

ANNUAL GENERAL MEETING OF SHAREHOLDERS NO. 19

Questions to the Company **during June 15 – July 15, 2020**

Question 1

From the Covid situation in the past, I would like you to inform about the impact of this crisis to the Company both directly and indirectly and the problem solution. What are the positive and negative impacts towards the Company and the industry in the near future?

Answer 1

As per Iron & Steel Institute of Thailand, major steel consuming sectors in 2019 are Construction & Auto accounting for 58% and 22% respectively of the total steel sold in the country. Auto industry growth has been under pressure since last year. Covid-19 has aggravated the problem further. FTI has forecasted that auto production in Thailand during 2020 may see over 30% drop in production over previous year. The situation is much better in Construction sector due to no lockdown and extra budgetary support by the Govt. Thus for 2020, overall Construction sector may not see any reduction in demand in 2020.

Positive Impact: With lockdowns in many countries and disruption in supply chain, getting material through import route has been difficult in last 4 months. Customers have to rely more on local producers for secured and assured supply. TSTH enjoys the customers' loyalty of being the most reliable and trusted steel manufacturer in Thailand. The company has wide network to service the Customers and provides product application support too. This has helped the company is run close to normal level in last 4-5 months.

Negative Impact is felt in areas of: less demand in auto industry, delay of new projects from private sector such as mixed use or condominium building and cautious spending in retail channel. There is also a threat of cheap imports from areas who are struggling with low domestic demand due to Covid-19 pandemic.

Question 2

What are the trends of Graphite electrode price in this year and future? What are the positive and negative impacts to the Company?

Answer 2

Graphite Electrodes prices saw steep increase in 2017-2018 period. Subsequently a lot of new capacity has been added in China. This has helped to balance supply and demand of graphite electrodes. TSTH follows Value in Use model to source GE. Majority is coming from China and few from Malaysia & India. This has helped the company to reduce steel plant conversion cost by almost 600-700 THB pmt. The company continues to develop new sources to reduce cost and minimize supply disruption.

Question 3

This year the Companies are facing competition in the steel industry in Thailand, does the trend improve to be better or not when compared to the previous years?

Answer 3

Average capacity utilisation in long products in Thailand is below 40%. So you see, there is a structural problem in the industry. Against this, TSTH operates at over 70% capacity utilisation. This is due to better quality, service and range of new & customized products offered by the company. We expect smaller companies to face greater risk from the current challenging situation. TSTH has a good cost structure, enjoys Customer loyalty and has excellent relationship with banking sector. Thus we believe TSTH will emerge stronger as compared to our competitors going ahead.

Question 4

The Company sets how much of the growth targets for this year in terms of sales and profitability and what are the key strategies to achieve those targets.

Answer 4

In view of Covid-19 pandemic, ISIT has forecasted that steel demand in Thailand will shrink by 6-8% in 2020 over 2019. At the same time, situation is worse in neighboring geographies and India where the company regularly exports. In this scenario, our first priority is to achieve at least sale volume same as last year thereby gaining market share in the country. We have capacity to produce more. If business environment improves, the company will try to do better. To achieve this, the company is working on many fronts that include development of new products like

we did for Chinese high speed rail project connecting Bangkok to Lao border, expanding our retail presence to every province and district of Thailand, improving quality of high carbon wire rods and continuously improving our cost competitiveness to stay ahead of competition. Through industry associations, the company is working with Govt to promote local content in infrastructure projects and prevent dumping of steel from other countries.

Question 5

I want you to share about the suspension of deals from HBIS and the intention of the major shareholder from now on to be clear to existing shareholders. How much is the opportunity to have new deals? At present what is the progress?

Answer 5

The definitive agreement with HBIS was cancelled in August 2019 as they could not get required approvals from their Govt.

The principal shareholder continues to explore partners who can add value to the business from a long-term perspective. Due to ongoing pandemic, the process of mergers & acquisitions have in general slowed down around the world. In the meantime, the company continues to work on improving its competitiveness on various aspects.

Question 6

How much is new investment for this year? How much is the total budget for investment?

Answer 6

The plan this year is to invest between 200-300 million Thai Baht towards enhancing operational efficiency of the plants. Company's cash position and credit lines with banks are healthy. In case any good project is established, the company will pursue the same.

Question 7

Is the competition from competitors from China, Malaysia and other neighbors more intense and how? How can we handle these challenges?

Answer 7

Significant new steel manufacturing capacities have been added in Vietnam and Malaysia in last 2-3 years. The same have reached production stage when the region

is facing demand challenges further enhanced by Covid-19 pandemic. Thus a significant volume of steel especially wire rods are getting dumped in Thailand from these countries. At the same time imports from China have reduced due to better domestic demand there.

The company has taken up the matter through Steel Industry Associations, with MOC. The Govt has asked for specific data on the subject which is being collated and will be submitted soon. Simultaneously work is on to enhance company's product and service quality so that Customers first choice remains with TSTH.

Question 8

I would like to inquire about the progress of the sale of the business by the parent company.

Answer 8

We have already answered this question. The principal shareholder continues to explore partners who can add value to the business from a long-term perspective. In the meantime, the company continues to work on improving its competitiveness on various aspects.

Question 9

From the operation in the past after COVID, what is the impact to our customers or supply chain? And how to solve it?

Answer 9

We have already answered this question. The situation is better in Construction sector due to no lockdown and extra budgetary support by the Govt. Thus for 2020, overall Construction sector may not see any reduction in demand in 2020. TSTH enjoys the customers' loyalty of being the most reliable and trusted steel manufacturer in Thailand. This has helped the company is run close to normal level in last 4-5 months.

Question 10

In the situation that the business was not sold yet, what is the company's future investment plan? And how much is the investment budget?

Answer 10

We have answered this question earlier. The plan this year is to invest between 200-300 million Thai Baht towards enhancing operational efficiency of the plants

Question 11

With TSTH financial situation today, what criteria will be considered for paying dividend to shareholders?

Answer 11

The Limited Public Company Act B.E. 2535 (1992), Section 115 states that "No dividend shall be paid out of funds other than profit. In the case where the Company still sustains an accumulated loss, no dividend shall be paid".

As you are aware, your Company is a holding company with 3 operating subsidiaries. Therefore, the performance of the Company is to be seen on a consolidated basis. Accordingly, the Dividend Policy of the Company considers the consolidated financial position for payment of dividends after taking into account of each subsidiary's operating results and no retained deficits are reported on a consolidated basis.

Your Company has been showing consistent improvement in its operational and financial performance over the years, all external debts have also been repaid. Today, the Company has a very strong Balance Sheet with zero long-term debts. However, we still have an accumulated deficit from past on the consolidated basis. The Board of Directors takes this opportunity to thank the Shareholders for their understanding and patience.

Question 12

Do TSTH looking for new strategy partners now?

Answer 12

This question has already been answered.

Question 13

How is TSTH in next 2-5 years

Answer 13

The company aims to be first choice of the Customers, be profitable, self-sustainable, and viewed as a good corporate citizen in Thailand and a company of choice to work for. For achieve this, it will work to enhance reach of Tata Tiscon Rebars in Thailand and neighboring countries, invest to upgrade product quality especially in wire rods segment, reduce operating costs further and improve skill level of the employees. Effort is also on to increase capacity utilisation beyond 70-75%. We believe these steps will enhance value creation for all the stakeholders including shareholders.