



TSLPL/SE/2020-21/46

October 18, 2020

**The Secretary, Listing Department
BSE Limited**

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code: 513010

**The Manager – Listing Department
National Stock Exchange of India Limited**

“Exchange Plaza”, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051
Symbol: TATASTLLP

Dear Madam, Sir,

Sub: Submission of Presentation made to Analysts / Investors

Please find enclosed herewith the presentation made to Analysts/Investors on the audited financial results (both Standalone and Consolidated) of the Company for the quarter and half year ended September 30, 2020.

This presentation is being submitted in compliance with Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

This is for your information and records

Thanking you,

Yours faithfully,

For **Tata Steel Long Products Limited**
(Formerly Tata Sponge Iron Limited)

Sanjay Kasture
Company Secretary

Encl. as above

TATA STEEL LONG PRODUCTS LIMITED
(Formerly Tata Sponge Iron Limited)

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Tel 91 6767 278178 Fax 278129 Email info@tatasteellp.com
CIN L27102OR1982PLC001091

TATA STEEL LONG PRODUCTS LIMITED

Investor Presentation

October 2020



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.

Overview

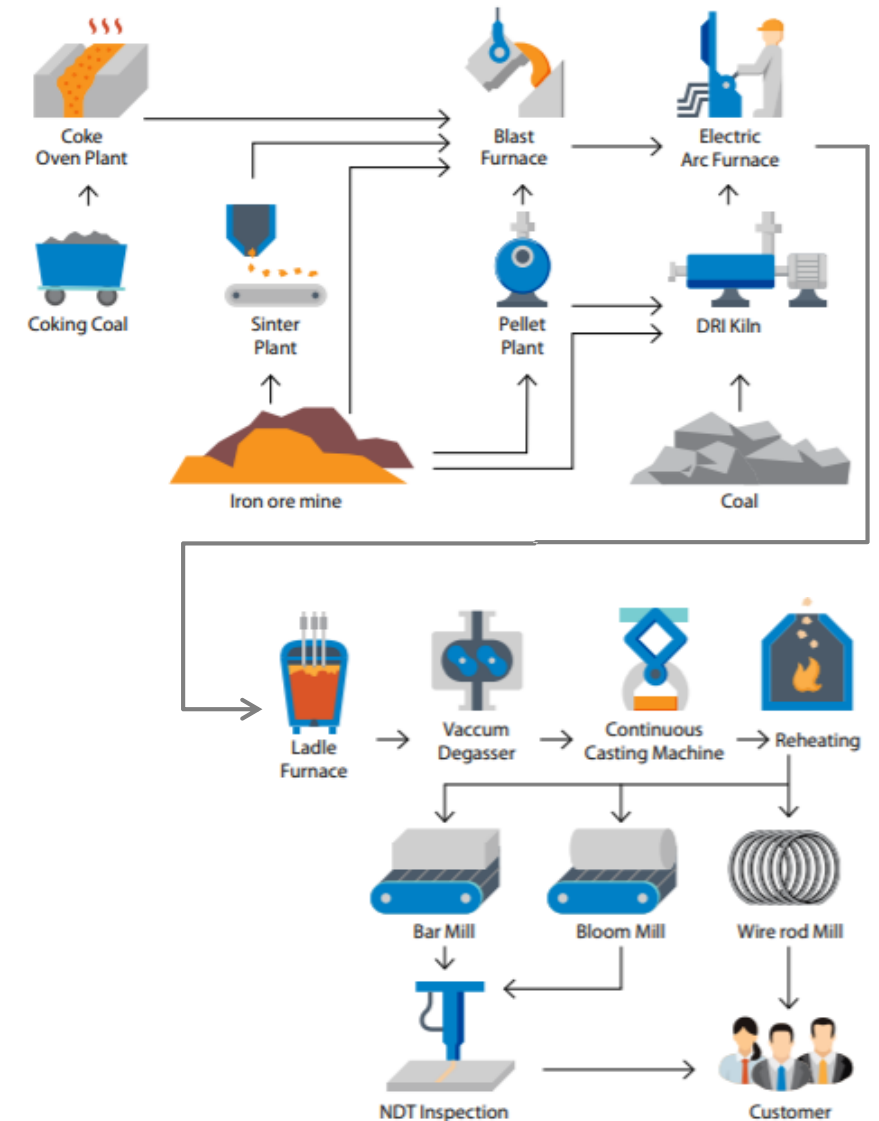
- One of India's largest steel producers in Special Bar Quality (SBQ) segment and merchant Direct Reduced Iron (DRI)
- Acquisition of Usha Martin's steel business – an important enabler to enter the long products segment and create a footprint in value-added steel:
 - Provides access to integrated specialty long steel manufacturing capacity along with pellet plant, operating iron ore mine, and other utilities including captive power plant
 - Offers rich product mix of carbon and alloy steel in Straight length and Wire rods form with a wide spectrum of width ranging from 5.5 mm to 200 mm
- Closely integrated with Tata Steel to create value



