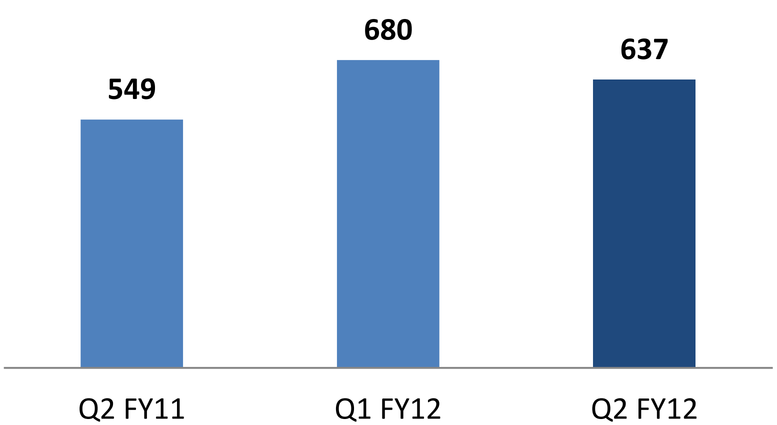
Production Mn T



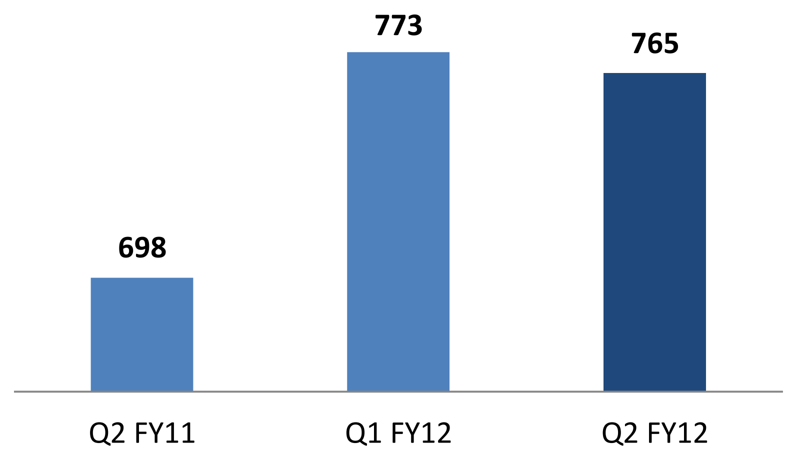
Deliveries Mn T



Turnover US$ mn



Average selling prices/t US$



Conversion Rate INR/USD – 48.97

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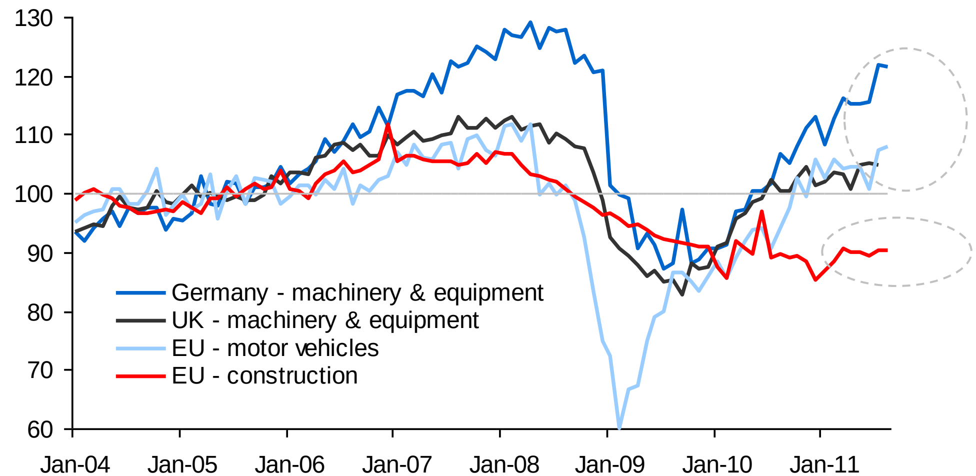
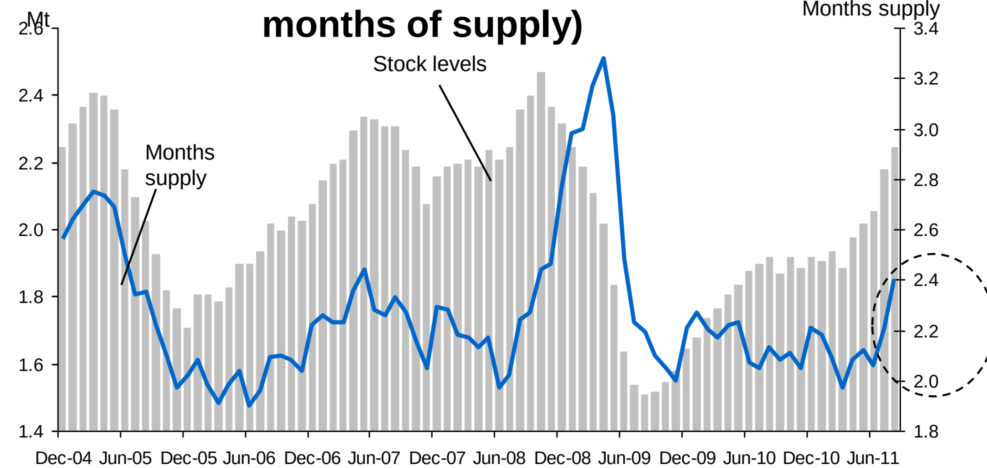
European Steel Market – Output in steel using industries still recovering strongly, except construction

