

- TRANSLATION -

TSTH 006/2017 RM/PS/PB

February 3, 2017

To: President
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the third quarter of FY 2017 (October-December 2016)

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

1. Operating Results

In Q3 year 2016, the Thai economy expanded 3.2%, declining slightly from the 3.5% pace recorded in Q2. The domestic demand remained slow, due to a contraction in government consumption and weak fixed investment. The contribution of net trade was slightly above that of the second quarter since exports accelerated from Q2 while imports continued to contract. In October industrial production stagnated and exports declined after two months of healthy growth.

The private consumption expanded by 3.5% continuing from high growth of 3.8% in the previous quarter. Key supporting factors include higher agricultural production and farm income, as well as government stimulus measures and long holidays. Agriculture is poised to rebound in H2 following a slump in H1. The sector grew 1.0% in Q3 and the government's large-scale plan to invest in rural areas, which include subsidies for rice farming, should help sustain the momentum.

Construction sector grew by 5.0%, compared with 7.8% in the last quarter. This was owed to 10.7% growth in public construction in which was result of 5.0% government construction growth and 25.3% state owner enterprises construction growth. Private construction, however, declined by 0.2%. The construction of office and commercial building as well as housing building grew, while construction of factory remained contracted. This was in line with the contraction of sales of cement, concrete and tile products. Real estate sector decelerated due to an end of real estate stimulation measure launched by the government. In this third quarter, real estate expanded by 1.8%, compared to 2.8% expansion in the previous quarter.

The forecasted growth of Thai economy is at 3.0% this year driven by growth in private consumption and strongly competitive tourism industry. Meanwhile, the political stability continues to help improvement in foreign-investor confidence in Thailand.

In this background, TSTH delivered the total sales volume at 303 kt for Q3 FY'17 (October-December 2016). The EBITDA and PBT at 419 MB and 256 MB respectively, were better than plan and previous year.

1.1 Operating Results compared with previous Qtr. & previous year

1.1.1 Net Sales

During Q3 FY'17 (October-December 2016), the Company recorded net sales of 4,637 MB from a sales volume of 303('000 ton). In terms of revenue, this was higher by 0.3% and 20% as compared to Q2 FY'17 (July-September 2016) and Q3 FY'16 (October-December 2015) respectively. This was mainly due to the improvement in global long product prices in response to higher raw material prices though the volume was lower by 3% Q-o-Q. 9MFY'17 (April-December 2016) net sales of 13,856 MB from a sales volume of 918('000 ton) was higher than H1 FY'16 (April-September 2015) by 11%.

1.1.2 Net Profit before Income Tax & EBITDA

The company has reported a Profit before tax at 256 MB for Q3 FY'17 (October-December 2016) which was higher than Q2 FY'17 (July-September 2016) by 14%. Q3 FY'16 (October-December 2015) was a loss. Improvement in selling price and lower conversion cost and better management of spread contributed in

the improved results. Profit before tax for 9M FY'17 (April-December 2016) was 826 MB as compared to 67 MB during the same period in the previous year.

The EBITDA Q3FY'17 (October-December 2016) at 419 MB was higher than Qtr2 FY'17 (July-September 2016) by 6% and 9M FY'17 (April-December 2016) at 1,322 MB was higher than previous year 145% due to the reasons stated above.

1.2 Operating Results compared to plan

1.2.1 Net Sales

During Q3 FY'17 (October-December 2016), company has recorded higher net sales by 9% due to the improvement in market price which was largely driven by higher raw materials costs. The net sales of 9M FY'17 (April-December 2016) was higher than plan by 11%.

1.2.2 Net Profit before Income Tax & EBITDA

The Profit before tax & EBITDA performance in Q3 FY'17 (October-December 2016) was higher than the plan by 249% and 79% respectively primarily due to better long product price coupled with optimization of input cost and effective control over conversion cost. Profit before tax & EBITDA for 9M FY'17 (April-December 2016) were higher than plan by 290% and 88% respectively.

2. Statement of Financial Position

2.1 Assets

As on December 31, 2016, **the total assets** have decreased by (85) MB over Q4 FY'16 (January-March 2016) due to:

- Reduction in Cash and cash equivalents by (417) MB post payment of long term loan & short term loan installment.
- Reduction in Properties, Plant & Equipment by (212) MB on account of depreciation.
- Reduction in Other non-current assets (136) MB represents the write off of the corporate income tax refundable of prior year, accounted in Q1 FY'17 (April-June 2016).
- Inventory increased by 623 MB on account of increase in finished goods and metallic inventory ahead of the planned major shut-downs.

2.2 Liabilities and Shareholders' Equity

As on December 31, 2016, the **total liabilities & shareholder equity** have decreased by (85) MB over Q4 FY'16 (January-March 2016) due to:

- Reduction in Trade and other payables by (405) MB from due payment for imported billets
- Reduction in Long-term borrowing by (200) MB post full repayment of the loan installment as per schedule.
- Reduction in short term borrowing from related party by (202) MB due to payment as per schedule.
- Partially compensated by increase in Short term borrowing from financial institution by 83 MB in relation to utilization of the structured finance from local banks for purchase of metallics.
- Increase in shareholders' equity by 635 MB represents net profit for 9 months of FY'17 (April-December 2016).

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

- signature -

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