

- TRANSLATION -

TSTH 064/2017 RM/PS/PB

October 27, 2017

To: President
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the second quarter of FY 2018 (July-September 2017)

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the second quarter of FY2018 (July-September 2017) as under:

1. Operating Results

The deliveries for the quarter at 323 KTon, was higher than last quarter. The market saw increased demand. Wire rods volume continues to good due to high import price and better service.

International metallic prices remained high. There have also been significant increase in Electrodes and Ferro alloys prices. However, the market has started accepting higher prices in view of the increasing trend of the raw material prices which resulted in improved NR. The margin for the quarter was better than last quarter. The company has reported Q2 FY18 EBITDA of 432 Mn THB (last quarter 139 Mn THB) and a PBT of 233 Mn THB (last quarter (34) Mn THB).

During the quarter, Company's NTS plant has received the "Prime Minister Award 2017" for Safety Management. Both NTS and SCSC plants have also received the "National Safety Award" from the Department of Labour of Thailand during this quarter. SCSC and SISCO plants received CSR – DIW Awards from the Department of Industrial Works, Ministry of Industry and SCSC received Kaizen Gold Award in the category of Innovation during Thailand Kaizen Award 2017.

Operating Results compared with previous quarter & previous year

1.1 Net Sales

Sales volume in Q2 FY18 at 323 KTon was higher than Q1 FY18 & Q2 FY17 by 17% and 3% respectively while in terms of net sales at 5,785 Mn THB increased by 26% and 25% as compared to Q1 FY18 & Q2 FY17 respectively due to:

- Long product prices have risen almost universally, especially in East Asia.
- The continued absence of China in global export market.

H1 FY18 net sales of 10,394 Mn THB from sales volume at 600 KTon was higher than H1 FY17 by 13%.

1.2 Profit Before Tax

TSTH reported a profit before tax of 233 Mn THB in Q2 FY18 against a loss of (34) Mn THB in Q1 FY18 and profit before tax 225 Mn THB in Q2 FY17. This is primarily due to the increase in market demand as customer expected that the price will move up further. Company could maintain better position on the spread, despite there being significant increase in electrodes and alloys price leading to higher conversion cost.

Profit before tax for H1 FY18 at 200 Mn THB was lower than previous year primarily reflecting the subdued performance during Q1 FY18.

2. Statement of Financial Position

2.1 Assets

As on September 30, 2017, **the total assets** have decreased by (614) Mn THB over Q4 FY17 mainly due to:

- Reduction in Trade and other receivables by (231) Mn THB.
- Reduction in Properties, Plant, Equipment by (182) Mn THB on account of normal depreciation.
- Inventory increased by 318 Mn THB on account of planned higher finished goods and metallic inventory to enable the Company to serve its customers better.
- Reduction in Cash and cash equivalents by (449) Mn THB post repayment of short-term working capital financing arrangements.

2.2 Liabilities and Shareholders' Equity

As on September 30, 2017, **the total liabilities & shareholder equity** have decreased by (614) Mn THB over Q4 FY17 mainly due to:

- Reduction in short term working capital loans by (698) Mn THB.
- Trade and other payables increased by 40 Mn THB.
- Reduction in income tax payable by (33) Mn THB.
- Increased in shareholders' equity by 148 Mn THB from current net profit of H1 FY18.

Please be informed accordingly.

Sincerely yours,
Tata Steel (Thailand) Public Company Limited

- *signature* -

(Mr. Rajiv Mangal)
President and CEO