Steel using sector output (index 2005 = 100)



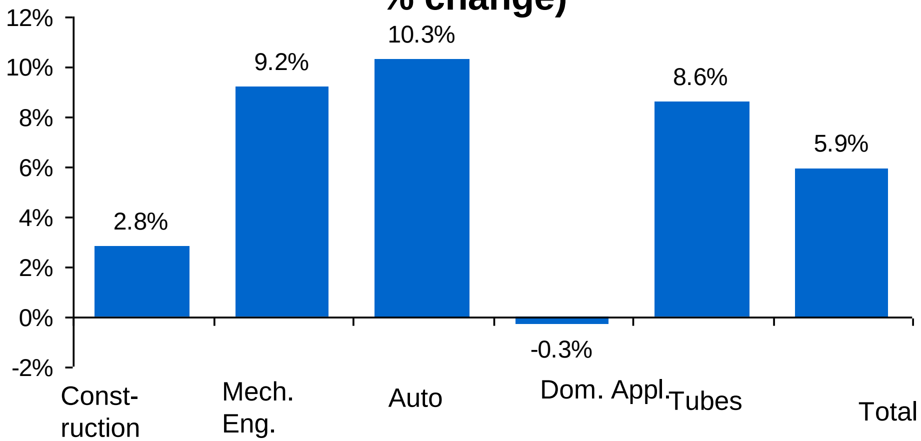
Source: Eurostat

European Steel Service Centre Stocks (mt, months of supply)



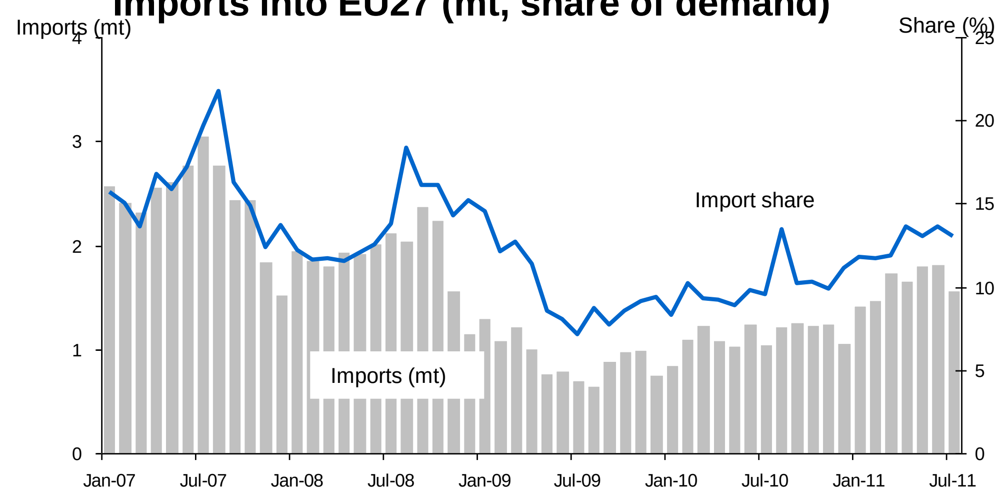
Source: EASSC

Eurofer EU sector forecasts 2011 (Y/Y % change)



