

1. Highlights

	Unit: million Baht	1 st Quarter 2019	1 st Quarter 2018
Performance	Revenues	3,398	8,117
	Sales Volume (k tons)	177	388
	EBITDA	(228)	602
	Net Profit (Loss)	(433)	366
HRC	HRC Sales (k tons)	177	388
	HRC Production Volume (k tons)	139	382
	HRC Average Selling Price (THB./ton)	19,160	20,942
	HRC Cash Margin (THB./Ton)	(58)	1,937
	Unit: million Baht	31 March 2019	31 December 2018
Financial Status	Total Liabilities	4,359	5,607
	Total Asset	17,144	18,824
	Total Equity	12,785	13,218

The Company's Operating results during the Quarter ended March, 2019 were severely impacted by production disruptions resulting from breakdown of critical gear and transformer which resulted in an unexpected prolonged Shutdown. While breakdown of gear in the first week of January, 2019, impaired the production of high value added thinner sizes and reduced the mill speed, the breakdown of transformer, in the third week of January, 2019, resulted in a complete stoppage of the plant. Using this opportunity, the Company preponed its Annual Maintenance Shutdown, which was earlier planned for May, 2019, by working strategically to align all suppliers and contractors for the same.

The ordering of the gear was under process with a lead time of 14 months offered from the supplier. However, with quick actioning of the contingency plan by the Management, a spare gear of similar specification was identified and procured from a foreign Company, which resulted in saving of 12 months of impaired operations. Similarly, actions were also underway for overhauling of the

spare transformer available with the Company. On breakdown of the operating transformer, the spare was immediately put for overhaul and could be commissioned by 1st week of March, 2019. Since then the operations have gradually stabilized with Positive EBITDA posted for March 2019. As a result, this quarter production and sale volume should not be a reflective to volume for the remaining period in 2019.

The Company has already embarked on a maintenance programme last year, which includes, improved preventive maintenance, increased spending on Opex & Capex and prepared adequate stocking of critical spares. These actions will continue and will ensure better equipment health and reliability in the coming periods.

The Company had terminated the Tolling Agreement with G Steel Public Company Limited and accordingly the tolling activities were stopped from 1st February, 2019. Further, continued slackness in the international HRC prices also impacted the margins with gradual improvement witnessed during the quarter.

- The reported quarter thus, resulted in reduced Shipment volume and EBITDA loss and Net Loss of THB 228 million and THB 433 million respectively. The EBITDA loss is mainly due to the plant disruptions as described above and includes Fixed costs, Utility Costs and additional Repairs during the period of shutdown. Additionally, the company incurred opportunity loss due to loss in production and sale.
- The production and sale volume recorded during the Quarter is summarized in below table:

	1 st Quarter 2019			1 st Quarter 2018		
	Own production	Tolling	Total	Own production	Tolling	Total
HRC production volume (Ton)	90,518	48,028	138,547	177,944	203,795	381,739
HRC sale volume (Ton)	105,957	71,386	177,343	191,591	196,019	387,611

2. Business Outlook on Q2/2019

Post the production disruptions in Q1, the plant is returning to normal operations and is expected to improve to full production levels.

The HRC prices have seen improvement over last the Quarter and are stable until now. The recently approved Anti-Circumvention law is still be approved by the Parliament and is expected to be effective in the next few months to give further support to the Domestic HRC prices.

However, the consumption is expected to remain low till the new government formation. As such we will adjust our production strategy to match with the domestic consumption and export the foreseeable in future.

We would like to sincerely thank all our shareholders for their support and belief in the Company for fully subscribing the Right-Offering of THB 1,502.67 million. This funding amount will help in reducing financial costs and providing additional working capital for production.

3. Industry Overview and Outlook

Overview of World Steel Industry

According to the World Steel Association's report on world crude steel production was 444.1 million tons in the first three months of 2019, significant increase by 4.5% compared to the same period in 2018. The region with most production was Asia (including China, but not including the Middle East) 312.9 million tons, an increase by 7.0% over the first three months of 2018. The second most producing region was the European Union (EU), with 42.3 million tons, slightly decreased 2.0% and North America's crude steel production in the first quarter of 2019 was 30.7 million tons, an increase of 4.0% compared to the same period of 2018.

In March 2019, China produced crude steel at 80.3 million tons up by 10.0%, India produced crude steel at 9.4 Mt decreased by 1.0%, Japan at 9.1 Mt unchanged from same period of 2018 and South Korea at 6.3 Mt up 2.8% compared to March 2018.

