

# **Tata Steel (Thailand)** **welcomes**

**[Results Presentation : Financial quarter ending  
31<sup>st</sup> December 2016]**

**7<sup>th</sup> February 2017**



# Disclaimer

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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.

# Content

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- **Corporate Citizenship**
- **Economic Scenario & Steel Business**
- **Q3 FY17 Performance**
- **Business Outlook**

# Corporate Citizenship



## Tata Group

Tata group in Thailand held the 5<sup>th</sup> "Forest For Life For King Rama IX"

## Bangkok

CSR Activity for Employee with Setsatian, School for the deaf.



## SCSC

Cleaning beach areas at Taguan community and Pradoo bay



## NTS

Supported to build new building at Queen Savang Vadhana Memorial Hospital.



## SISCO

Buddhist ceremony at Wat Yang Nom, Saraburi Province.



# Content

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- Corporate Citizenship
- **Economic Scenario & Steel Business**
- Q3 FY17 Performance
- Business Outlook



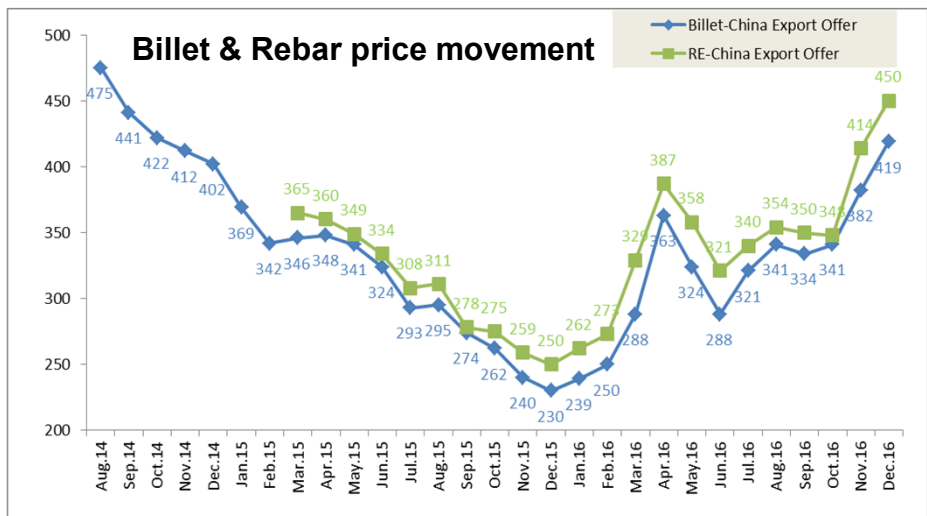
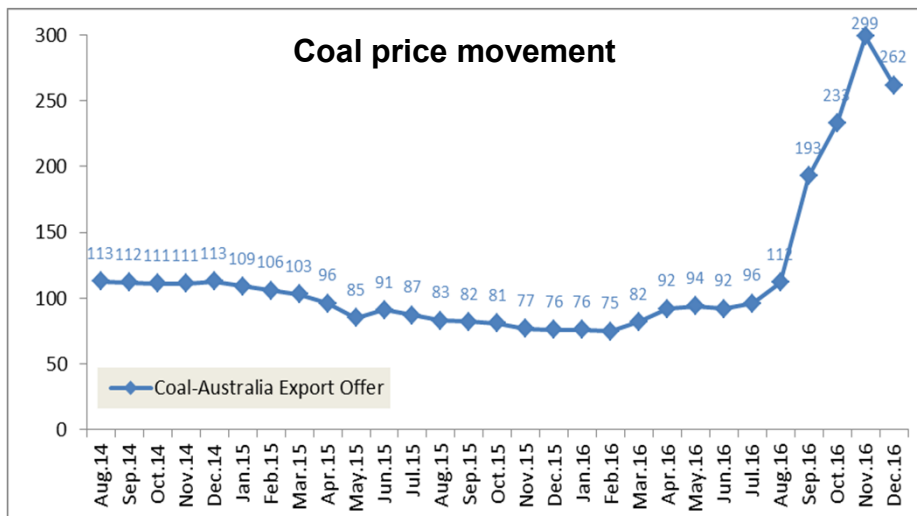
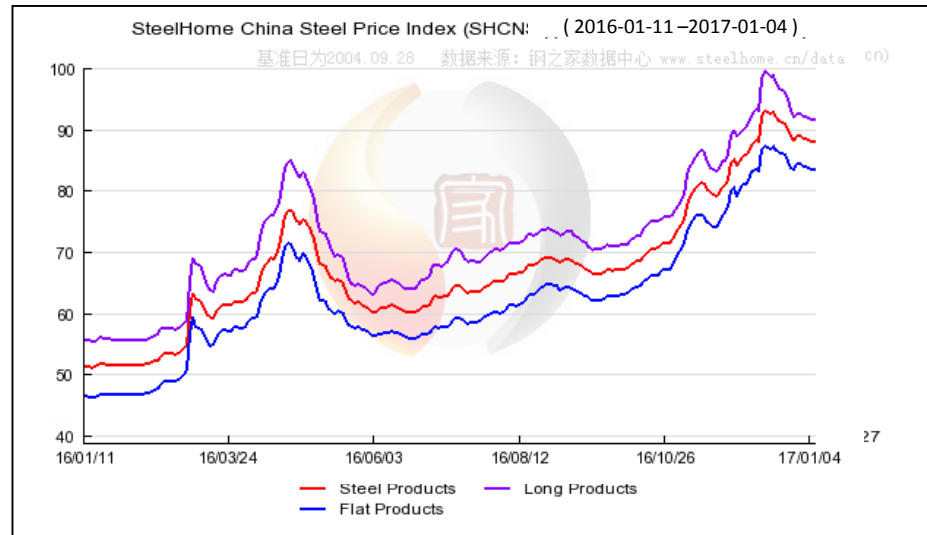
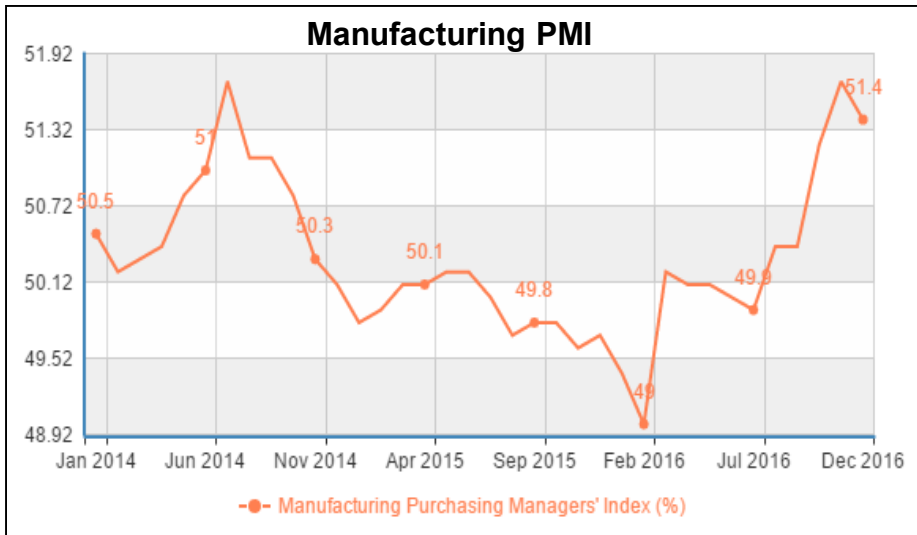
# World economic growth is slow down at 2.3%, Meanwhile Thailand growth to 3.1% in 2016