Manufacturing facilities: Joda and Gamharia

Rolling Mills	<ul style="list-style-type: none"> 0.1 MTPA Bar mill 0.36 MTPA Wire rod mill 0.24 MTPA Bloom mill
Steel Making	<ul style="list-style-type: none"> 1 MTPA (EAF based) EAF size: 40 tons (two) and 70 tons (one)
Iron Making	<ul style="list-style-type: none"> 0.65 MTPA Blast Furnace 1 MTPA DRI plant (8 kilns)
Agglomerates	<ul style="list-style-type: none"> 1.2 MTPA Pellet plant 0.8 MTPA Sinter plant 0.4 MTPA Coke plant
Captive Mines	<ul style="list-style-type: none"> Iron ore mine with EC limit of 2.5 MTPA
Others key facilities	<ul style="list-style-type: none"> 160 MW Power plant 345 TPD Oxygen Plant 200 TPD Lime Kiln plant Owned railway sidings (handling 150+ rakes/month)

Manufacturing process



EAF: Electric Arc Furnace; DRI: Direct Reduced Iron; EC: Environmental Clearance

Cash rich DRI and high value added steel business

DRI business:

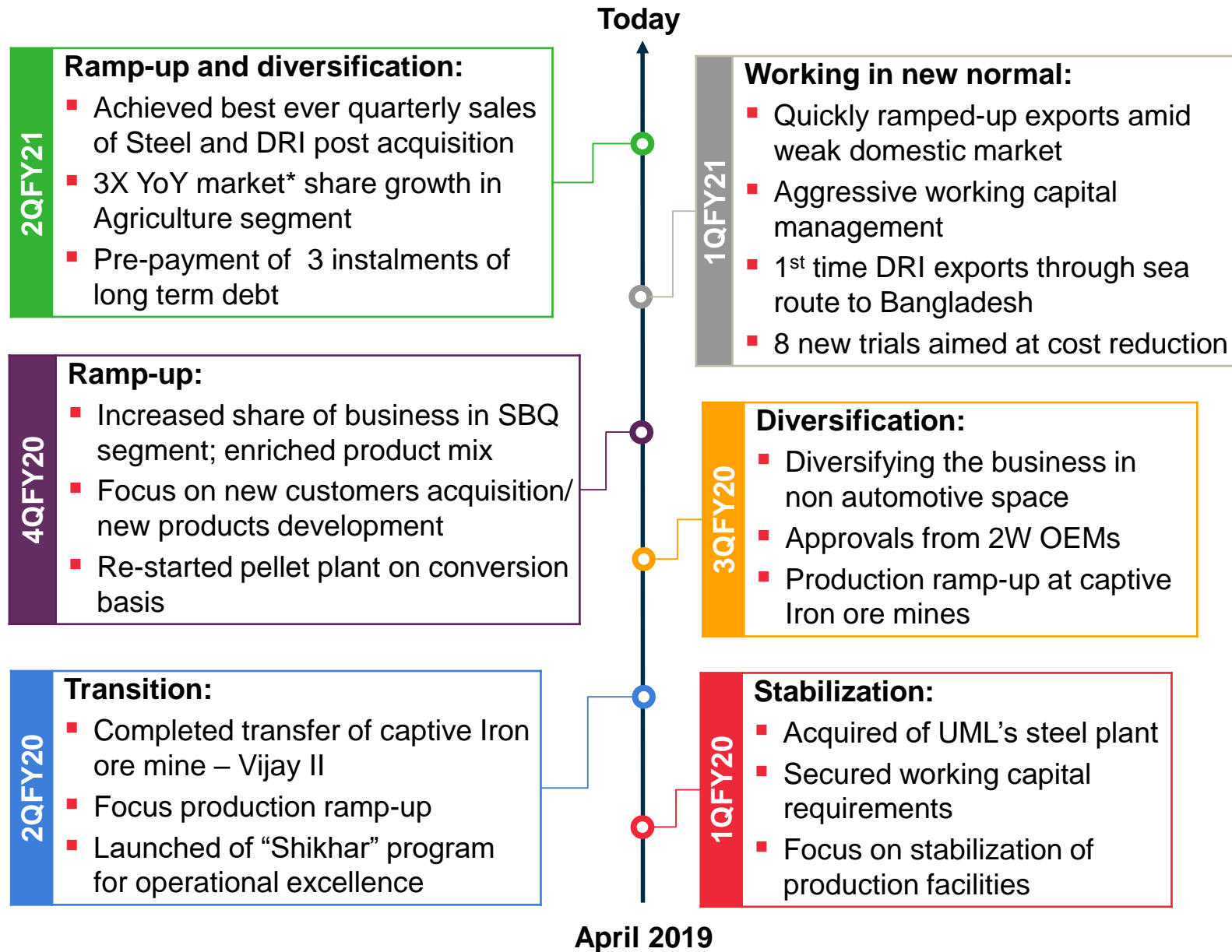
- Established and highly efficient player in the DRI market
- Runs above 100% capacity utilization at Joda with focus on quality
- Key customers include rebar and ingot manufacturers in India and neighbouring countries
- Changed business model to minimize inventory and generate stable cashflows