In the EU, Italy's crude steel production for March 2019 was 2.3 million tons, down by 0.3% on September 2017, France produced 1.4 million tons of crude steel in March 2019, an increase of

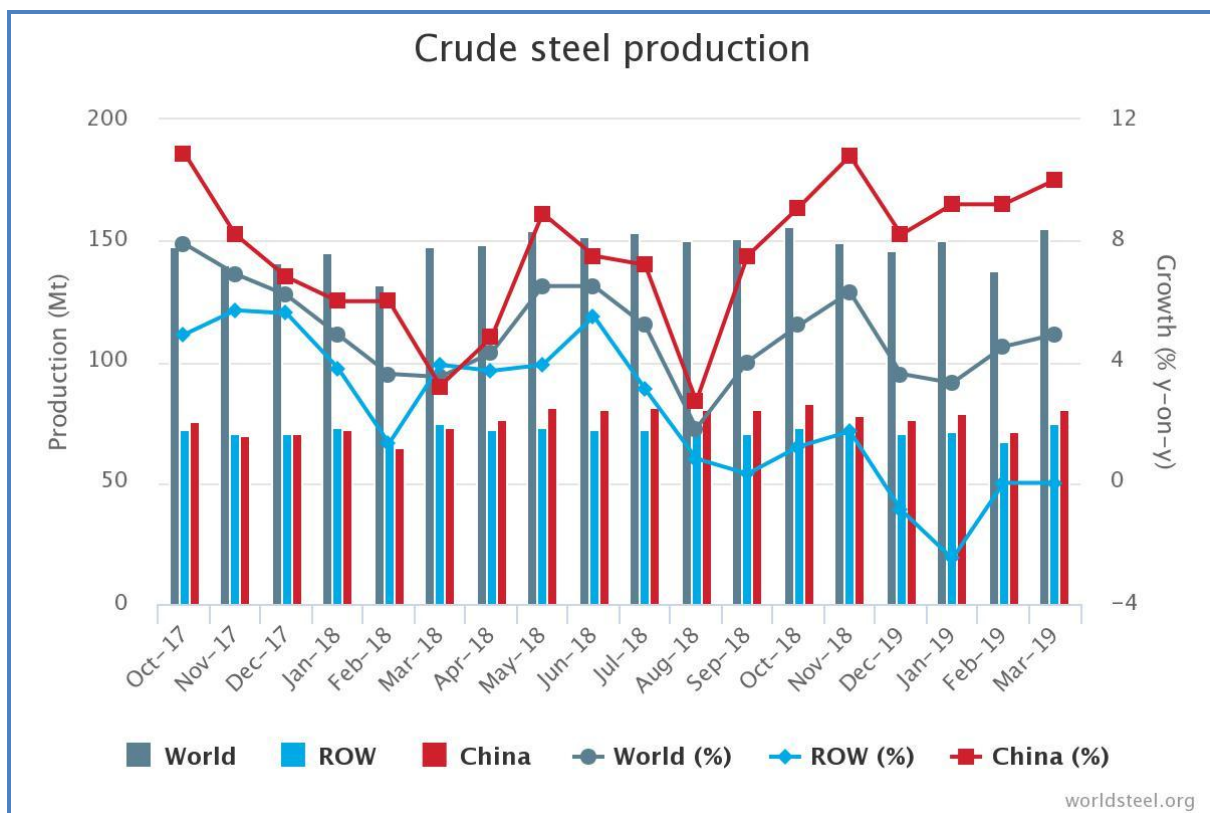
2.3% compared to March 2018. Spain produced 1.4 million tons in March 2019, an increase of 5.9% on 2018.

Turkey’s crude steel production for March 2019 was 3.0 million tons, a decrease of 11.7% compared to March 2018.

The US produced 7.8 million tons of crude steel for March 2019, an increase of 5.7% on March 2018.

Brazil’s crude steel production for March 2019 was 2.8 million tons, down by 8.6% on March 2018.