## Global real GDP growth

	2014	2015	2016	2017	2018	2019
			Estimates	Projections		
<b>World</b>	<b>2.7</b>	<b>2.7</b>	<b>2.3</b>	<b>2.7</b>	<b>2.9</b>	<b>2.9</b>
<b>Advanced economies</b>	<b>1.9</b>	<b>2.1</b>	<b>1.6</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>
United States	2.4	2.6	1.6	2.2*	2.1*	1.9*
Euro Area	1.2	2.0	1.6	1.5	1.4	1.4
Japan	0.3	1.2	1.0	0.9	0.8	0.4
<b>Emerging and developing economies (EMDEs)</b>	<b>4.3</b>	<b>3.5</b>	<b>3.4</b>	<b>4.2</b>	<b>4.6</b>	<b>4.7</b>
Commodity exporting EMDEs	2.1	0.4	0.3	2.3	3.0	3.1
Other EMDEs	6.0	6.0	5.6	5.6	5.7	5.8
Other EMDEs excluding China	4.5	5.0	4.3	4.6	5.0	5.1
<b>East Asia and Pacific</b>	<b>6.7</b>	<b>6.5</b>	<b>6.3</b>	<b>6.2</b>	<b>6.1</b>	<b>6.1</b>
China	7.3	6.9	6.7	6.5	6.3	6.3
Indonesia	5.0	4.8	5.1	5.3	5.5	5.5
Thailand	0.8	2.8	3.1	3.2	3.3	3.4

# China : Steel prices continued to move up from Jun'16 and hit to the peak in December



PMI : Purchasing Manager Index

Source: NBS, Steel home, Metal Expert

## ASEAN growth 4.8% in 2016 and especially CLMV countries are seeing high growth



	GDP growth % (f)					
	2015	2016 (e)	2017	2018	2019	2020
Vietnam	6.7	6.1	6.2	6.2	6.2	6.2
Cambodia	7.0	7.0	6.9	6.8	6.8	6.5
Laos	7.6	7.5	7.3	7.3	7.2	7.1
Myanmar	7.0	8.1	7.7	7.8	7.6	7.7



# Business Environment



1. In December 2016, Thai Industries Sentiment Index (TISI) increased for 4th consecutive month and is the highest in last 22 months to 88.5 points.
2. Construction sector grew by 5.0%, compared with 7.8% in the last quarter. Real estate sector decelerated due to an end of real estate stimulation measure launched by the government.
3. The forecasted growth of Thai economy is at 3.0% this year driven by growth in private consumption and strongly competitive tourism industry.
4. However, the country is facing worst floods in nearly 30 years in southern Thailand, which is a key plantation area for major commodities such as rubber and palm oil.

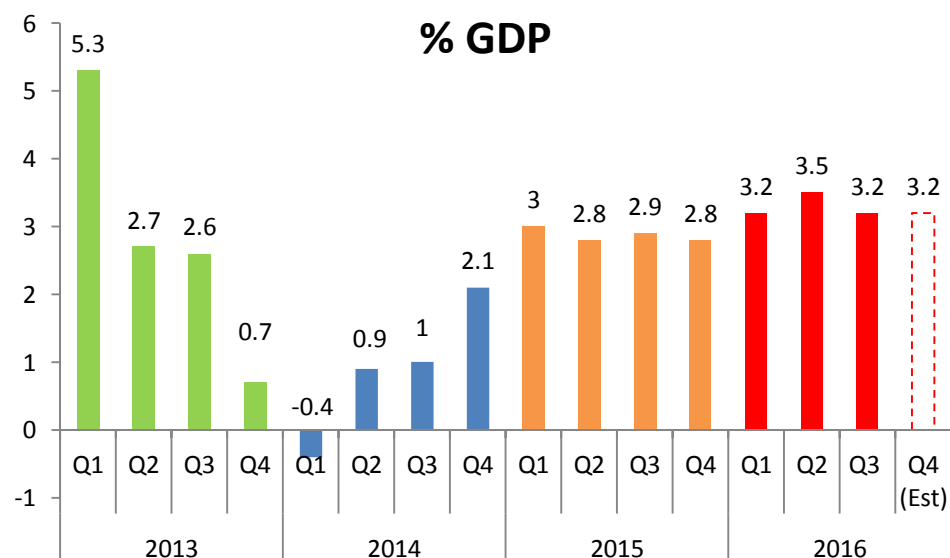
Thai Economic Indicator Forecasts

Indicators	Bank of Thailand		Finance Ministry		NESDB		Kasikorn Research	
Unit: (%)	2016	2017	2016	2017	2016	2017	2016	2017
GDP	3.2	3.2	3.3	3.4	3.2	3-4	3.3	3.3
Private consumption	3.1	2.7	2.9	3.2	3.0	2.7	3.1	2.2
Private investment	-0.6	1.4	1.6	1.7	1.2	2.8	0.5	2.8
Public consumption	1.1	2.4	3.1	2.0	0.6	2.1	1.0	3.2
Public investment	9.3	6.5	10.7	6.2	10.0	11.2	10.3	8.5
Exports	-0.6	-0.6	-0.5	1.8	0.0	2.4	-0.5	0.8
Imports	-5.0	1.5	-5.1	4.0	-5.2	4.5	-4.6	2.0