Source: Eurofer

Imports into EU27 (mt, share of demand)



Source: Eurofer

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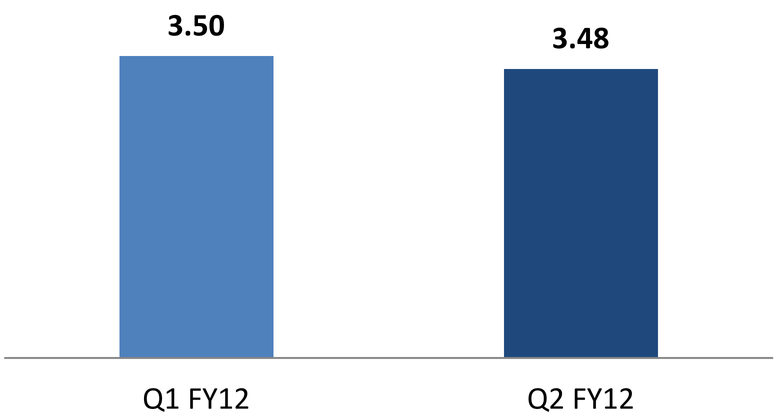
Performance – Tata Steel Europe

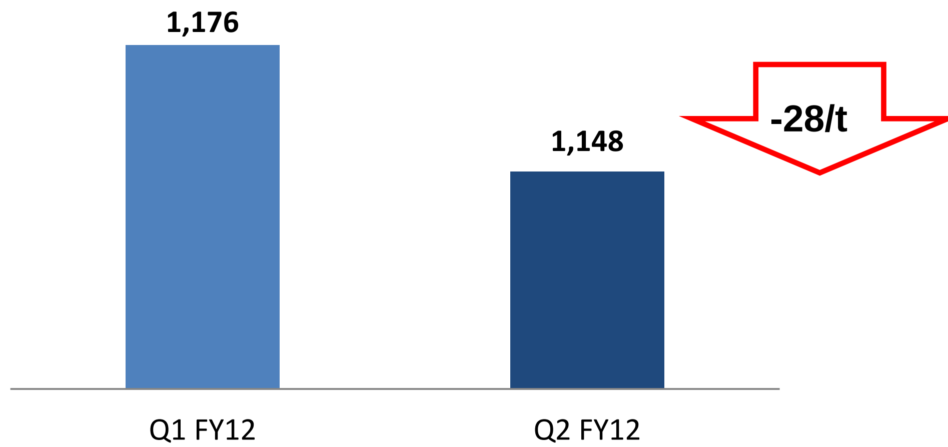
Deliveries

Mn T



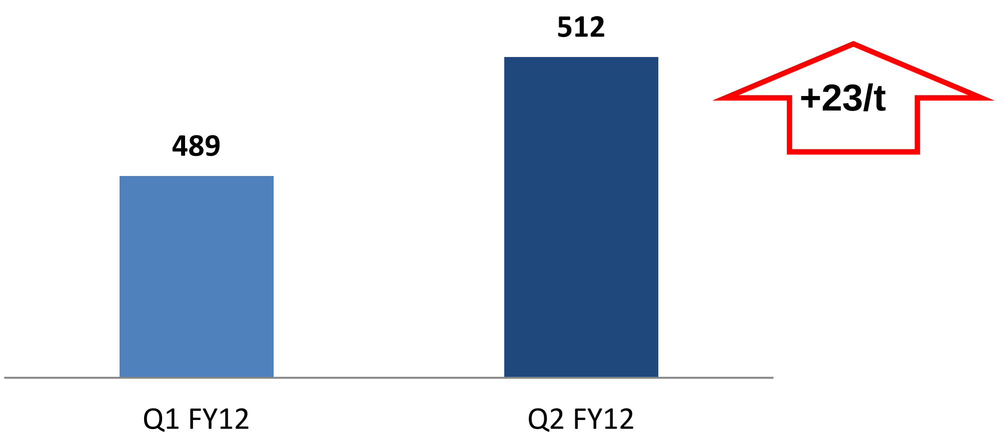
Average selling prices/t *

US$



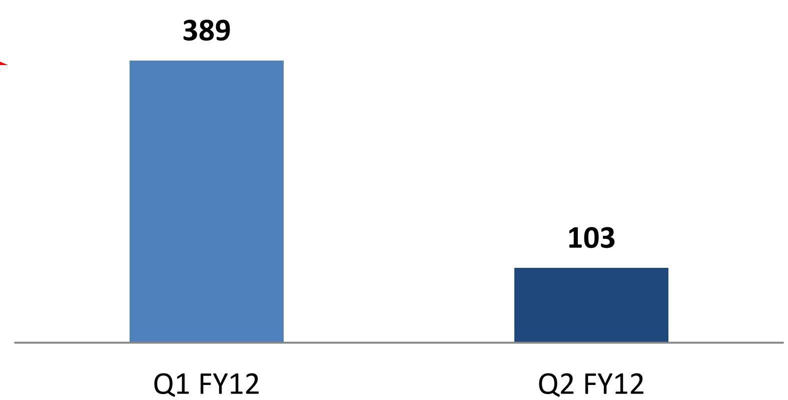
Raw material cost

US$ / T



EBITDA^

US$ mn



Conversion Rate: INR/USD – 48.97, USD/GBP – 1.558. *excludes JV turnover. ^ Q1 FY12 EBITDA includes TCP arbitration proceeds of US$140mn

Restructuring initiatives

- Long Products Consultation completed after May announcement. Two furnace operation in place to match market demand. Bloom & Billet Mill and Caster 750 closed
- Programme started to capture IJmuiden's world class potential including focus on maintenance, product quality, cost reduction, energy efficiency, productivity enhancement and increase of volume
- Closing the loss making operations of Construction Products business – consultation process has started

Improvement programmes

- Long Products on track for significant EBITDA improvements over 3 years
- IJmuiden: similarly significant EBITDA improvement potential
- Strip UK EBITDA improvement potential is under evaluation
- Other: mix improvements, supply chain optimisation and logistical costs reductions
- Total management cost savings FY2011/12: $400mn

CapEx Programmes

- Off gas ducting and cooling system revamp at Port Talbot – investments of $83mn – potential to generate recurring savings of $9mn p.a.
- Improved energy efficiency in Speciality Business – various small investments totalling $7mn resulting in energy savings of 19kMwh p.a.
- 2 new remelting furnaces -$10mn, to come on stream early 2012 to raise aerospace steels output by 30%
- No 4 furnace rebuild investment on track for completion in Q3 2012

Enabling our customers to perform in their markets

Despite short term market volatility we are delivering sector wins

Rail sector

- Hayange 108m rail mill investment commissioned
- Enhances production capacity and product offering
- Underpinned by major contract win for high speed South-Europe-Atlantique line in France

Other sectors

- UK Ministry of Defence licence for Super Bainite
- Nickel plated steels innovation to the UK's Royal Mint
- Offshore grade steels included in wave energy devices
- Automotive contract secured to supply 60% of steel to a UK OEM replacement model

Sector investments

- Energy efficiency and product differentiation in Speciality Steels business
- Hartlepool investment for wind turbine jackets and welding capability
- Zwijndrecht tubes Automotive expansion
- Levelling capability for Lifting & Excavating

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Group financial performance – Q2 FY12