Chart of world crude steel production monthly, ending 31 March 2019



Source: World Steel Association

Remarks:

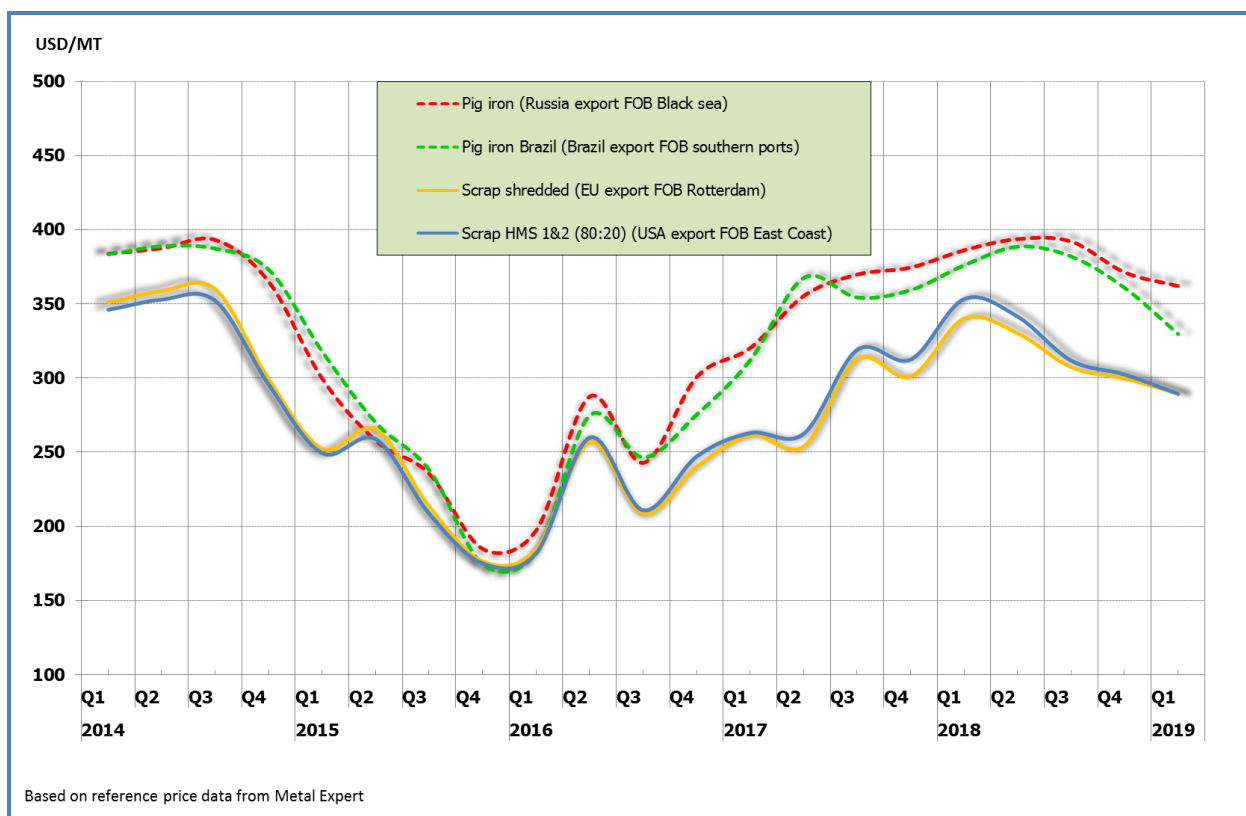
1. For antitrust reasons, worldsteel no longer produces a monthly global capacity utilisation ratio. Information on capacity can be found on the OECD website.

The main raw materials (Pig iron, shredded scrap) the price movement of the main raw materials, i.e. scraps and pig iron, had more fluctuated since the first quarter of 2016, by increasing

in the first and the second quarters of 2016 and then decreased in the third quarter of 2016 but then turn back increasing continuously until the first quarter of 2018. For second quarter of 2018 to first quarter of 2019, the price of pig iron and scrap started to fall continuously. Thus it will become more challenging for the global steel industry participants in all the regions. Careful estimation for raw material purchasing and production cost management is seriously needed in order to cope with the more dynamic business environment.

The raw material reference prices on the world market are that the HMS 1&2 (80:20 ratio) scrap USA export price of the first quarter of 2019 was averaged at USD 289/mt. FOB, decreased from the previous quarter at USD 303/mt. FOB, and pig iron Russia export price of the first quarter of 2019 averaged at USD 363/mt. FOB, dropped from USD 372/mt. from the previous quarter.