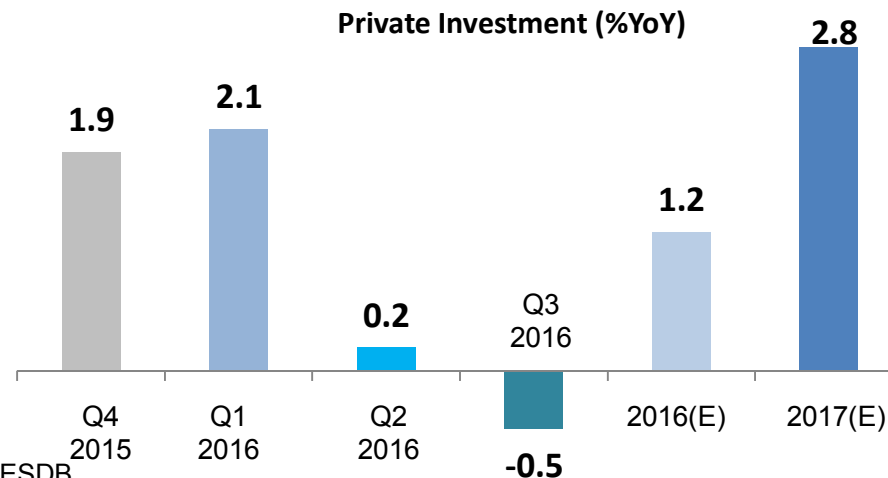
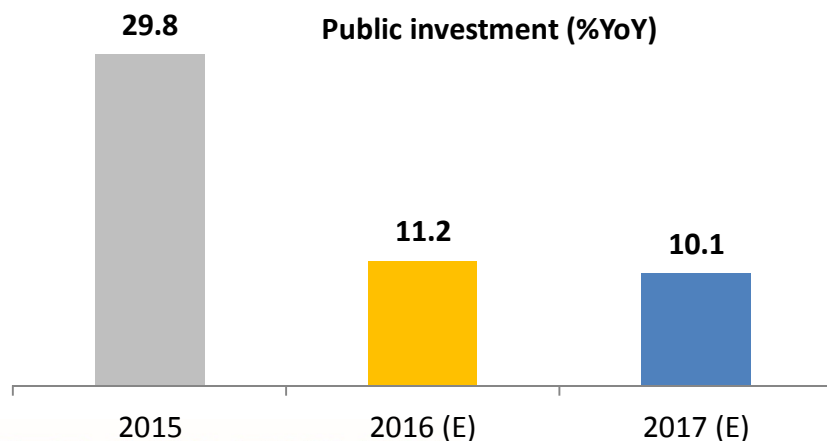
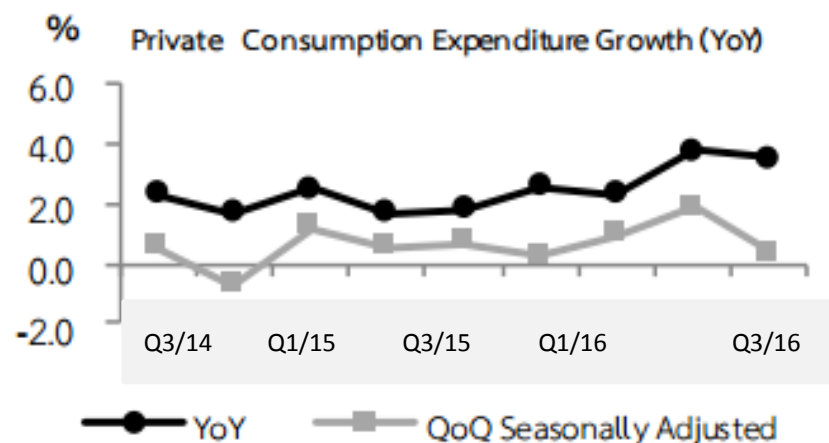
# Thailand Economy- Key indicators



Thailand GDP relies by government support



Private consumption expenditure grew at 3.5% in Q3/16.  
Forecasted increase 3% y-o-y for 2016 and 2.7% y-o-y in 2017.



# Key Infrastructure Projects Planned in Thailand



## Double track railways:

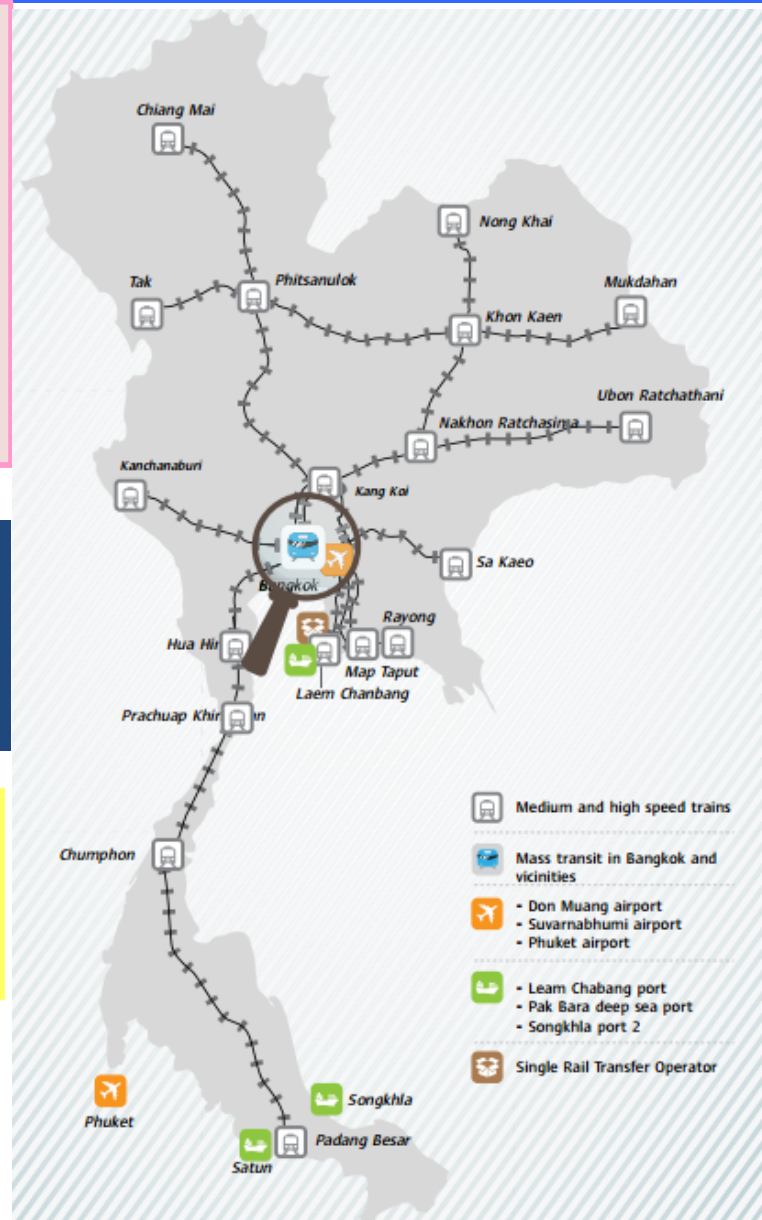
- Chachoengsao-Khlong Sip Kao–Kaeng Khoi: 106 Km
- Thanon Chira Junction-Khon Kaen: 185 Km
- Prachuap Khiri Khan-Chumphon: 167 Km
- Lopburi-Pak Nam Pho: 148 Km
- Map Kabao-Chira Junction: 132 Km
- Nakhon Pathom-Hua Hin: 169 Km