Steel Business:

- Specialty long steel business with products in Special Bar Quality (SBQ) and High-end Wire rods (Alloy & High Carbon)
- Captive Iron ore and self sufficiency in power
- Diversified customer base in segments like: Automotive, Tractors and other Agriculture equipment, Lifting & Excavation, General engineering, Railways, Construction (Reinforcement), and Power (Transmission & distribution)
- Operational reliability and strong customer relationships leading to high share of business in chosen market segments
- Focused on diversification & product mix enrichment –
 - Added 30 new customers in FY20; 30 more in 1HFY21
 - Developed 34 new products in FY20; 31 in 1HFY21
 - Approvals from 2W manufacturer and global OEMs; increase market share in key market segments
 - Increased “Alloy Wire Rods” volumes mix from 32% in 1QFY20 to 52% in 2QFY21

Synergy and Scale benefits with Tata Steel Group

Transformational journey since 1QFY20



Automotive

Increased market* share in CVs from 32% in 1QFY20 to 41% 2QFY21



Tractors

Increased market* share in tractors from 3% 1QFY20 to 16% 2QFY21



Alloy Wire rods

Increased market* share from 10% 1QFY20 to 24% 2QFY21



General Engineering and Railways

Achieved 6X YoY sales increase in non-automotive segment

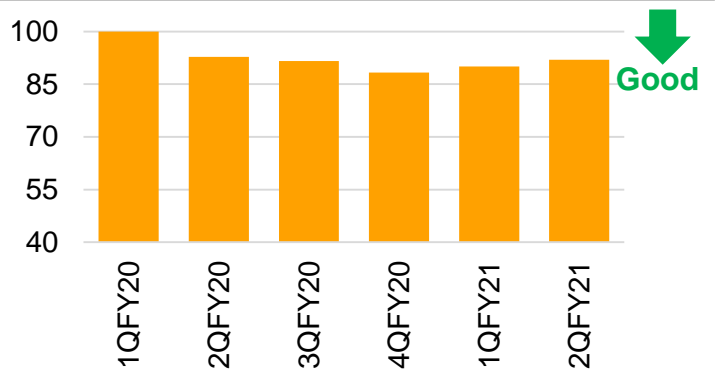


* Addressable chosen market

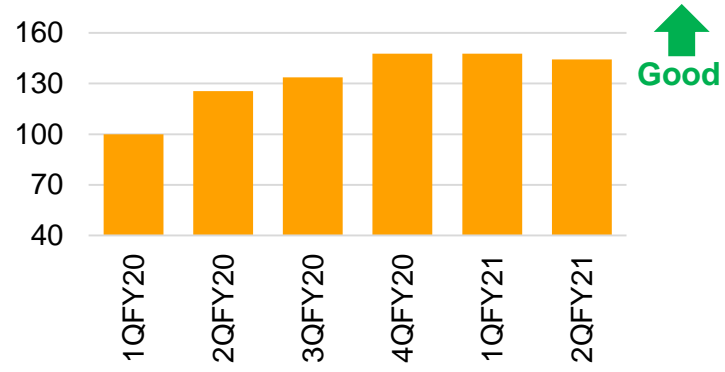
Consistent improvement in operational KPIs

Upstream

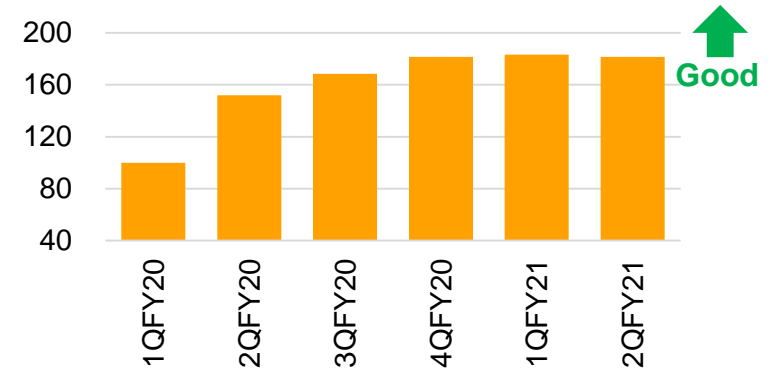
Coke rate (kg/thm, Indexed 1QFY20=100)
8% reduction since 1QFY20



PCI rate (kg/thm, Indexed 1QFY20=100)
44% improvement since 1QFY20

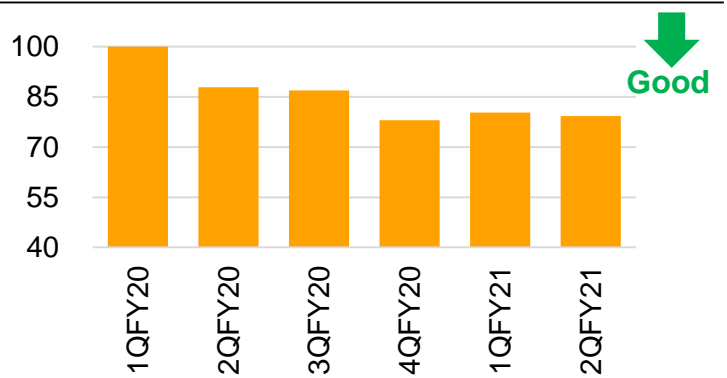


Raw Material handling through Rake (% Indexed 1QFY20=100)
81% improvement since 1QFY20

