

- TRANSLATION -

TSTH 049/2020 RM/SS/SJ

October 20, 2020

To: President
The Stock Exchange of Thailand

Subject: Report of the Company's Operating Results for the second quarter of FY2021 (July-September 2020)

Tata Steel (Thailand) Public company Limited ("Company") would like to report the company's operating results for the second quarter of FY2021 (July-September 2020) as under:

1. Operating Results

Thailand's economy has shown signs of slight improvement, held up by contraction in the value of merchandise export, manufacturing and private investment indicators according to the central bank. Construction sector witnessed a growth of 7.4% Y-o-Y in the second quarter supported by government infrastructure projects. Domestic wire rods market got support as import offers from China remain at elevated prices. However, the government has maintained strict lockdown measures against foreign tourists significantly impacting the economy.

Meanwhile, the Bank of Thailand has voted unanimously to keep the policy rate on hold at 0.50%. The Bank of Thailand (BoT) recently lowered its 2021 GDP growth forecast to 3.6%, from 5.0%; 2020 forecast revised up to -7.8%, from -8.1%. Current account has stayed in surplus on low imports, favorable fuel price, despite low exports and no tourism income.

In this backdrop, the deliveries of the Company for the current quarter at 311 K Tons, was higher than the previous quarter mainly from higher special wire rod sales. The revenue from sales was higher than previous quarter from higher selling price in line with increase in raw material prices as well as improved sales volume.

Total inventory was lower by 61 Mn THB as compared to March 31, 2020. In number of days-term, it has improved to 41 days at end of September 2020 as compared to 43 days at end of March 2020.

Operating Results compared with previous quarter & previous year

1.1 Revenue from sales and related services

Sales volume in the current quarter at 311 K Tons, was higher as compared to the previous quarter from better domestic demand in medium and high carbon wire rods. As compared to the same quarter previous year, it was higher due to improvement in rebars volume in direct sales channel. For the 6-months period ended September 30, 2020, the Company's sales volume at 609 K Tons was slightly higher than 595 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 and related services in the current quarter was at 4,886 Mn THB, higher by 6% as compared to previous quarter due to improvement in sales volume as well as higher selling price in line with increase in raw material price. As compared to the same quarter last year, it was lower by 4% primarily due to lower selling price of finished goods. During the 6-months period ended September 30, 2020, the revenue from sales was lower than the previous year by 10%.

1.2 Profit (Loss) Before Tax

The Company reported a profit of 139 Mn THB in the current quarter against a profit of 80 Mn THB in the previous quarter mainly attributable to higher selling price and higher sales volume of finished goods.

The Company's had reported a loss of (13) Mn THB for the same quarter previous year while the 6-months period previous year was a profit of 31 Mn THB. Better performance in the current period is attributable to higher sales volume, lower metallic and lower graphite electrode price.

2. Statement of Financial Position

2.1 Assets

As on September 30, 2020, **total assets** have increased by 959 Mn THB over March 31, 2020 mainly from:

- Increase in cash and cash equivalents by 620 Mn THB.
- Right-of-use assets 548 MB due to adoption of new financial reporting standard on lease (TFRS16).
- Financial assets measured at fair value through other comprehensive income 146 Mn THB due to adoption of new financial reporting standard (TFRS9).
- Reduction in properties, plant and equipment (210) Mn THB reflecting normal depreciation.
- Reduction in trade and other receivables (68) Mn THB.
- Reduction in inventories (61) Mn THB.

2.2 Liabilities and Shareholders' Equity

As on September 30, 2020, **total liabilities & shareholder equity** have increased by 959 Mn THB over March 31, 2020 mainly from:

- Increase in trade and other payables by 205 Mn THB mainly related to scrap procurement.
- Increase in lease liabilities by 459 Mn THB due to adoption of new financial reporting standard (TFRS16).
- Reduction in short term working capital borrowings by (75) Mn THB.
- Increase in shareholders' equity by 312 Mn THB from the current year net profit of 188 Mn THB, effect of re-measurements of post-employment benefit obligation 7 Mn THB and adjustment from changes in accounting policy due to adoption of new financial reporting standard 117 Mn THB.

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

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(Mr. Rajiv Mangal)
President and CEO