## Air transportation project:

- Suvarnabhumi Airport phase 2 project
- New runway project
- New terminal project

## Motorways:

- Pattaya-Map Ta Phut: 32 Km
- Bang Pa-In–Nakhon Ratchasima: 196 Km
- Bang Yai–Kanchanaburi: 96 Km



## Thai-China high-speed rail:

- Bangkok-Kaeng Khoi: 133 Km
- Kaeng Khoi–Nakhon Ratchasima: 138.5 Km
- Nong Khai-Nakhon Ratchasima: 355 Km
- Kaeng Khoi-Maptaphut: 246.5 Km

## Bangkok Metropolitan Region

### MRTA projects:

- Green-North-Line (Mo Chit – Saphan Mai – Khu Khot: 19 Km)
- Pink-Line (Khae Rai - Min Buri: 34.5 Km)
- Orange-Line (Taling Chan - Min Buri: 30.6 Km)
- Yellow –Line (Lat Phrao – Samrong: 30.4 Km)
- Purple-South-Line (Tao Pun – Rat Burana: 23.6 Km)

**Airport rail link:** The extended section

## Marine transportation projects:

- Coastal port development project at Laem Chabang A port
- Single Rail Transfer Operator Project at Laem Chabang Port

# Key Infrastructure Projects: 2017



## Projects ready for construction (54.8 bn)

- Logistics center development at Chiang Khong, Chiang Rai (2.36 bn)
- Airport development in 4 provinces (Tak, Yala, Sakon Nakhon and Krabi) (7.69 bn)
- Expressway linking Rama III Road-Dao Khanong and the western outer ring road (31.2 bn)
- *Double-track rail: Prachuap Khiri Khan-Hua Hin* (10.2bn)
- Improvement of baggage carousel system at Suvarnabhumi airport (3.26 bn)

## Projects ready for proposal to cabinet/PPP committee (298 bn)

- *Double-track rail: Denchai-Chiang Rai-Chiang Khong* (77 bn)
- *Double-track rail: Ban Phai-Mukdahan-Nakhon Phanom* (60.4 bn)
- *MRTA: Light Red-Line extension linking Taling Chan and Salaya* (19 bn)



- Third phase of Laem Chabang Port development (35.1 bn)
- Northern expressway linking Kasetsart intersection and Nawamin Road or N2 (14.4 bn)
- Special expressway project linking Kathu and Patong (10.5 bn)
- *Nakhon Pathom-Cha-am motorway* (80.6 bn)
- Border logistics center in Nakhon Panom (1.05 bn)

## Projects ready for bidding (469 bn)

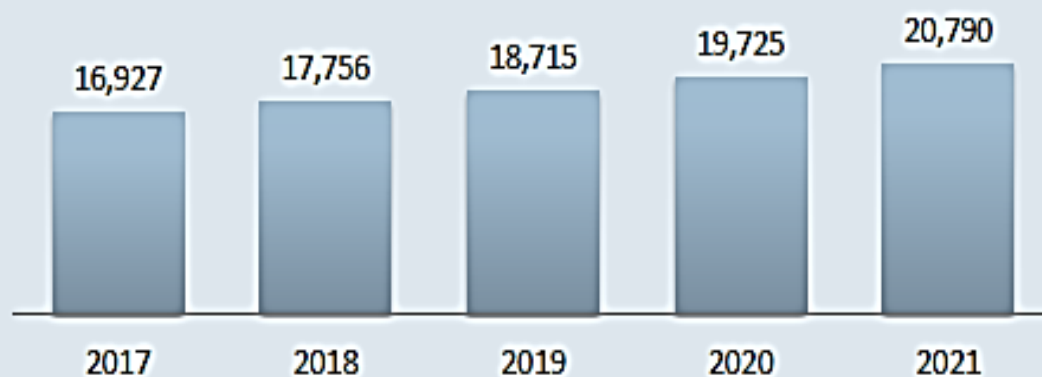
- 200 electrical buses with charging stations (2.2 bn)
- *MRTA: Blue-Line linking Bang Khae and Phutthamonthon Sai 4* (21.2 bn)
- *MRTA: Light Green-Line linking Samut Prakan and Bang Pu* (12.1 bn)
- *MRTA: Light Green-Line linking Khu Kot and Lam Luk Ka* (9.8 bn)
- *MRTA: Orange-Line linking Thailand Cultural Center and Taling Chan* (123 bn)
- Airport Rail link extension between Don Mueang and Phaya Thai (31.1 bn)
- *MRTA: Dark Red-Line linking Rangsit and Thammasat University's Rangsit Campus* (7.59 bn)
- *Double-track rail: Pak Nam Pho-Den Chai* (56.1 bn)
- *Double-track rail: Chira Junction-Ubon Ratchathani* (35.8 bn)
- *Double-track rail: Khon Kaen-Nong Khai* (26.1 bn)
- *Double-track rail: Chumphon-Surat Thani* (23.4 bn)
- *Double-track rail: Surat Thani-Hat Yai* (51.8 bn)
- *Double-track rail: Hat Yai-Padang Besar* (7.94 bn)
- *Double-track rail: Denchai-Chiang Mai* (59.9 bn)
- U-tapao airport upgrade