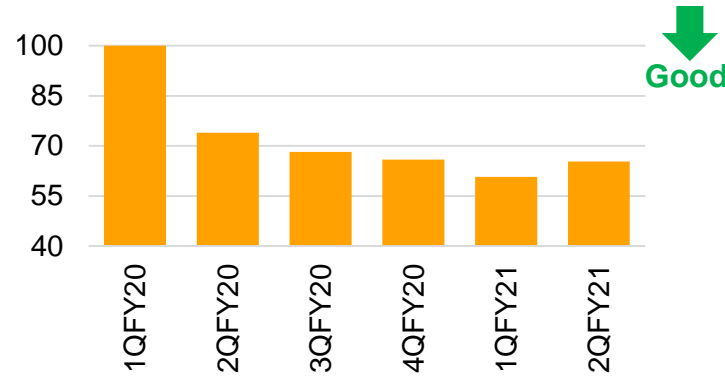


Downstream

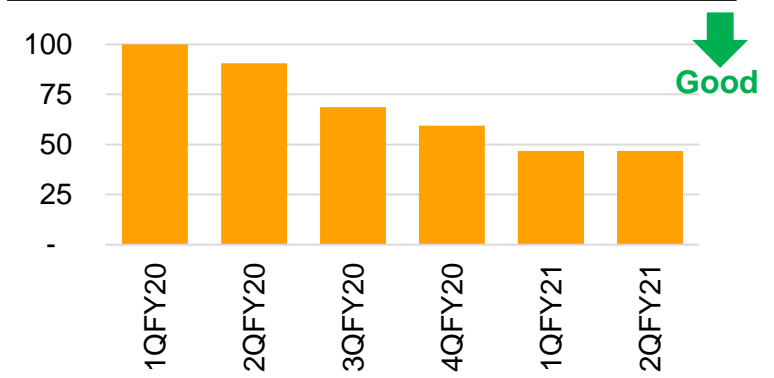
Power consumption (kwh/tcs, Indexed 1QFY20=100)
21% reduction since 1QFY20



