

**- TRANSLATION -**

TSTH 054/2016 RM/PS/PB

July 22, 2016

To: President  
The Stock Exchange of Thailand

**Subject: Report of the Company's Operating Results for the first quarter of FY 2017  
(April-June 2016)**

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the first quarter of 2017 (April-June 2016) as under:

## **1. Operating Results**

Thailand economy continues to face headwinds from both internal & external factors. The same is reflected in Thailand Industrial Sentiment Index (TISI) which is below 90 for last few quarters. It is expected that in 2016 the economy will grow in the range of 2.5 - 2.8%. The support for growth is largely dependent on government economic stimulus & public investment. Economic support/stimulus related price support to farmers, lower income tax & increased incentive for investment etc. will play a key role in growth, however public investment which registered impressive growth last year is expected to grow at 20% this year. Start of new infrastructure projects viz new metro lines & motor ways during the current year has helped increase confidence of investors.

Global economy continues to recover but at a slow pace. The commodity prices remain at low level which has put considerable pressure on the recovery of Thai exports. Thailand's financial stability is in good standing with a large current account surplus and adequate foreign reserves. Bank of Thailand (BOT) continues to maintain the policy rate at 1.5% to accommodate domestic recovery.

Q1 FY 2017 (April-June 2016) saw volatility in prices triggered by pick up of domestic demand in China. After an increased rally since Jan'2016, from mid-May'16 the prices started falling at similar pace at which it had risen. Wire rods sale saw some positive impact due to support from anti-dumping.

In the backdrop of this, TSTH sold 301 kt during Q1 FY'17 (April-June 2016). This was largely due to higher sales of Rebars. The company reported a PAT of 216 MB after providing for BOI tax case (Based on Supreme Court ruling on Mini Bare case in favour of Revenue Department) of 103 MB. During the same period the company also paid second last installment of term loan of 100 MB. The company continues to focus on cost both variable & fixed and improve the sales of value added products & services.

### **1.1 Operating Results compared with previous Qtr. & previous year**

#### **1.1.1 Net Sales**

During Q1 FY'17 (April-June 2016), the Company recorded net sales of 4,596 MB from a sales volume of 301('000 ton). In terms of revenue, this was higher by 8% and 4% as compared to Q4 FY'16 (January-March 2016) and Q1 FY'16 (April-June 2015) respectively due to upward price trend on account of the shortage of inventory in the market and good demand from infrastructure projects as well as continued demand from Laos and Cambodia. LCWR, volume improved post the announcement of permanent antidumping measures by Govt of Thailand and increase in prices from China.

#### **1.1.2 Net Profit before Income Tax & EBITDA**

The company has reported a Profit before tax at 345 MB for Q1 FY'17 (April-June 2016) which is higher than Q4 FY'16 (January-March 2016) at 156 MB and Q1 FY'16 (April-June 2015) at 30 MB on account of tight control on working capital, continued focus on cost & product mix.

Accordingly the company has recorded an EBITDA Q1 FY'17 (April-June 2016) at 509 MB which is higher than Q4 FY'16 (January-March 2016) at the level of 338 MB and Q1 FY'16 (April-June 2015) at 216 MB due to the reason stated above.

## 1.2 Operating Results compared to plan

### 1.2.1 Net Sales

During Q1 FY'17 (April-June 2016), company has recorded higher net sales by 16% due to market price of FG aligned to increasing in price of metallic prices and increasing of sales volume in domestic & export market. TSTH continues to focus on increased sales of value added products e.g. cut & bend, high strength Rebars& continued to increase reach to regional sales areas.

### 1.2.2 Net Profit before Income Tax & EBITDA

The PBT and EBITDA performance in Q1 FY'17 (April-June 2016) at 345 MB and 509 MB was higher than the plan, primarily due to the reason stated above and the lower inventory impact, optimizing on input cost & effective management spread. We continue to focus on cost both Variable & Fixed cost.

## 2. Statement of Financial Position

### 2.1 Assets

As on Jun 30, 2016, **Total assets** have increased by 108 MB over Q4 FY'16 (January-March 2016) due to:

- Reduction in Cash and cash equivalents by (597) MB post payment of long term loan installment & buildup of inventory for improved service levels.
- Inventory increased by 726 MB on account of increase in Metallic ,Billet and Finished goods for smooth plant operations & customer service.

### 2.2 Liabilities and Shareholders' Equity

As on Jun 30, 2016, the liabilities have increased by 108 MB over Q4 FY'16 (January-March 2016) due to:

- Reduction in Long-term borrowing by (100) MB post payment of the loan installment as per schedule.
- Reduction in short term borrowing from related party (202) MB due to payment as per schedule.
- Short term loan increased by 241 MB by utilizing the structured finance from local bank for specific end use purpose.
- Increase in shareholders' equity by 213 MB from net profit for the quarter.

Please be informed accordingly.

Sincerely yours,  
Tata Steel (Thailand) Public Company Limited

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(Mr. Rajiv Mangal )  
President and CEO