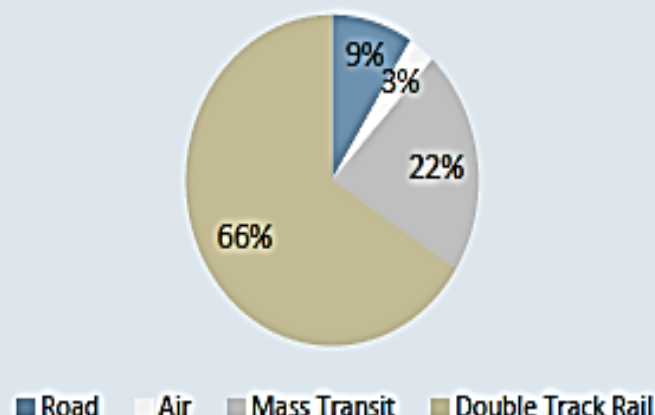
# Thailand Steel Demand drive from construction sector: 2017-2021



Thailand Infrastructure Projects Investment Plan (2017-21), In Mn USD



Thailand Infrastructure Projects Investment Plan (2017-21) by Project Type, In Mn USD



Thailand Steel Demand in Infrastructure (2017-21), In MT

Period	Civil Construction Value (Mn USD)				Steel Component (Mn USD)					Estimated Demand (in MT)	
	Roads	Air	Mass Transit	Double Track Rail	Roads	Air	Mass Transit	Double Track Rail	Total	Steel	Rebars
2017	609	81	894	1,788	85	20	161	447	713	1,978,918	791,567
2018	639	85	938	1,875	90	21	169	469	749	2,015,270	830,291
2019	674	90	988	1,976	94	23	178	494	789	2,062,468	875,229
2020	710	95	1,042	2,083	99	24	188	521	832	2,110,538	922,497
2021	748	100	1,098	2,195	105	25	198	549	877	2,159,726	972,316

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# Steady increase in value added products sale