Electrode consumption (kg/tcs, Indexed 1QFY20=100)
35% reduction since 1QFY20

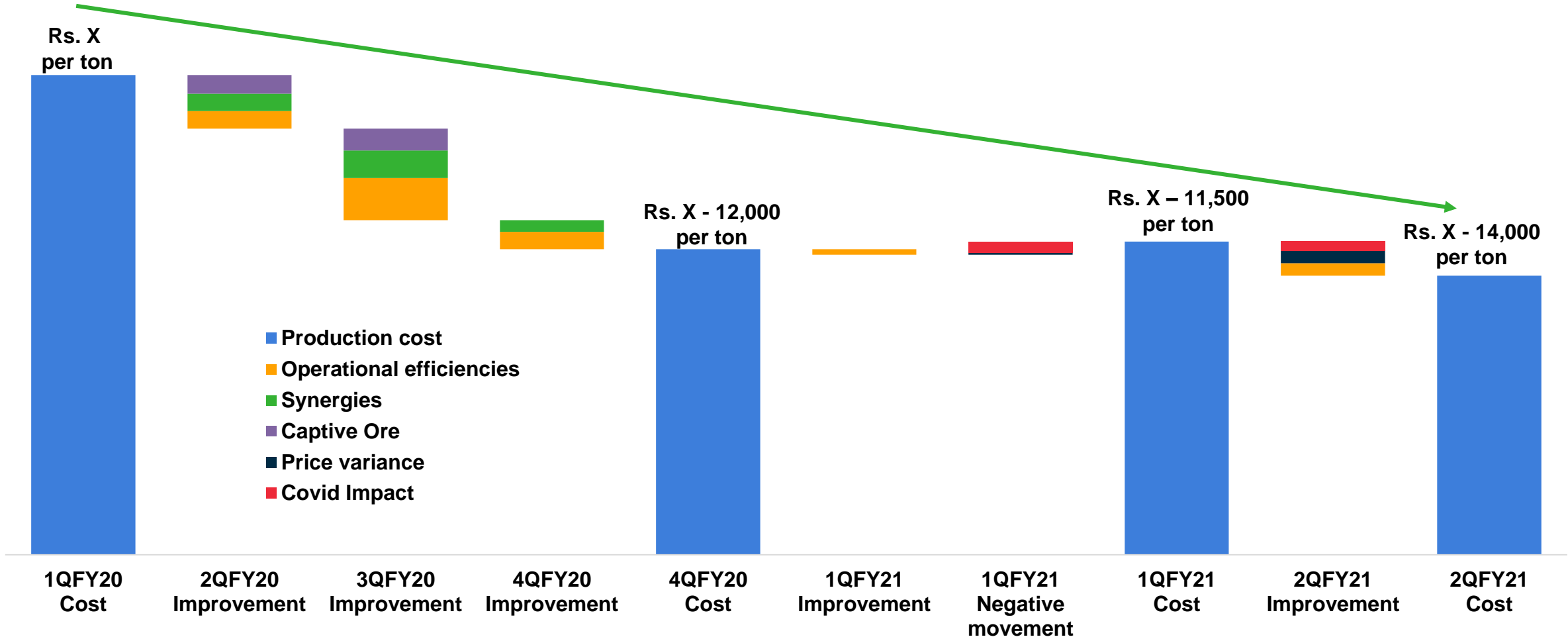


Oil consumption at Mills (ltr/ts, Indexed 1QFY20=100)
53% reduction since 1QFY20



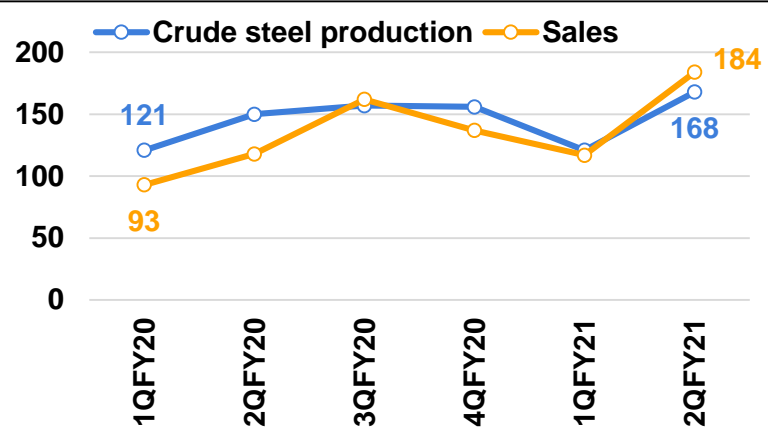
Sharp reduction in operating costs