Chart of raw material reference prices on world market for Q1/2014 – Q1/2019



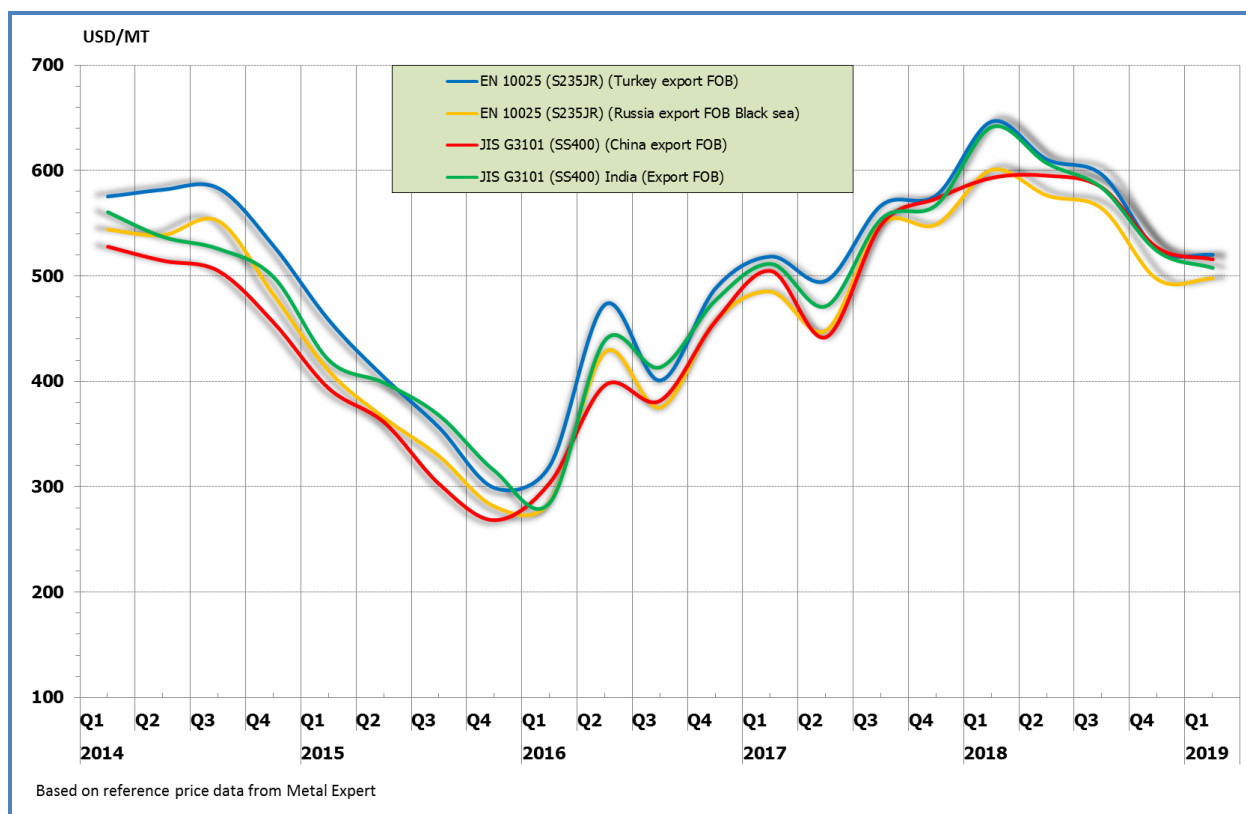
Processed price data from: Metal Expert

Hot Rolled the prices for hot-rolled coil on the world market during the first quarter of 2016 to first quarter of 2019 had more fluctuated by moving from the lowest point in the first quarter of 2016 then rebounded in the second quarter, and fell again in the third quarter and then turn back increasing continuously from fourth quarter of 2016 to first quarter of 2017 and decreased again in

the second quarter then rebounded quickly until first quarter of 2018 and dropped continuously from second quarter of 2018 to first quarter of 2019 respectively.

The reference prices for hot-rolled coil on the world market are that China export price average for first quarter of 2019 was USD 516/mt, FOB, dropped from the previous quarter at USD 527/mt. Meanwhile, Russia export price average was slightly increased from USD 497/mt. FOB, to 498/mt. Turkey export price average was dropped from USD 525/mt, FOB, to 520/mt. and India export price average was also dropped from USD 523/mt. FOB, to 508/mt. in first quarter of 2019.