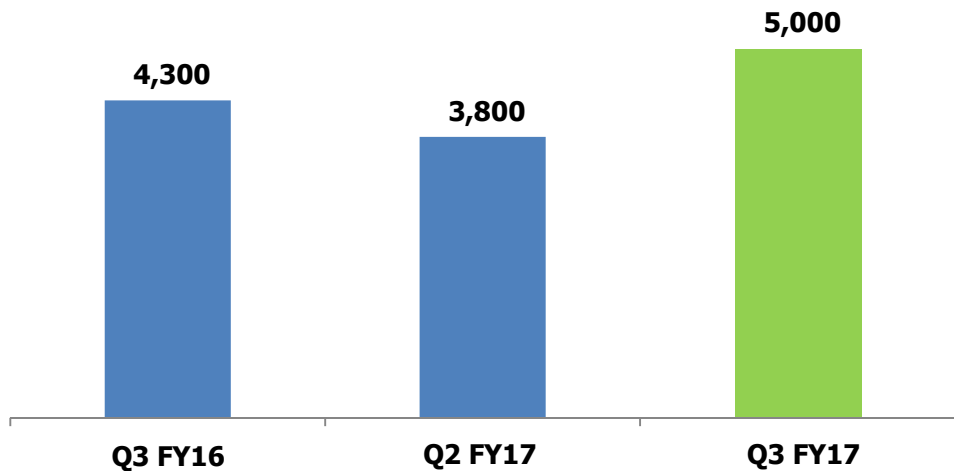
Unit : Tons



## Seismic Rebar



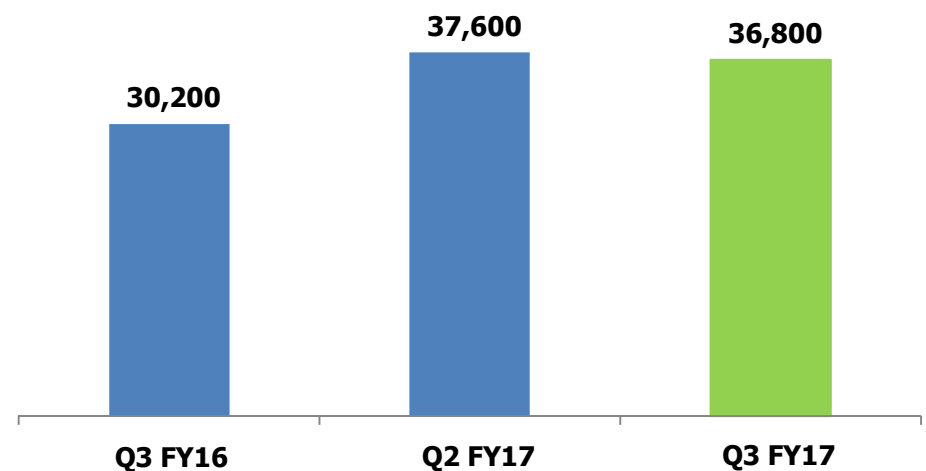
Good



## High Tensile Rebar



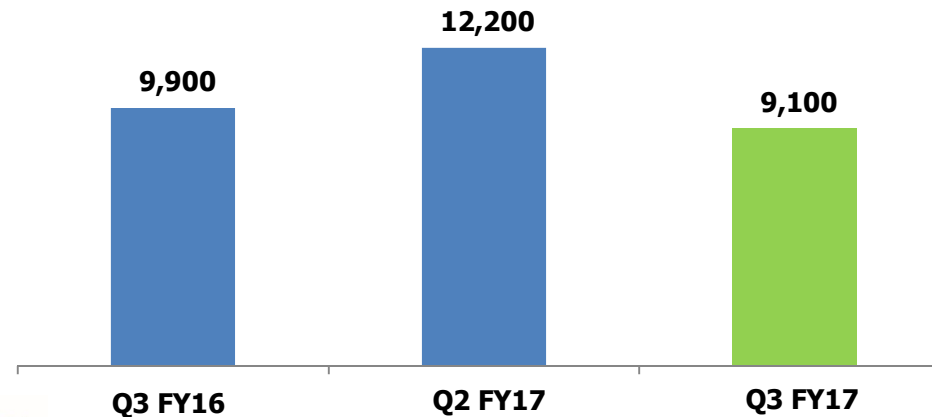
Good



## Cut & Bend

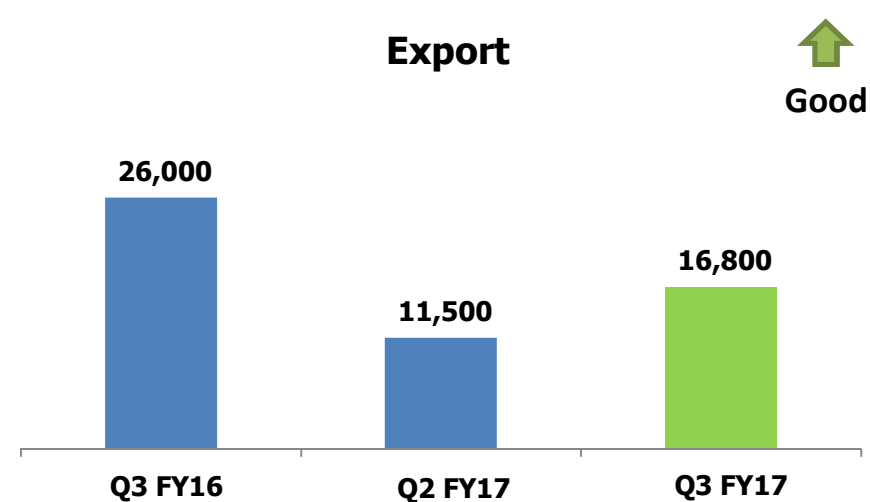
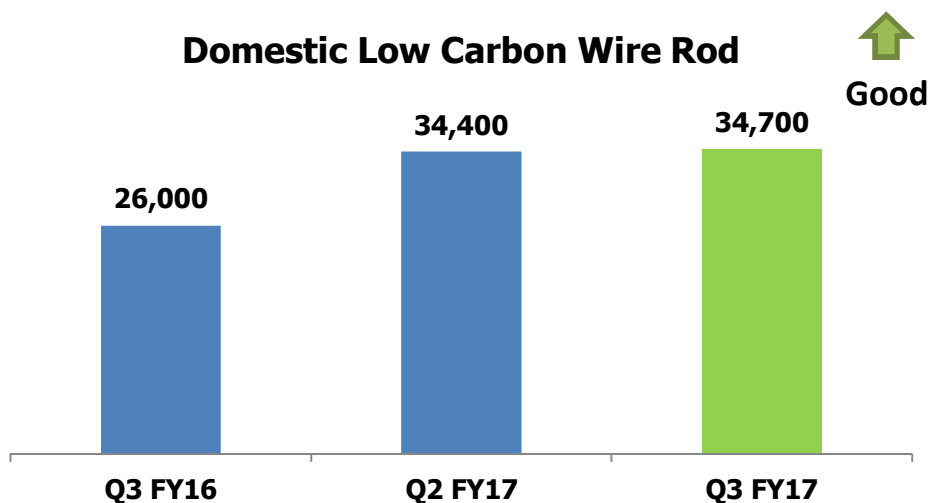
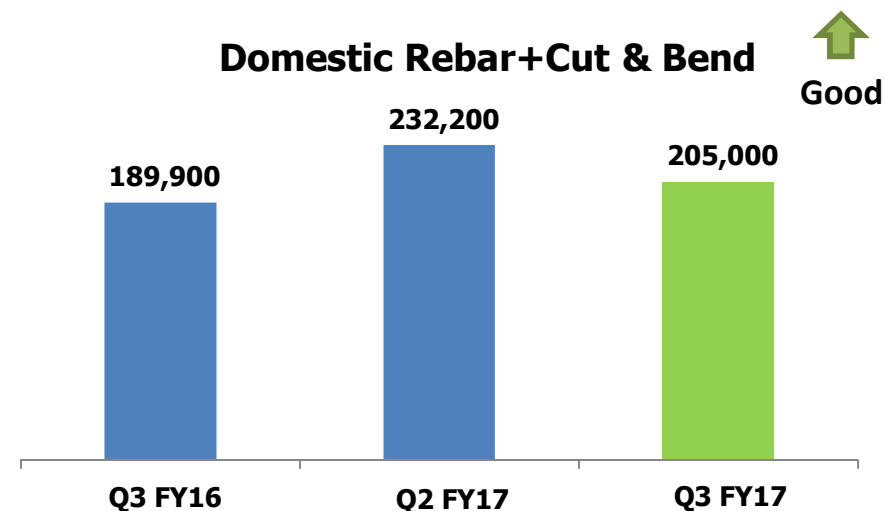
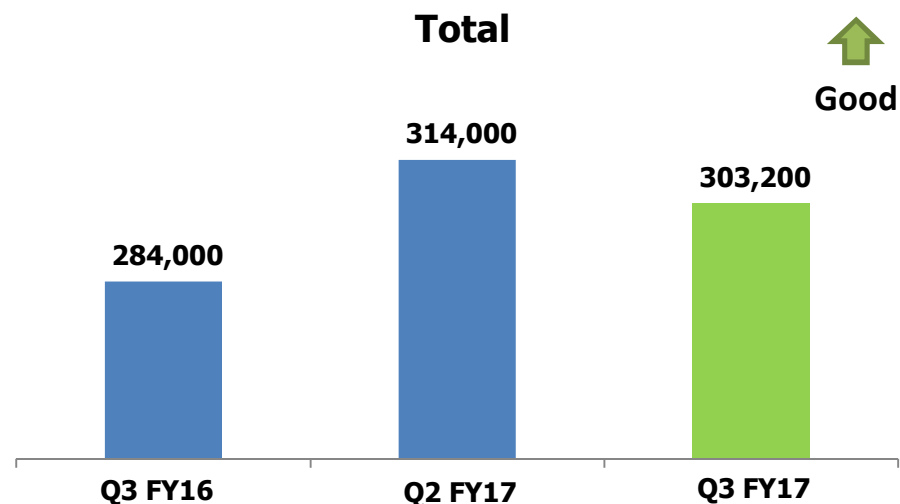