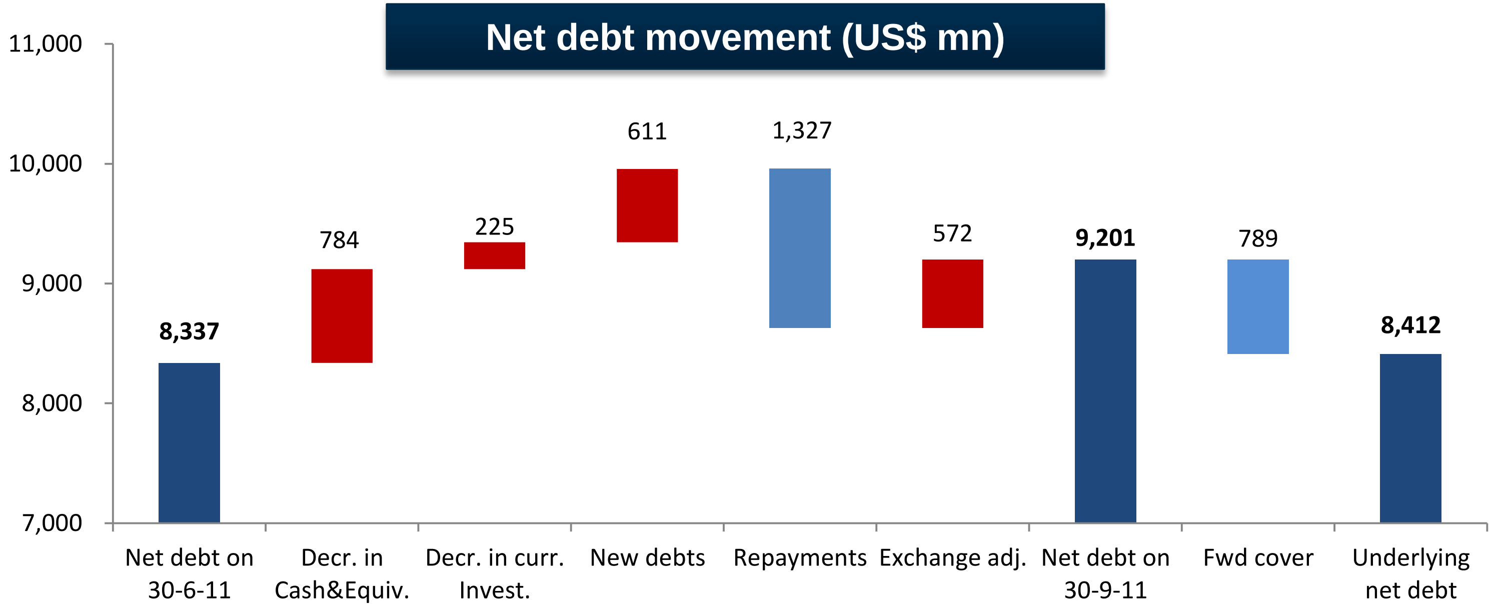
Figures in US $ mn unless specified

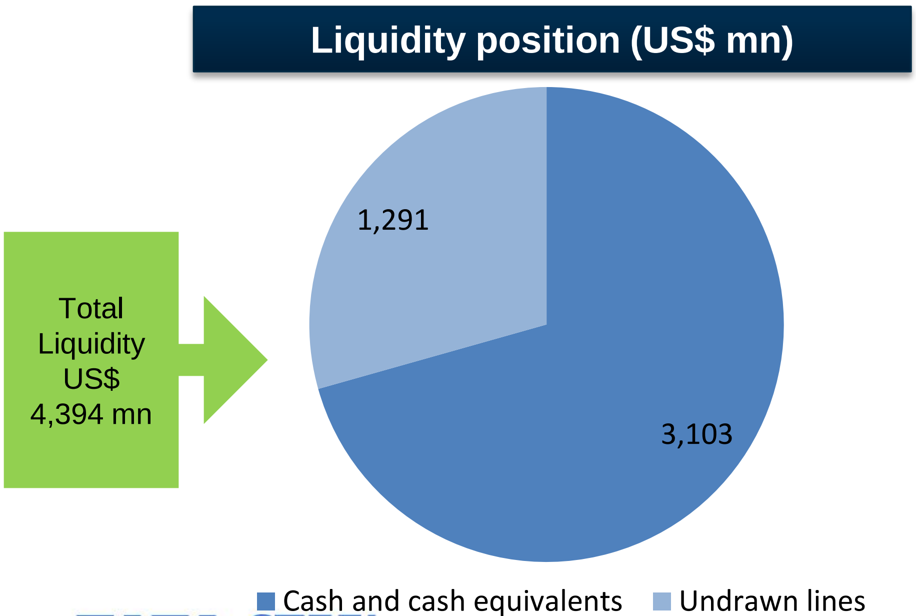
	Q2 FY12				Q2 FY11
	Tata Steel India	Tata Steel Europe	South East Asia	Tata Steel Group (*)	Tata Steel Group (*)
Deliveries (Mn T)	1.65	3.48	0.78	6.11	6.06
Turnover	1,677	4,321	637	6,698	5,850
EBITDA	570	103	5	601	918
EBITDA Margin (%)	34	2	1	9	16
EBITDA/tonne (US$)	346	30	7	98	156

	Q2 FY12	Q2 FY11
Profit Before Tax	214	554
Profit After Tax & Minority Interest	43	404

