

- TRANSLATION -

TSTH 032/2016 RM/PS/PB

April 29, 2016

To: President  
The Stock Exchange of Thailand

**Subject: Report of the Company's Operating Results for the fourth quarter (January-March 2016) and Fiscal year 2016 (April 2015-March 2016)**

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the fourth quarter & Fiscal year 2016 as under:

**1. Operating Results**

Thailand recorded growth of 2.8% for the year 2015 which was better than last year of 0.9%. The budget for 2016 as announced by Govt of Thailand showed 20% increased allocation for infrastructure project. Various stimulus package announced is set to bring back private investment which had reduced in 2015. The package includes the Public Private partnership fast track measure and new incentive from Board of Investment. On consumption side recent stimulus has provide boost to non-durable consumption & increased consumer confidence. This has resulted in increased economic activity on ground and consumers willing to take position.

Internationally the global economy continued to grow but remained fragile with commodities prices remaining low. This has adversely affected Thai exports. The quarter saw an unexpected upswing in the iron ore and scrap prices thereby impacting billet and finished products prices also. As the system inventory was low, this sudden upswing took many players by surprise. The result was steel manufacturing companies and the steel consumers aggressively trying to secure material. This created certain volatility in the market with very frequent prices changes.

TSTH in Qtr4 FY'16 (January-March 2016) continued its focus on both operational and commercial excellence. The company increased product availability for customers due to increased plant availability and better service levels through its stock yards. The sales volume of finished product increased by 11% in Qtr4 as compared to Qtr3 FY'16 (October-December 2015) & 8% higher than last year same quarter. Value added products in Qtr4 also saw increased in volume by 11% as compared to Qtr3 FY'16 (October-December 2015). As a result company reported profit before tax of 156 MB for Qtr4 and 223 MB for the year FY'16. During the same period the company optimized on its working capital and honored its commitment financial institutions. The term loan outstanding at the end of FY'16 is only 200 MB (against 1,065 MB in the beginning of the year)

**1.1 Operating Results: Qtr4 FY'16 and FY2016 compared with Qtr & previous year**

**1.1.1 Net Sales**

During Qtr4 FY'16 (January-March 2016), the company recorded net sales of 315 ('000 tons). This is an improvement of 11% over Qtr3 FY16 (October-December 2015) & 8% over Qtr4 FY'15 (January-March 2015). This is primarily on account of the rising demand at home from government infrastructure projects as well as increased demand from Laos and Cambodia due

to peak construction season. In LCWR, better sales from last year due to the announcement of permanent antidumping measures by Govt of Thailand.

For the period of FY2016 (April 2015-March 2016) , the improvement in sales volume by 2% at 1,145 ('000 tons) as compared to FY2015 was primarily on account of the rising demand at home from government infrastructure projects as well as increased demand from neighboring countries.

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

The company has reported a Profit before tax at 156 MB for Qtr4 FY'16 (January-March 2016) as compared to Qtr3 FY'16 (October-December 2015) of (23) MB. On YTD basis the net profit before tax at 223 MB is better than last year at net loss of (386) MB. This is primarily due to tight control on working capital, continued focus on cost & product mix.

As a result TSTH reported an EBITDA for Qtr4 FY'16 (January-March 2016) at 338 MB better than Qtr3 FY'16 (October-December 2015) & Qtr4 FY'15 (January-March 2015) of 75 MB and 15 MB respectively. On YTD basis the EBITDA is at 877 MB better than last year at 374 MB due to the reason stated above.

### **1.2 Operating Results: Qtr4 FY'16 and FY2016 compared with plan**

#### **1.2.1 Net Sales**

During Qtr4 FY'16 (January-March 2016), company has recorded 23% lower net sales in MB as compared to plan due to lower metallic prices this was offset by higher volume of sales due to rising demand in domestic & export market. For FY'16 (April 2015-March 2016), net sale in MB was lower than the plan by 21% primarily due to the lower steel prices. However, we continue 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 & EBITDA performance in Qtr4 FY'16 (January-March 2016) at 156 MB and 338 MB was higher than the plan by 15% and 11% respectively, primarily due to the reason stated above and we continued to stay focused on conversion cost & overall fixed cost which was lower than PY and plan. YTD basis the PBT of 223 MB & EBITDA of 887 MB is better than plan.

## **2. Statement of Financial Position**

### **2.1 Assets**

As on March 31, 2016, **Total assets** have decreased by (743) MB over Qtr4 FY'15 (January-March 2015) mainly due to:

- Increase in Cash and Cash Equivalentents by 478 MB resulting from tight control of working capital.
- Reduction in Inventory by (926) MB on account of tight control on inventory management.
- Reduction in Properties, Plant, Equipment by (297) MB on account of depreciation.



## 2.2 Liabilities and Shareholders' Equity

As on March 31, 2016, **the liabilities & Shareholders' equity** have decreased by (743) MB over Qtr4 FY'15 (January-March 2015) mainly due to:

- Reduction in Short term loan by (255) MB on account of lower utilized of structured finance the lower in material price.
- Reduction in Long-term borrowing by (865) MB post payment of the loan installment.
- Increase in shareholders' equity by 156 MB from the net profit for the year.

Please be informed accordingly.

Sincerely yours,  
Tata Steel (Thailand) Public Company Limited

*- signature -*

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