

- TRANSLATION -

TSTH 052/2019 RM/AN/PB

October 24, 2019

To: President
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the second quarter of FY2020 (July-September 2019)

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

1. Operating Results

The global economic slowdown and relative baht appreciation versus trade partners and competitors have negatively impacted Thai exports and Thai economy in general. The risk of difficulties in aligning coalition election policies may lead to political instability. This cast doubts on the government's ability to implement new policies and has added to the negative market sentiments.

Domestic steel price was under pressure on weak international prices, dampened domestic demand and negative business sentiments.

The deliveries for the current quarter were at 296 K Tons, almost at par as compared to the previous quarter and 3% higher year-on-year. The revenue from sales was lower than previous quarter reflecting lower price from weaker market sentiments.

There was a reduction of 113 MB in Inventory over March 31, 2019. However in number of day's term, it has remained at 47 days at end of September 2019 same as in end of March 2019. Debtors were at 10 days, down from 15 days in March 2019.

Operating Results compared with previous quarter & previous year

1.1 Revenue from sales

Sales volume in the current quarter at 296 K Tons as compared to 299 K Tons in the previous quarter. However, when compared to the same quarter previous year, it was higher by 3% mainly due to improvement in rebars volume. While, for the 6-months period ended September 30, 2019, the Company's sales volume at 595 K Tons was higher than 569 K Tons in the same period previous year primarily due to improvement in domestic rebars volume, partly offset by lower exports sales.

Revenue from sales during the current quarter at 5,075 MB was lower by 6% and 13% as compared to the previous quarter and the same quarter previous year due to the lower prices of finished goods. During the 6-months period ended September 30, 2019, the revenue from sales was higher than the previous year by 7%.

1.2 Profit(Loss) Before Tax

The company reported a loss of (13) MB in a current quarter against a profit of 44 MB in the previous quarter mainly attributable to lower selling price and lower volume of finished goods. Previous quarter also included the one-off income from settlement of insurance claim from EAF explosion at SCSC which occurred in October last year and an additional provision for change in labour law in relation to severance pay.

The lower profit in the current quarter and 6-months period against a profit of 67 MB in the same quarter previous year and 142 MB in 6-months previous year attributable to lower selling price partly offset by higher sales volume and lower cost on account of lower metallic and conversion cost mainly from the decreasing trend of graphite electrode price.

2. Statement of Financial Position

2.1 Assets

As on September 30, 2019, **total assets** have decreased by (609) MB over March 31, 2019 mainly due to:

- Reduction in cash and cash equivalents by (233) MB.
- Reduction in trade and other receivables by (138) MB.
- Reduction in properties, plant and equipment (138) MB reflecting normal depreciation.
- Reduction in inventory by (113) MB mainly from billet.

2.2 Liabilities and Shareholders' Equity

As on September 30, 2019, **total liabilities & shareholder equity** have decreased by (609) MB over March 31, 2019 mainly due to:

- Reduction in short term working capital borrowings by (884) MB.
- Increase in trade and other payables by 160 MB.
- Increase in employee benefit obligations by 120 MB mainly on account of provision for change in labour law in relation to severance pay 57 MB and significant decrease in discount rate for computation of retirement benefit obligation 48 MB.
- Reduction in shareholders' equity by (32) MB from current net profit of 11 MB 6-months period and increase in provision for retirement benefit obligation 48 MB.

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

- signature -

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