(*) Includes other JVs, Subsidiaries & share of profit of Associates of the Tata Steel Group ; Conversion Rate INR/USD – 48.97

Net debt movement and liquidity position





- Capex incurred during the quarter US$557mn
- US$202mn debt prepaid during the quarter

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Conversion Rate: INR/USD – 48.97

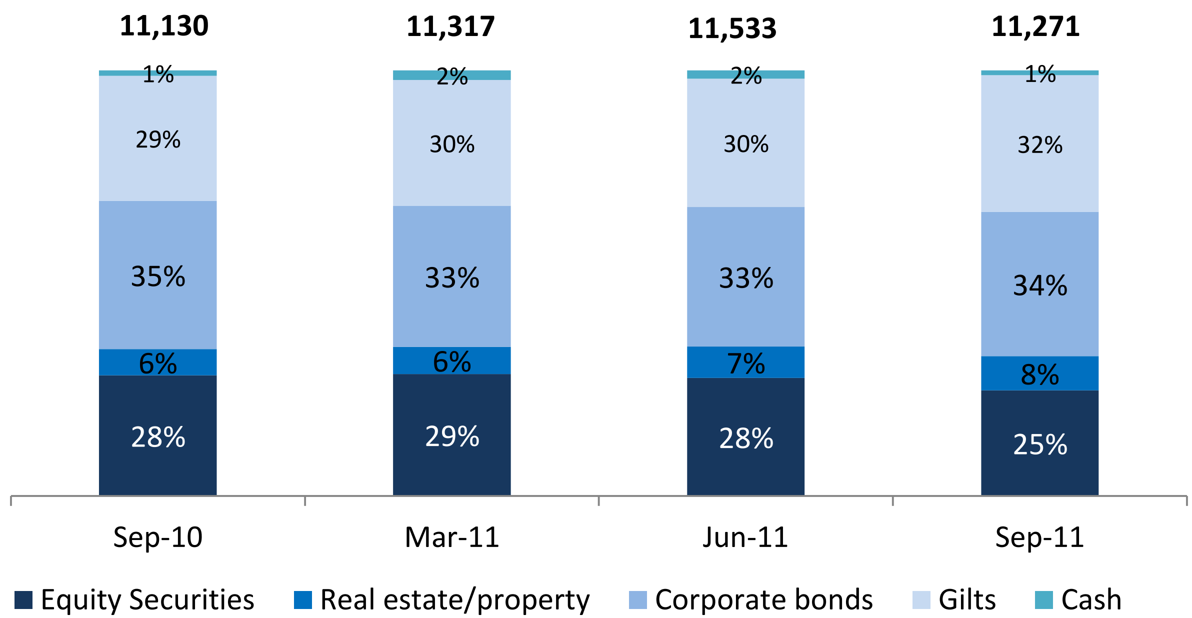
Pensions Management – European Operations

Figures in £ mn

	Sep-10	Mar-11	Jun-11	Sep-11
Total Scheme Retirement Benefit Assets	16,214	16,090	16,401	16,164
Total Scheme Retirement Benefit Liabilities	(16,055)	(15,743)	(16,051)	(16,058)
Net Pension Surplus (BSPS &SPH)	**159**	**347**	**350**	**106**

Pension Asset Composition – BSPS

£ mn



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Odisha project

Civil works in progress in dedusting stack

Casting of a single foundation of 5500 m3

Civil work in progress in substation building in sinter plant

Piling work in SMS area in progress

Raw material project: Benga, Mozambique

Majority held by Rio Tinto (65%)

CHPP plant

Main consumer substation: switch room

Switch gear

Conveyor

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Business outlook

- High inflation and resultant high interest rates are impacting steel demand in India in the near term. However, prices are stable and the long term growth fundamentals remain firmly in place
- European steel demand remains under pressure due to contraction of manufacturing output. Capacity is now getting aligned with demand and import pressure is receding
- SE Asian markets are expected to remain under pressure with apparent slowing in Chinese steel demand. Steel demand in Thailand would remain depressed due to severe floods in the country
- Steel using sectors in China witnessing signs of slowing on the back of tight monetary policy, impacting raw material prices
- Raw material prices are correcting with sharp fall in iron ore prices. However, they are expected to have a favourable effect only from the last quarter of this FY due to the lag effect

Thank You