Chart of hot-rolled coil reference prices on world market for Q1/2014 – Q1/2019



Processed price data from: Metal Expert

Overview of Thai Steel Industry

ISIT had reported the domestic steel-production Q1/2019 was at 1.71 million metric tons, decreasing 13.32% compared to the same period of previous year consisting of the long finished steel production of 1.06 million metric tons, decreasing 8.31% and the flat finished steel production of 0.649 million metric tons, decreasing 20.40% compared to the same period of previous year.

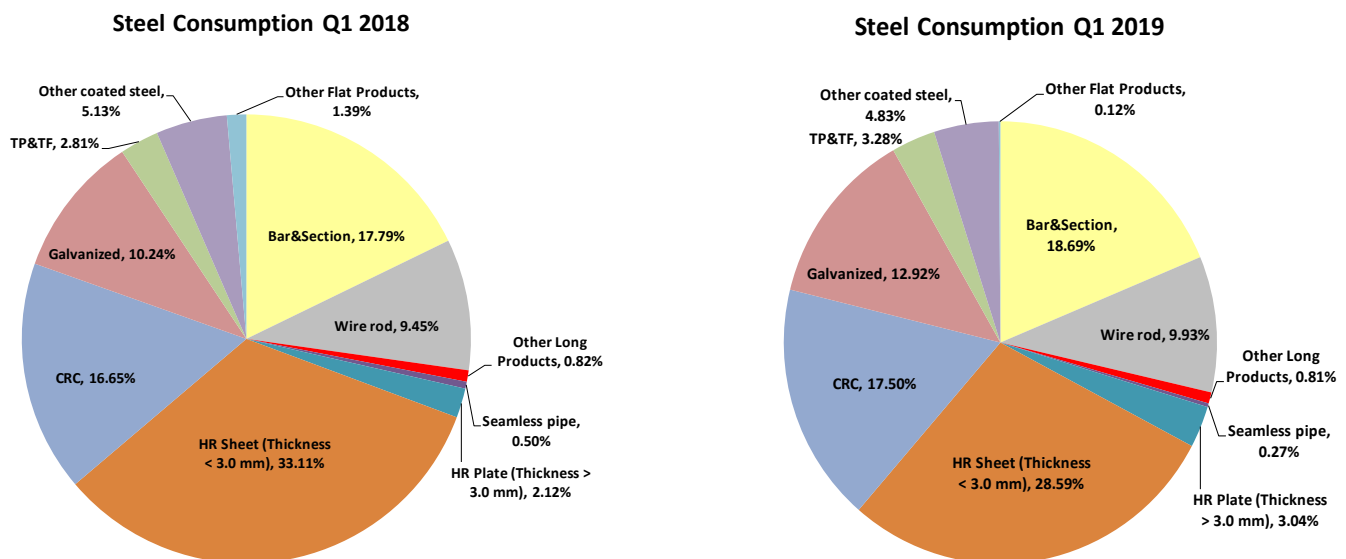
The consumption of finished steel products in Thailand in Q1/2019 was at 4.16 million metric tons, decreasing 4.96% compared to the same period of previous year consisting of the long

finished steel consumption at 1.53 million metric tons, decreasing 0.58% and the flat finished steel consumption at 2.63 million metric tons, decreasing 7.32% resulting from the demand of Hot Rolled Steel which decreasing compared to the same period of previous year.

Table: The production and the domestic demand of Finished Steel in Q1 2018 and 2019

Total Apparent Finished Steel (Unit : Tons)	Quarter 1/2018	Quarter 1/2019	% Change
Production	1,967,321	1,705,204	-13.32%
Import	2,842,507	2,851,271	0.31%
Export	436,428	399,792	-8.39%
Consumption	4,373,400	4,156,683	-4.96%

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence



The imported of finished steel in Thailand in Q1/2019 was at 2.85 million metric tons, increasing 0.31% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 0.98 million metric tons, decreasing 11.19% compared to the same period of previous year. The second highest import quantity was Cold Rolled steel at 0.419 million metric tons and Coated Galvanized steel at 0.368 million metric tons respectively.

The export of finished steel in Thailand in Q1/2019 was at 0.40 million metric tons, decreasing 8.39% compared to the same period of previous year. The highest export quantity was structural steel at 89.0 thousand metric tons. The export of deformed bars for construction in Q1/2019 was at 66.2 thousand metric tons.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in Q1/2019 was at 0.649 million metric tons, decreasing 20.40% consisting of thin gauge at 0.607 million metric tons, decreasing 21.76% and Thick gauge at 42.1 thousand metric tons, increasing 6.10% compared to the same period of previous year.