Achieved about a Rs.14,000 per ton reduction in steel production cost over last 6 quarters; out of this 75% is driven by operational efficiencies and synergies

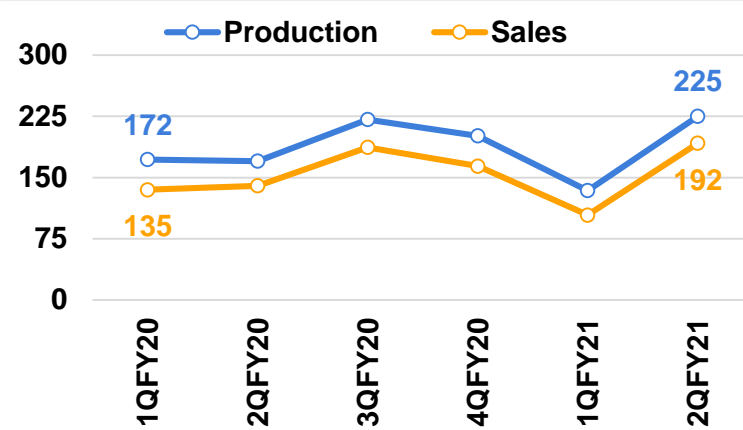


Key operating and financial highlights

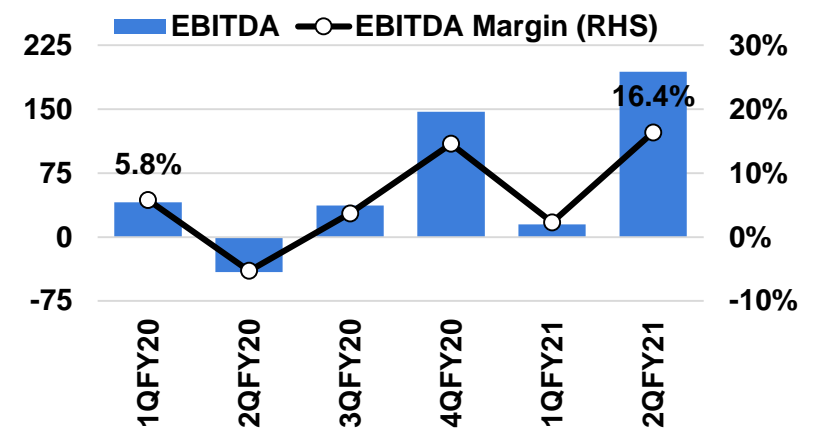
Steel volumes (KT)



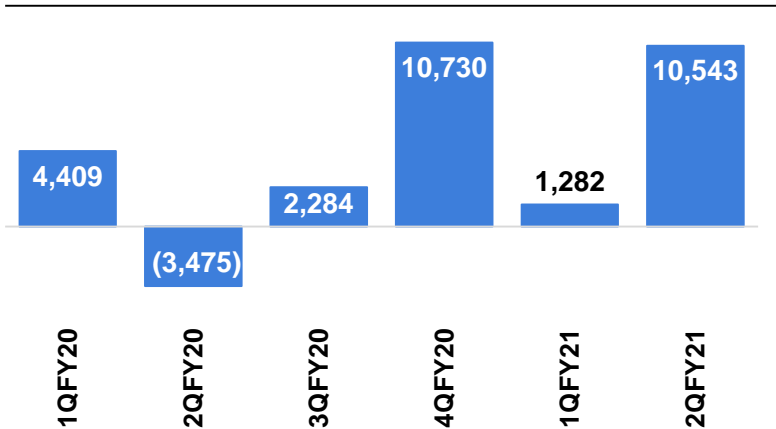
Sponge volumes (KT)



