

- TRANSLATION -

TSTH 040/2019 RM/AN/PB

July 26, 2019

To: President  
The Stock Exchange of Thailand

**Subject: Report of the Company's Operating Results for the first quarter of FY2020 (April-June 2019)**

Tata Steel (Thailand) Public Company Limited ("Company") would like to report the company's operating results for the first quarter of FY2020 (April-June 2019) as under:

**1. Operating Results**

Thailand continues to face uncertainty from both domestic and external factors. Current account (C/A) swung to a small deficit in May, the first deficit since September 2014. The deficit was partly due to foreign repatriation of Thai dividend payments and a seasonal fall in tourism demand. Politics remains in focus, including new cabinet appointments and passage of FY20 budget. Thailand has witnessed slowdown in domestic activity, exports and tourism in the backdrop of strong baht and weak global and regional economies resulting from trade conflicts.

Domestic demand of construction sector remains weak with few enquiries from property developers. Buying for infrastructure projects also remained weak. At the same time, there is increased supply from Induction furnace route. International raw material i.e.iron ore & scrap remain strong due to availability concerns leaving spread for EAF producers under pressure. Some respite is on the anvil with Graphite Electrode international prices showing signs of decline due to increased availability from China.

The deliveries for the current quarter of the Company at 299 KTon, was almost at par as compared to the previous quarter. The revenue from sales was lower than previous quarter, reflecting lower price from weak market sentiment.

There was a reduction of 52 MB in inventory over the previous quarter mainly from billet. In number of days term, it has improved to 46 days at end-Jun'19 as compared to 47 days at end-Mar'19. Debtors was at 13 days, down from 15 days in Mar'19.

**Operating Results compared with previous quarter & previous year**

**1.1 Revenue from sales**

Sales volume in the current quarter was broadly at par with the previous quarter, while it was higher by 6% as compared to the same quarter previous year due to improvement in domestic rebars volume, partly offset by lower exports.

Revenue from sales during the current quarter at 5,420 MB was almost at par as compared to the previous quarter and the same quarter previous year. Higher volume was compensated by lower price.

## 1.2 Profit(Loss) Before Tax

The company reported a profit of 44 MB in the current quarter against a loss of (93) MB in the previous quarter attributable to lower metallic price and conversion cost, lower loss from impact of strengthening of THB. One-off income from settlement of insurance claim from EAF explosion at SCSC last year, was partly offset by one-off expense provision for change in labour law in relation to severance pay.

The profit of 44 MB in the current quarter against the profit of 75 MB in the same quarter previous year is attributable to lower selling price, loss from impact on strengthening of THB against gain in the same quarter previous year and one-off expense provision for change in labour law in relation to severance pay. Partly compensated by higher sales volume mainly from domestic rebars and insurance claim settlement income from EAF explosion at SCSC.

## 2. Statement of Financial Position

### 2.1 Assets

As on June 30, 2019, **total assets** have increased by 246 MB over March 31, 2019 mainly due to:

- Increase in trade and other receivables by 315 MB mainly from exports made during the last few days in June.
- Increase in Cash and cash equivalents by 37 MB.
- Reduction in Properties, Plant and Equipment (66) MB reflecting normal depreciation.
- Reduction in inventory by (52) MB mainly from billet.

### 2.2 Liabilities and Shareholders' Equity

As on June 30, 2019, **total liabilities & shareholder equity** have increased by 246 MB over March 31, 2019 mainly due to:

- Increase in Trade and other payables by 193 MB.
- Increase in employee benefit obligations by 65 MB mainly on account of provision for change in labour law in relation to severance pay.
- Reduction in short term working capital borrowings by (68) MB.
- Increase in shareholders' equity by 31 MB from current quarter's net profit.

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

- *signature* -

(Mr. Rajiv Mangal )  
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