

**- TRANSLATION -**

TSTH 048/2017 RM/AN/PB

July 26, 2017

To: President  
The Stock Exchange of Thailand

**Subject: Report of the Company's Operating Results for the first quarter of FY 2018 (April-June 2017)**

Tata Steel (Thailand) Public Company Limited ("Company") would like to report the company's operating results for the first quarter of FY 2018 (April-June 2017) as under:

**1. Operating Results**

According to the economic forecasts, Thailand GDP is expected to grow at 3.3%. The support for growth is largely dependent on the exports, global commodity prices and tourism. At the same time, the construction is expected to gain from expansion in public investments in infrastructure projects.

Q1 FY18 saw downward pressure on steel prices as compared to Q4 FY 17, triggered by the weak demand and poor sentiment in Thailand market and ASEAN region as a whole. Demand of steel in China remains strong due to government stimulus. This has resulted in increased pull for raw materials like iron ore and coal into China thereby increasing the prices of these commodities globally. This had an impact on the price of scrap which remained strong during the quarter adversely impacting the spread. On the positive side, there was a significant reduction in the volume of steel exports from China. This facilitated 36% higher sale of wire rods by the company in domestic market.

In the backdrop of this, TSTH sold 276 KTon during Q1 FY18. The company reported the EBITDA and PBT loss at 139 MB and (34) MB THB respectively.

**1.1 Operating Results: Q1 FY18 compared with quarter & previous year**

**1.1.1 Net sales**

Sales volume in Q1FY18 at 276 ('000 ton) was lower than Q4FY17&Q1FY17by 20% and 8% respectively and Net sales at 4,608 MB was lower by 21% over Q4FY17 and almost at par with Q1FY17 primary due to:

- Market sentiment and demand slow down due to monsoon season.
- Volatility in raw material prices in international market disturbed the market sentiments. As a result, many customers postpone buying decision
- Weak market demand. International price movements in metallics and steel undermined domestic steel prices further.

### 1.1.2 Profit before Income Tax and EBITDA

The company has reported a loss of (34) MB in Q1FY18 against a Profit before tax (before extraordinary item) of 233 MB in Q4FY17 primarily due to the lower sales volume and lower contribution on account of lower price of FG coupled with high scrap price.

EBITDA during Q1FY18 was lower than Q4FY17&Q1FY17 by 66% and 73% respectively primary due to the effect from lower in sales volume and lower contribution.

## 2. Statement of Financial Position

### 2.1 Assets

As on June 30, 2017, **the total assets** have decreased by (518) MB over Q4 FY17 Mainly due to:

- Reduction in in Trade and other receivables by (132) MB on account of lower net realization.
- Reduction in Inventory increased by (144) MB. on account of lower Finished good and Billet inventory for tight control on inventory management.
- Reduction in Properties, Plant, Equipment by (88) MB on account of normal depreciation.
- Reduction in Other non-current assets (65) MB mainly due to offsetting of the amount receivable from TSGH 71 MB against 271 MB long-term borrowing payable to TSGH.
- Reduction in Cash and cash equivalents by (97) MB.

### 2.2 Liabilities and Shareholders' Equity

As on June 30, 2017, **the total liabilities & shareholder equity** have decreased by (518) MB over Q4 FY'17 Mainly due to:

- Reduction in Short term loan by (21) MB by utilizing the structured finance from local bank for specific end use purpose.
- Reduction in Trade and other payables by (393) MB.
- Reduction in Current portion of long-term liabilities by (71) MB due to offsetting of the advance receivable against long-term borrowing by 71 MB.
- Decreased in shareholders' equity by (37) MB from net loss for Q1FY'18.

Please be informed accordingly.

Sincerely yours,  
Tata Steel (Thailand) Public Company Limited

- signature -

(Mr. Rajiv Mangal)  
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