Good



# Q3 FY17 Sales

Unit : Tons



# Financial Performance

Unit : Mn Baht

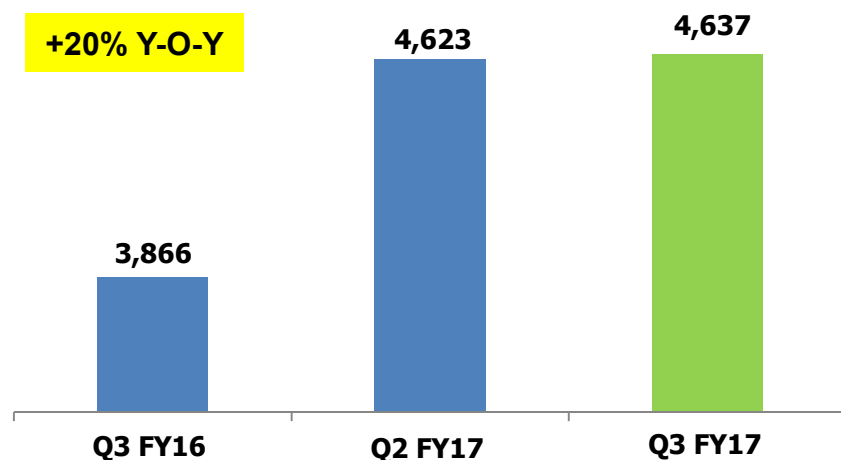


## Net Sales



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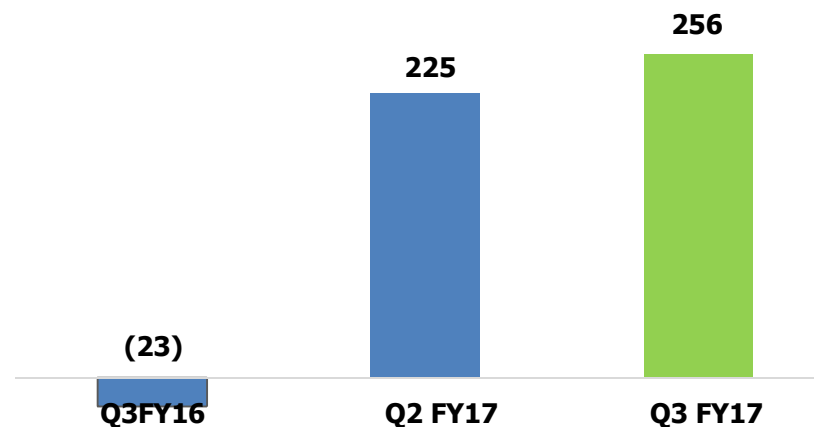
+20% Y-O-Y



## PBT



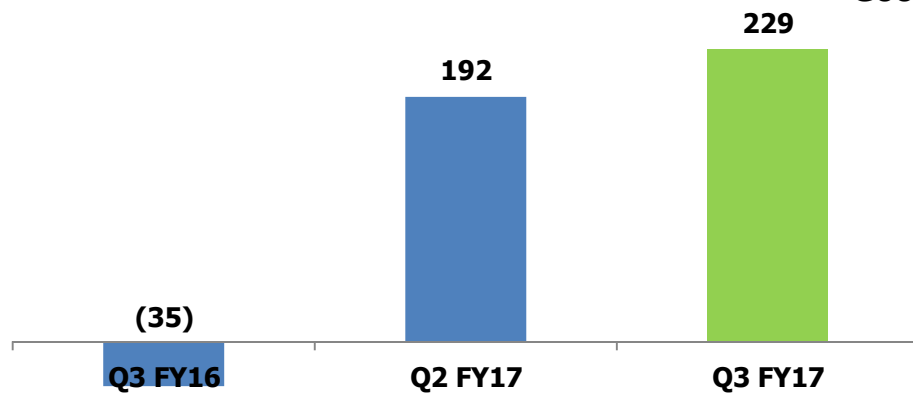
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## PAT



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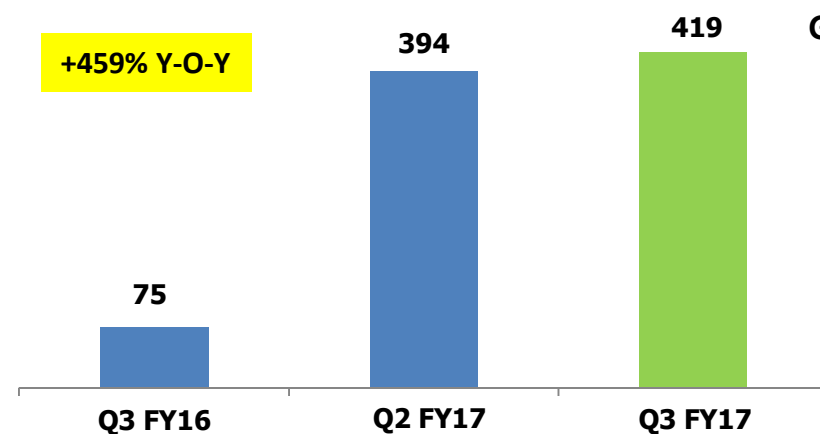


## EBITDA



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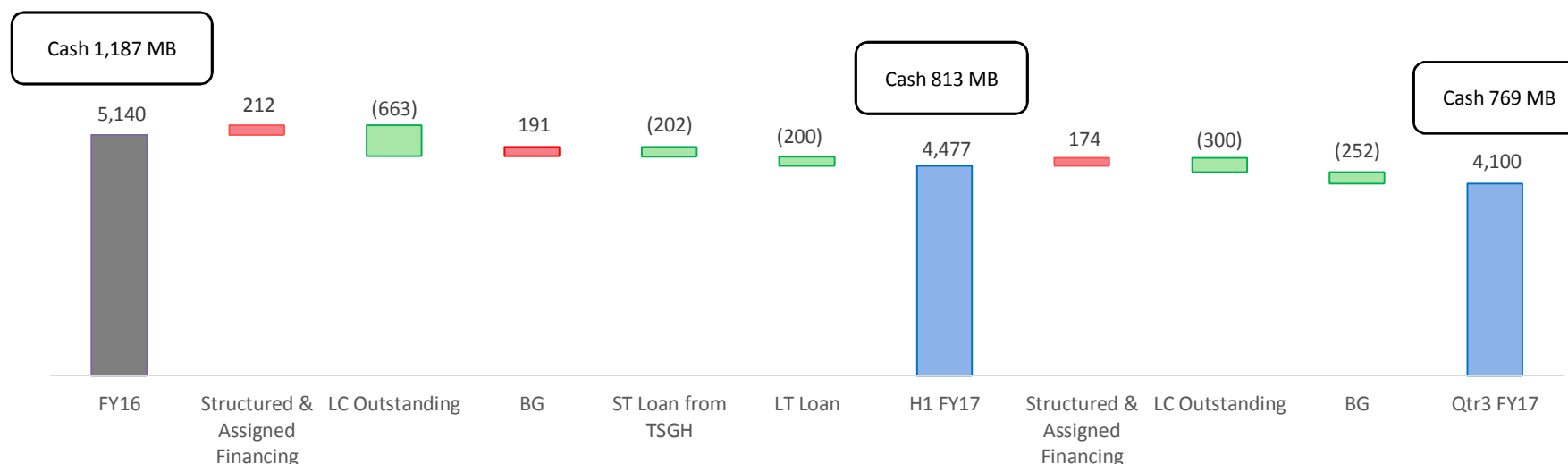
+459% Y-O-Y