Table: The production and the domestic demand of the Hot Roll Flat Steel for Q1 2018 and 2019

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Quarter 1/2018	Quarter 1/2019	% Change
Production	815,487	649,138	-20.40%
Import	1,022,854	903,264	-11.69%
Export	23,331	2,595	-88.88%
Consumption	1,815,010	1,549,807	-14.61%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Quarter 1/2018	Quarter 1/2019	% Change
Production	39,716	42,139	6.10%
Import	88,284	111,184	25.94%
Export	16,680	995	-94.03%
Consumption	111,320	152,328	36.84%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Quarter 1/2018	Quarter 1/2019	% Change
Production	775,771	606,999	-21.76%
Import	934,570	792,080	-15.25%
Export	6,651	1,600	-75.94%
Consumption	1,703,690	1,397,479	-17.97%

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The Hot Rolled Steel consumption in Q1/2019 was at 1.55 million metric tons, decreasing 14.61% consisting of thin gauge at 1.40 million metric tons, decreasing 17.97% and thick gauge at 0.152 million metric tons, increasing 36.84% compared to the same period of previous year.

The import of Hot Rolled Steel in Q1/2019 had decreased of 11.69% at 0.90 million metric tons consisting of thin gauge at 0.792 million metric tons, decreasing of 15.25% and at 0.111 million metric tons, increasing 25.94% for the thick gauge compared to the same period of previous year.

The export of Hot Rolled Steel in Thailand in Q1/2019 was at 2.60 thousand metric tons, decreasing 88.88% consisting of thin gauge at 1.60 thousand metric tons, decreasing of 75.94% and at 0.995 thousand metric tons, decreasing 94.03% for the thick gauge compared to the same period of previous year.

4. Performance of the Company and its Subsidiaries

Operating results

The Company reported a net loss of THB 432 million for 1st Quarter 2019 and a profit of THB 366 million for 1st Quarter last year. This is primarily due to:

- **Revenue from sales and cost of goods sold**

The total sales volumes and total production volumes were lower than last year quarter mainly due to the Company termination of tolling agreement with G Steel Public Company Limited in February 2019 coupled with the fact that the Company had an production disruptions as explained above from 1st Week of Jan 2019 till 1st Week of Mar 2019, leading to significant decrease in sale volume and production volume when compared to last year quarter.

- **Selling expenses**

Selling expenses for 1st Quarter 2019 and 2018 amounting to THB 45 million and THB 92 million, respectively, with the amount was recorded at the same level.

- **Financial costs**

The Company had the financial costs for 1st Quarter 2019 and 2018 amounted to THB 127 million and THB 112 million, respectively. The increased of financial costs of THB 15 million resulted from the Company had drawdown a short-term loan for purpose of increasing working capital commencing in 1st Quarter 2019.

- **Gain from exchange rate**

The Company had recorded gain from exchange rate for 1st Quarter 2019 and 2018 amounted to THB 99 million and THB 158 million in respectively.

5. Statement of financial positions

- **Total assets**

As of 31 March 2019, the Company has total assets amounting to THB 17,144 million which decreased from the year ended 2018 by THB 1,680 million. From the total assets divided into the current assets amounted to THB 2,937 million, decreased by 34% from the year ended 2018 and total non-current assets amounted to THB 14,207 million, decreased by 1% from the year ended 2018. The decreased in current assets mainly derived from the decrease in inventory of THB 1,485 million and decrease in cash & cash in banks of THB 37 million whereas the decrease in non-current assets is mainly due to the depreciation for property, plant and equipment.

- **Total Liabilities**

As of 31 March 2019, the Company has total liability amounting to THB 4,359 million which is divided into total current liabilities amounted to THB 3,164 million and total non-current liabilities amounted to THB 1,195 million. To compare with the year ended 2018, the total liability decreased by THB 1,248 million or 22%, as a consequence of:

1. Trade accounts payable decreased by THB 1,192 million.
2. Advance from customer increased by THB 60 million.
3. Short-term loan from related parties decreased by THB 34 million.
4. Accrued interest expenses increased by THB 25 million.
5. Other payables and accrued expenses decreased by THB 38 million.
6. Long-term loan from other parties decreased by THB 20 million.

- **Total equity**

As of 31 March 2019, the Company has total equity amounted to THB 12,785 million decreased by THB 432 million or 3% from year ended 2018 mainly due to the Company had the net loss for the period contributed of THB 432 million.

