

- TRANSLATION -

TSTH 005/2019 RM/PS/PB

January 22, 2019

To: President
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the third quarter of FY2019 (October-December 2018)

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

1. Operating Results

Long products construction steel market remains subdued in the country with low demand. There was a significant drop in international prices of finished steel and billets since November 2018. Consequently customers have been reluctant to book orders in anticipation of further price drop. This coupled with seasonal holidays in December resulted in less enquiries and hence orders from end customers and the dealers.

During the quarter, NTS, a subsidiary of the Company, received The Prime Minister's Industry Award 2018 for Quality Management.

Operating Results compared with previous quarter & previous year

1.1 Net Sales

Sales volume in the current quarter was almost at par with the previous quarter. When compared to the same quarter last year, it was lower due to depressed market sentiments in the country and reasons stated above. However, the lower sales volume in the domestic market was partially offset by the higher exports of Rebar to Cambodia, India, Laos and wire rod to Indonesia. The sales volume in the 9 months FY2019 was lower than previous year by 6% due to weak sentiment in the project construction market in the country. At the same time, the company sold higher volume in retail channel and maintained wire rods domestic sales volume.

Net sales during the current quarter was lower by 6% over the previous quarter due to weak sentiment in domestic market resulting into lower selling price. On 9 months basis as compared to previous year, the net sales was higher by 4% primarily due to higher prices of finished goods during April - October period partly offset by the lower domestic sales volumes.

1.2 Profit Before Tax

The company reported a loss of 196 MB in a current quarter in the backdrop of depressed market sentiments from lower demand and steep decline in international steel prices as explained above. The impact of this was significant in the quarter as the company imports sizable volume of raw material with long lead time. There was an accident at the Electric Arc Furnace at SCSC, a subsidiary of the Company, on 6th Oct 2018. Disruption of operations and related repair expenses also impacted the bottom line adversely. For the 9 months of FY2019, the loss stands at 55 MB.

2. Statement of Financial Position

2.1 Assets

As on December 31, 2018, **the total assets** have decreased by 192 MB over March 31, 2018 mainly due to:

- Reduction in Trade and other receivables by 571 MB.
- Reduction in Properties, Plant and Equipment by 110 MB on account of normal depreciation.
- Partly compensated by an increase in raw material inventory by 380 MB.

2.2 Liabilities and Shareholders' Equity

As on December 31, 2018, **the total liabilities & shareholder equity** have decreased by 192 MB over March 31, 2018 mainly due to:

- Reduction in Trade and other payables by 368 MB.
- Increase in Short term working capital borrowings by 242 MB.
- Reduction in shareholders' equity by 75 MB from current net loss of 9 months FY2019.

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

- signature -

(Mr. Rajiv Mangal)
President and CEO

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