# Gross debts Qtr3 FY17



Unit : Mn THB



Gross Debts	FY 16	H1 FY 17	Qtr3 FY 17
Structured & Assigned Financing	2,390	2,602	2,776
LC Outstanding	1,691	1,028	727
BG	386	577	326
ST Loan from TSGH	202	(0)	0
Curr Portion to TSGH	271	271	271
LT Loan	200	-	-
<b>Total Gross Debts</b>	<b>5,140</b>	<b>4,477</b>	<b>4,100</b>

TSGH- T S Global Holdings Pte, BG - Bank Guarantee, LC - Letter of Credit , ST- Short term, LT- Long term

# Other Highlights

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- **Consecutive third quarter to cross delivery over 300,000 Tons**
- **Ministry of Commerce announced revision in High Carbon Wire Rod Anti Dumping rate to 12.26% – 36.79% of CIF value in Dec'16; up from 5.17% – 33.98%**
- **New Rebar standard announced in Dec'16**
- **Successfully applied Theory Of Constraints principals for major shutdowns at all three plants (NTS in Jan)**
- **Tata Business Excellence Model score improved to 540 as compared to 498 in last year**

# Content

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# Business Outlook

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- **After flooding, increased construction expected in south Thailand.**
- **Domestic construction looks healthy due to infrastructure projects.**
- **Government support to provinces expected to improve household income.**
- **Domestic market in China strong. Coupled with environment issues, export prices from China expected to be high.**

A thick, solid blue curved line that starts on the left, rises to a peak in the middle, and then curves down towards the right.

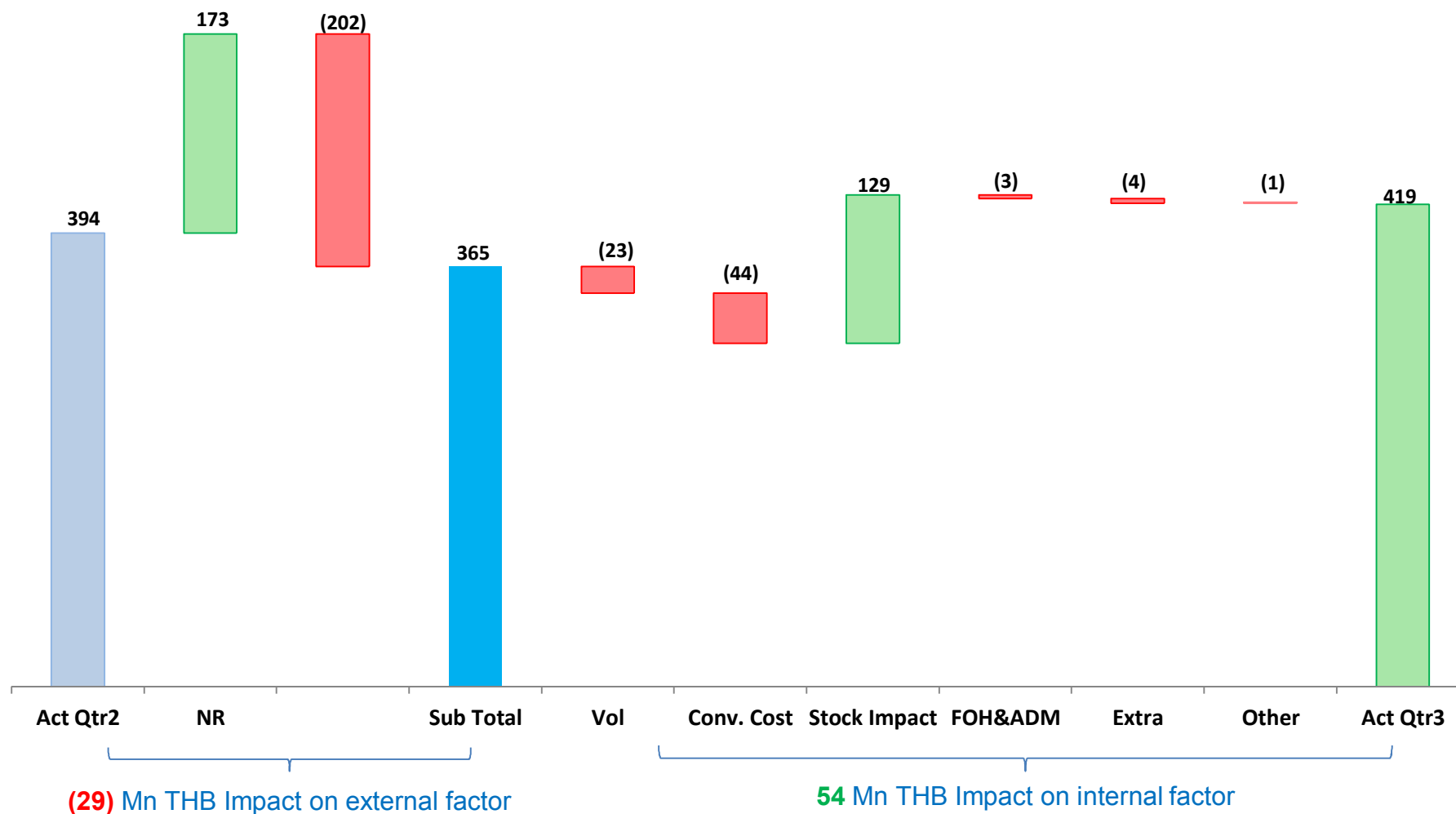
**Thank you for your attention**

# Backup

# EBITDA Waterfall Q3 FY17 vs. Q2 FY17



Unit : Mn THB



NR=Net realisation, VCOGS=variable cost of goods sold, EBITDA=Earning before interest taxes depreciation & ammortisation, FOH- Factory overheads, ADM- Administrative overheads