

**- TRANSLATION -**

TSTH 007/2016 RM/PS/PB

January 29, 2016

To: President  
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the third quarter of FY 2015-2016  
(October-December 2015)

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the third quarter of 2015-2016 (October-December 2015) as under:

## **1. Operating Results**

Thailand GDP for 2015 estimated to be in range of 2.6-2.7%. The economy in Qtr4 2015 decelerated as compared to Qtr3 primarily due to seasonal effect. Robust tourism growth and moderate rise in private consumption has helped to reduce the drag effect on account of weak exports and low private investment. In addition lower commodity prices continued its downward trend resulting in a cautious approach by buyers. The positive side of lower commodity prices particularly oil, has helped particularly developing economies to reduce their energy bill and divert these funds for development purpose.

As the year 2015 closed we saw Fed increasing the much anticipated rates which to a large extent reduced the suspense in market place. BOT maintained its stand on policy rate. For Thailand the year 2015 ended relatively on positive note with introduction of several stimulus package since mid of 2015 viz, tax benefits & investment made before 2016. The government has also approved a focused action plan for transportation infrastructure projects that will start in 2016. This has helped bring back confidence and consumers are willing to take positions. In addition the public debt to GDP for Thailand is below 45% and hence there is still some fiscal room available should the economy fail to pick as envisaged.

In back drop of these development TSTH in Qtr3 FY'16 was able to sell 284 ('000 tons) higher than Qtr2 FY'16 by 3% in spite of holidays in December. However with stable scrap prices and pressure on finished goods prices resulted in pressure on spread. Average selling prices decreased by 11% in the quarter without commensurate reduction in metallic prices coupled with this planned shutdown in plants resulted PBT loss for Qtr3 FY'16 at (23) MB. TSTH continued to provide better service to its customer by launching "First order First truck First impression" campaign for cut & bend customer and providing them a unique experience of using such products. Tata Steel (Thailand) hosted "FORest FOR Life" Project- to celebrate the King's 88<sup>th</sup> Birth Anniversary, 174 employees TSTH & Tata Group Companies in Thailand participated. This is 4th consecutive year of our participation.

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

#### **1.1.1 Net Sales**

In Qtr3 FY'16, the company recorded net sales of 3,866 MB from a sales volume of 284('000 ton). In terms of revenue, this was lower by 8% and 22% over Q2 FY'16 and Q3 FY'15 respectively. This was on account of lower prices of finished steel. Consequently in 9 months FY'16, the net sales of 12,482 MB from a sales volume of 830('000 ton) was lower than 9 months FY'15 by 24%.

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

With pressure on finished steel prices and scrap prices remaining stable, effort was to maintain spread in difficult market, the company reported a Profit before tax at (23) MB which is lower

than previous Qtr2 FY'16. at 60 MB, however this is better than the last year of (180) MB. PBT for 9months FY'16 at 67 MB was higher than last year at the level of (233) MB.

Accordingly the company has recorded an EBITDA Qtr3 FY'16 at 75 MB which is lower than Qtr2 FY'16. For 9months EBITDA at 539 MB is higher than previous year due to above stated reasons.

## 1.2 Operating Results compared to Plan

### 1.2.1 Net Sales

In terms of revenue in MB was lower by 29% and 20% over Q3 FY'16 and 9months respectively as compared to plan primarily due pressure on finished steel prices. While volume was higher than Q2 FY'16, there was pressure on spread due to metallic prices remaining stable as compared to finished steel prices.

### 1.2.2 Net Profit before Income Tax & EBITDA

EBITDA performance in Q3 FY'16 at 75 MB, is lower than the plan, primarily due to pressure on spread, however the fixed cost was lower than plan. As a result 9months EBITDA at 539 MB is lower than plan. PBT for Q3 FY'16 at (23) MB is lower than the plan for above stated reasons. PBT for 9 months 67 MB was better the plan. TSTH continued to stay focused on cost & working capital management. Plant variable costs and overall fixed cost of the company was lower than PY and plan

## 2. Statement of Financial Position

### 2.1 Assets

As on December 31, 2015, **the total assets** have decreased by (1,366) MB over Q4 Fy15 due to:

- Reduction in Cash and cash equivalents by (222) MB post payment of long term loan installment. Cash balance remains stable.
- Reduction in Trade Account Receivable by (210) MB due to better management of debtors.
- Reduction in Inventory (724) MB on account of tight control on inventory management.
- Reduction in Properties, Plant, Equipment by (218) MB on account of depreciation.

### 2.2 Liabilities and Shareholders' Equity

As on December 31, 2015, **the liabilities** have decreased by (1,390) MB over Q4 FY'15 due to:

- Reduction in Short term loan by (541) MB by utilizing the structured finance from local banks for specific business purpose.
- Reduction in Long-term borrowing by (565) MB post payment of the loan installment.
- Reduction in Trade and other payables (513) MB

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

**- signature -**

(Mr. Rajiv Mangal )  
President and CEO