

**- TRANSLATION -**

TSTH 025/2017 RM/PS/PB

May 9, 2017

To: President  
The Stock Exchange of Thailand

**Subject: Report of the Company's Operating Results for fourth quarter (January-March 2017) and Fiscal year 2017 (April 2016-March 2017)**

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the fourth quarter & Fiscal year 2017 as under:

**1. Operating Results**

In 2016, the Thai economy grew by 3.2%, improving from 2.9% in 2015. Private consumption continually expanded by 3.1%, which was supported by government stimulus measures. Public investment continues to grow well due to ongoing infrastructure projects. Meanwhile, a slowing of year-on-year government consumption growth owing to expedited disbursement in earlier period will undermine growth during the forecast period. Both private consumption and investment continue to expand as business confidence grows on the back of increased political stability and increased public spending and handouts to the rural economy. Furthermore, the Thai economy will also benefit from the continued government's efforts to use stimulus measures.

In this background, Q4FY17, TSTH delivered the total sales volume at 344 ('000 ton) with the EBITDA and Profit before tax (before extraordinary item) at 412 MB and 233 MB respectively. The Profit before tax after extraordinary items, for Q4FY17 was (386) MB. For FY17, TSTH recorded a net sales volume of 1,263 ('000 ton) higher than FY16 volume by 10%. The Profit before tax was 441 MB primarily on account of the extraordinary items carried out in Q4. Excluding the impact, the Profit before tax for FY17 was 1,059 MB with EBITDA of 1,734 MB.

**1.1 Operating Results: Qtr4 FY'17 and FY2017 compared with Qtr & previous year**

**1.1.1 Net sales**

Sales volume in Q4FY17 at 344 ('000 ton) was higher than Q3FY17&Q4FY16 by 14% and 9% respectively and Net sales at 5,846 MB was higher than Q3FY17&Q4FY16 by 26% and 38% primary due to:

- Improvement in market conditions for Wire Rod products and HCWR .
- Improvement in export sales as compared to the comparative periods.
- Improvement in selling price due to increasing trend of global long steel product price.

Sales volume in FY17 at 1,263 ('000 ton) was higher than FY16 by 10% and Net sales in FY17 at 19,701 MB was higher than FY16 by 18% primary due to:

- Higher sales volume from wire rod products by 62% on account of domestic Chinese prices have surged due to supply side concerns and MOC review on AD measure reflecting to customers return to buy from local producers
- Partly offset by the lower of export sales volume
- Improvement in selling price due to increasing trend of global long steel product price.

### **1.1.2 Profit before Income Tax and EBITDA**

EBITDA in Q4FY17 at 412 MB was almost at par with Q3FY17 and higher over Q4FY16 by 22%. TSTH has taken one-off adjustments of 618 MB during Q4FY17 represented by Provision for impairment of MBF Asset, which remains mothballed since 2011, 528 MB, and Provision for obsolescence & write off of fixed asset and old raw material inventory 90 MB. Consequently, TSTH has reported a profit (loss) before tax of (386) MB in Q4FY17 against a profit before tax of 256 MB in Q3FY17 and profit before tax of 156 MB in Q4FY16.

EBITDA FY17 at 1,734 MB was higher than FY16 by 98% and Profit before tax for the year of FY17 at 441 MB was higher by 97% over FY16

The better performance was attributable to improved selling price, lower conversion cost and financing cost compensating the increase in metallic price.

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

### **2.1 Assets**

As on March 31, 2017, **Total assets** have increased by 40 MB over Q4 FY16:

- Reduction in Cash and cash equivalents by (235) MB post repayment of long term loan.
- Increase in Trade and other receivables by 297 MB on account of higher net realization.
- Inventory increased by 816 MB on account of higher in Finished good and metallic inventory for smooth plant operations & customer service.
- Reduction in Properties, Plant, Equipment by (1,226) MB on account of depreciation (240) MB provision for impairment MBF machinery (465) MB and reclassification of MBF machinery (521) MB to Non-current assets classified as held for sale
- Reduction in Other non-current assets (154) MB represents the write off of the corporate income tax refundable of prior year by (124) MB, accounted in Qtr1 FY'17 (April-June 2016).

## **2.2 Liabilities and Shareholders' Equity**

As on March 31, 2017, **the liabilities & Shareholders' equity** have increased by 40 MB over Q4 FY16, explained by:

- Reduction in Long-term borrowing by (200) MB post repayment of the loan installment as per schedule
- Reduction in short term borrowing (51) MB due to payment as per schedule.
- Trade and other payables increased by 25 MB
- Increase in shareholders' equity by 210 MB from net profit for FY17.

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

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(Mr. Rajiv Mangal )  
President and CEO