

- TRANSLATION -

TSTH 063/2018 RM/AN/PB

October 22, 2018

To: President
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the second quarter of FY2019 (July-September 2018)

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the second quarter of FY2019 (July-September 2018) as under:

1. Operating Results

Deliveries were affected by low construction demand as well as seasonal impact of monsoon on retail demand in Lao, Cambodia & India. The deliveries for the current quarter was at 288 KTon, at par with the previous quarter, however, lower than the same quarter last year.

The net sales was higher by 7% over the previous quarter with higher prices resulting from raw material cost increase. EBITDA in Q2FY19 at 234 MB was higher than the previous quarter by 8% primarily reflecting improvement in sales volume and selling price, however, lower than the same quarter last year.

During the quarter:

- NTS and SCSC received National Safety Awards for two consecutive years 2017 – 2018 from Department of Labor Protection and Welfare, Ministry of Labor.
- SCSC and SISCO received CSR – DIW Continuous Awards for two consecutive years 2017 – 2018 and NTS received CSR – DIW Awards 2018 from Department of Industrial Works, Ministry of Industry.
- NTS and SCSC received Green Mining Award 2018 from the Department of Primary Industries and Mines, Ministry of Industry.
- SCSC and SISCO received Carbon Footprint for Organization (CFO) Certificate from Thailand Greenhouse Gas Management Organization (Public Organization).
- SISCO plant received 3Rs Waste Management Award 2018 from Department of Industrial Works (DIW), Ministry of Industry.

Operating Results compared with previous quarter & previous year

1.1 Net Sales

Sales volume in the current quarter at 288K Tons was almost at par with 281K Tons in the previous quarter. However, when compared to the same quarter last year, it was lower by 11% due to lower demand of small section and rebar in the country. The lower sales volume was partly offset by the higher exports to India, Cambodia and Laos. The sales volume at 569 K Tons in the H1FY19 was lower than 600 K Tons in H1FY18 primarily due to long products steel demand continues to be depressed especially in rebars.

Net sales during Q2FY19 at 5,822 MB was higher by 7% compared to the previous quarter due to the price improvement reflecting the increase in scrap price. Net sales during H1FY19 was higher than H1FY18 by 8% partly offset by the lower sales volumes mainly in rebars and small section.

1.2 Profit Before Tax

The company reported a profit of 67 MB in Q2FY19 against 75 MB in the previous quarter. Previous quarter profit included non-operational income of 44 MB representing gain from foreign exchange rate and insurance claim.

The profit in the current quarter and H1FY19 was lower as compared to last year, attributable to lower sales volume reflecting the negative market sentiments in the construction sector and the price increase in metallics, ferro alloys, refractories and electrodes, resulting in lower net contribution.

2. Statement of Financial Position

2.1 Assets

As on September 30, 2018, **the total assets** have increased by 175 MB over Q4 FY18 mainly due to:

- Increase in inventory by 411 MB due to the higher billet and consumable material.
- Reduction in Cash and cash equivalents by (144) MB.
- Reduction in Trade and other receivables by (143) MB.

2.2 Liabilities and Shareholders' Equity

As on September 30, 2018, **the total liabilities & shareholder equity** have increased by 175 MB over Q4 FY18 mainly due to:

- Increase in Trade and other payables by 166 MB
- Reduction in Short term working capital borrowings by (119) MB.
- Increase in finance lease liabilities by 41 MB relating to Solar Power project at SCSC.
- Increase in shareholders' equity by 105 MB from current net profit of H1 FY19.

Please be informed accordingly.

Sincerely yours,
Tata Steel (Thailand) Public Company Limited

- signature -

(Mr. Rajiv Mangal)
President and CEO

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