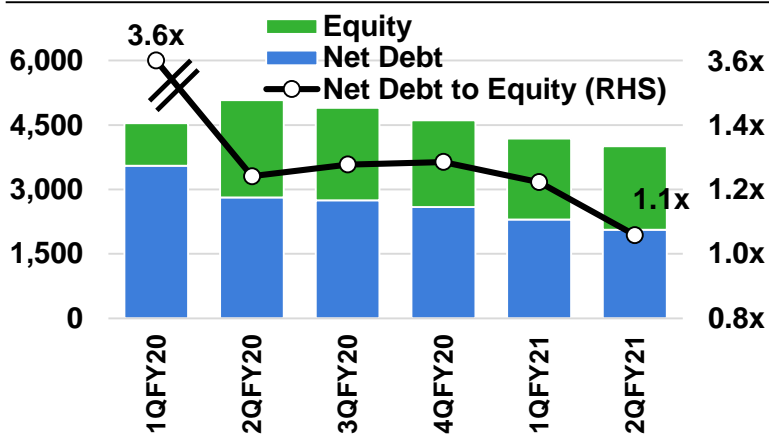
EBITDA (Rs. crores) & EBITDA Margin (%)



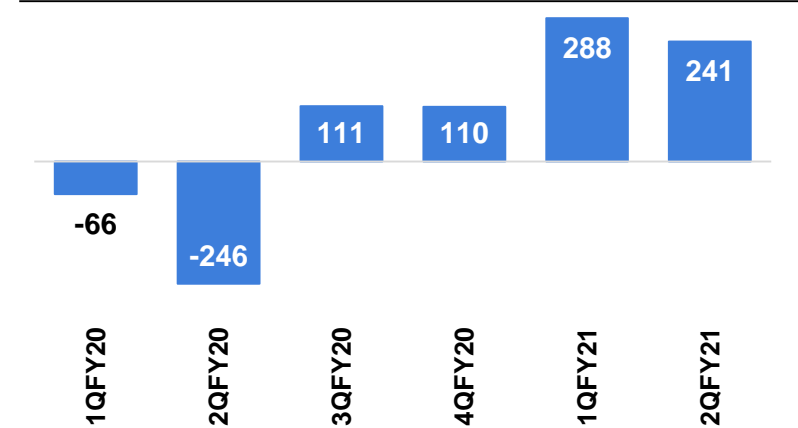
EBITDA/t¹ (Rs.)



Net Debt & Equity (Rs. crores)



Net cash generated before change in borrowings (Rs. crores)



1. Absolute EBITDA divided by steel deliveries

Well poised for future growth and value creation

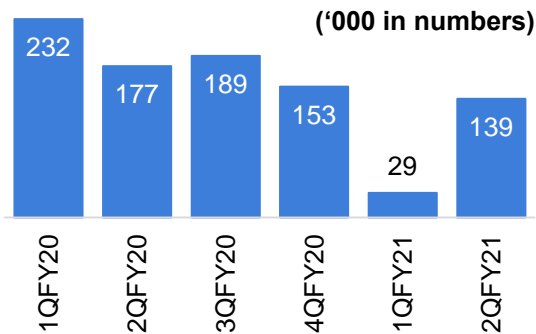
Initiatives underway:

- Volume growth with ramp-up of pellet and steel plant utilization through arcing
- Improve product mix with higher share of Alloy steel and High-end Wire rods products
- Developing new products with potential for localization of imports