Appendix

Table 4: Summary of Financial Results

Unit : Million Baht	1st Quarter 2019	1st Quarter 2018	% Increase (Decrease)
Income			
Revenue from sale of goods	3,398	8,117	(58%)
Net foreign exchange gains	99	158	(37%)
(Reversal of) loss on confirmed purchase orders for undelivered raw material	37	0	100%
Other income	38	8	399%
Total income	3,573	8,283	(57%)
Expenses			
Cost of sale - Cost of goods sold	3,605	7,517	(52%)
- idle costs	181	67	170%
- (Reverse of) loss on devaluation of inventories	(85)	6	(1412%)
Total cost of sale	3,701	7,591	(51%)
Selling expenses	45	92	(51%)
Administrative expenses	131	122	8%
Finance costs	127	112	14%
Total expenses	4,005	7,916	(49%)
Profit (loss) for the year	(432)	366	(218%)
Basic profit (loss) per share (in Baht)	(0.031)	0.026	(218%)

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	31 March 2019	31 December 2018	% Increase (Decrease)
Assets			
Current assets			
Cash and cash equivalents	164	201	(18%)
Trade accounts receivable	23	14	63%
Inventories	2,376	3,861	(38%)
Short-term loan to related parties	94	94	0%
Other current assets	280	268	4%
Total current assets	2,937	4,438	(34%)
Non-current assets			
Advance payment for purchase of property, plant and equipment	210	210	0%
Property, plant and equipment	13,637	13,839	(1%)
Intangible assets	8	7	6%
Other non-current assets	353	330	7%
Total non-current assets	14,207	14,386	(1%)
Total assets	17,144	18,824	(9%)

Table 5: Condensed Statement of Financial Position

Unit : Million Baht	31 March 2019	31 December 2018	% Increase (Decrease)
Liabilities and equity			
Current liabilities			
Trade accounts payable	841	2,033	(59%)
Other payables and accrued expenses	666	661	1%
Advance from customers	93	33	185%
Short-term loan from related parties	1,206	1,239	(3%)
Accrued interest expenses	157	132	19%
Current portion of liabilities under rehabilitation plan	178	180	(1%)
Provision	3	41	(92%)
Other current liabilities	19	31	(38%)
Total current liabilities	3,164	4,350	(27%)
Non-current liabilities			
Trade accounts payable			
Other payables and accrued expenses	15	58	(75%)
Long-term loan from related parties	1,097	1,118	(2%)
Liabilities under financial lease	1	1	(8%)
Employee benefit obligations	82	80	2%
Total non-current liabilities	1,195	1,257	(5%)
Total liabilities	4,359	5,607	(22%)
Total equity	12,785	13,218	(3%)
Total liabilities and equity	17,144	18,824	(9%)

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht	Jan - Mar 2019
<i>Cash flows from operating activities</i>	
Net profit (Loss) for the period	(432)
Adjustments for	
Depreciation and amortization	218
Work roll amortisation	13
Interest income	(16)
Finance costs	127
Unrealised gain on foreign exchange	(23)
(Reversal of) loss on devaluation of inventories	(85)
(Reversal of) loss on confirmed purchase orders of undelivered of raw material	(37)
Employee benefit expenses	2
	<hr style="width: 100%; border: 0.5px solid black;"/> (233)
<i>Changes in operating assets and liabilities</i>	
Trade accounts receivable	(9)
Inventories	1,570
Advances to suppliers	(4)
Other current assets	9
Other non-current assets	(36)
Trade accounts payable	(1,190)
Advances received from customers	60
Other payables and accrued expenses	(37)
Other current liabilities	(11)
Net cash from (used in) operating activities	<hr style="width: 100%; border: 0.5px solid black;"/> 119
<i>Cash flows from investing activities</i>	
Interest received	(1)
Purchase of property, plant and equipment	(15)
Net cash from (used in) investing activities	<hr style="width: 100%; border: 0.5px solid black;"/> (16)

Table 6: Condensed Statement of Cash Flow

Unit : Million Baht	Jan - Mar 2019
Cash flows from financing activities	
Receive short-term loan from related party	624
Repayment of short-term loan from related party	(652)
Finance costs paid	(110)
Net cash from (used in) financing activities	(138)
Net increase (decrease) in cash and cash equivalents	(36)
Cash and cash equivalents at 1 January 2019	201
Cash and cash equivalents at 31 March 2019	164