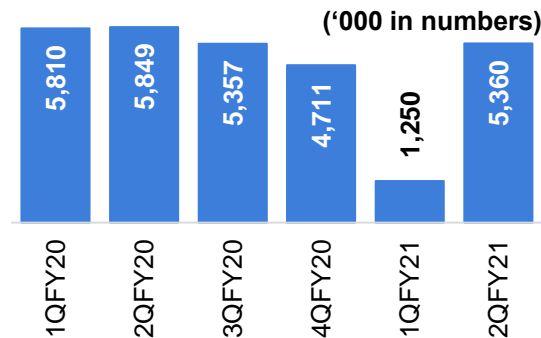
Upside – Recovery of automotive volumes, particularly of CVs:

- COVID induced preference for personal vehicle over public transport and shared mobility
- Favourable mix of utility vehicles to small cars to boost steel consumption
- Re-start of activities at recently auctioned mines
- Potential regulatory changes: Scrappage policy, relaxation in GST norms and economic stimulus

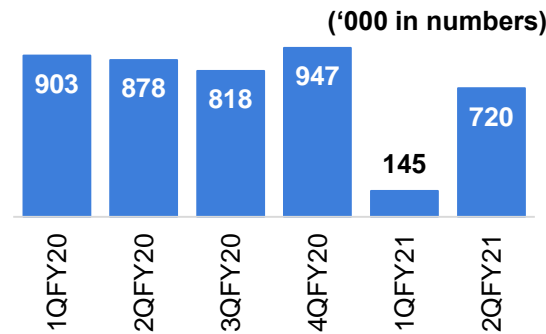
CVs production volume in 2QFY21 is at 79% of 2QFY20



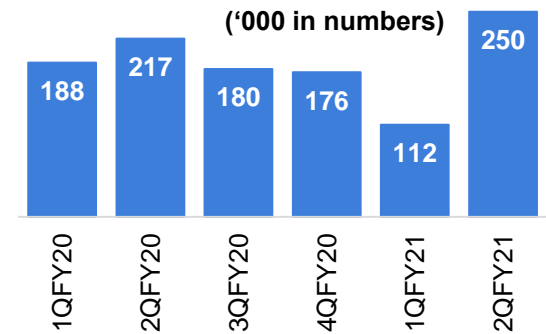
2Ws production volume in 2QFY21 is at 92% of 2QFY20



PVs production volume in 2QFY21 is at 82% of 2QFY20



Tractors production volume grew 15%YoY in 2QFY21



Source: SIAM, ET Auto & FADA

Key investment highlights

1 Established and highly efficient player in the DRI market with steady cashflows:

- Ramped up recently acquired DRI assets at 100% utilization
- Changed business model to run to minimize inventory and spread volatility

3 Superior business model helps to drive strong operating and financial performance in 2QFY21:

- Manufacturing flexibility to produce steel through hot metal, DRI or scrap route
- Continue to develop new customers and diversify industry segments

2 Successful turnaround of acquired assets:

- Operational improvements and synergy with Tata Steel drive cost reduction
- Operational reliability and customer relationships leveraged to strengthen existing franchise

4 Strong focus on cashflows:

- Net debt to equity ratio of 1.1x with back ended 10 year maturity profile
- Reduction in net debt by Rs.753 crores in last 4 quarters, including pre-payment of Rs.172 crores in 2QFY21

5 Well poised for future growth and value creation:

- Focus on volume growth and product mix improvement
- Upside: Revival of auto demand, particularly CVs

THANK YOU

Financial Snapshot

<i>(All figures are in Rs. Crores unless stated otherwise)</i>	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
Production ('000 tons)						
- Crude Steel	121	150	157	156	121	168
- Sponge	172	170	221	201	134	225
Deliveries ('000 tons)						
- Steel	93	118	162	137	117	184
- Sponge	135	140	187	164	104	192
Total revenue from operations	705	778	999	1,008	653	1,186
EBITDA*	41	-41	37	147	15	194
EBITDA Margin (%)	5.82%	NM	3.70%	14.58%	2.30%	16.36%
Depreciation & Amortization	67	78	83	82	80	79
Finance cost	68	80	73	72	69	63
PBT (before exceptional items)	-70	-189	-112	1	-130	58
PAT	-74	-197	-112	-133	-131	59
Net Debt	3,551	2,811	2,748	2,593	2,302	2,058
Equity	991	2,265	2,152	2,017	1,883	1,945

*Quarterly EBITDA for FY20 have been restated, full year FY20 EBITDA remain unchanged