

Management Discussion and Analysis Quarter 3 Ending 30 September 2019

1. Highlights

	Unit : million Baht	Q 3/2019	Q 3/2018
Group	Group Revenues	4,520	8,678
	Group EBITDA	(120)	874
	Group Net Profit (Loss)	(869)	(431)
HRC	HRC Sales (k tons)	251	419
	HRC Production Volume (k tons)	242	606
	HRC Average Selling Price (Bht/Ton)	18,029	20,713
	Unit : million Baht	30-Sep-19	31-Dec-18
Group	Total Assets	28,635	30,632
	Total Liabilities	19,001	20,532
	Total Equity	(911)	172
	Minority	10,545	9,928

The Consolidated Revenue for the Quarter stood at Baht 4,520 million against Baht 8,678 million for same period last year. The Sales quantities and prices were severely impacted by continued weakness in global Steel Industry, significant increase in Imports of Alloy Steel and Galvanized HRC into Thailand due to strengthening of Thai Baht and removal of Safeguard duties on Alloy Steel in February 2019. The total shipment volume dropped by 40% and selling prices dropped by 13% compared to same period last year.

The Company reported a net profit of Baht 890 million during the quarter compared to a net loss of Baht 192 million for the same period last year. Despite the reduction in sales quantities and prices, the increase of Baht 1082 million was mainly on gain from decreased capital of investment in subsidiary (Baht 639 Million), Reversal of loss on impairment of investment in subsidiaries (Baht 456 million), Gain from debt restructuring (Baht 337 million), Reversal of provision for a guarantee of subsidiary (Baht 242 million) and net Gain from foreign Exchange (Baht 58 million).

The Consolidated Net Loss stands at Baht 869 million against Baht 431 million due to drop in sales volume and selling prices.

2. Business Outlook

During the shutdown period from February 2019 to April 2019, the Company's customers had developed alternative sources of supplies of HRC and also imported large volumes of HRC. The import arrivals continued during the reported Quarter and impacted the sales volume. The sales volume and prices were also severely impacted by continued weakening of international market for flat products. The Company is now gradually regaining its customer back and increasing its sales volumes.

The sharp decline in the Finished Goods prices has also led to a decline in Raw material prices and the Company suffered devaluation loss on Finished Goods stock, Raw Material in stock and in transit amounting to Baht 205 million.

Pursuant to the Government announcement in the Government Gazette regarding to the revised Anti-dumping and Countervailing of Foreign Products Act, B.E. 2562 (A.D. 2019) with the additional provision relating to anti-dumping and countervailing measurement which will be officially effective in 180 days from the announcement date of the Government Gazette or will be taken effect on 18 November 2019. This causes the steel product importer to aware of the aforesaid law and to consider the slowdown of steel products import from overseas. The Company expects that the trend hot rolled steel import decreased and to have confidence in domestic market which will have a direction to improve in the future. In addition, the government stimulus measures may affect the increased demand for hot rolled steel in the same direction of public utility budget.

3. Performance of the Company

Operating Results

The Company reported a net profit of Baht 890 million during the quarter compared to a net loss of Baht 192 million for the same period last year. The Consolidated Net Loss stands at Baht 869 million against Baht 431 million due to drop in sales volume and selling prices.

Revenue from sales

The Company registered Revenue of THB 1,436 million compared to THB 1,099 million for the same period last year. The Revenue was higher mainly due to own production and sale during the current quarter against tolling production carried out last year. The Consolidated Revenue for the Quarter stood at Baht 4,520 million against Baht 8,678 million for same period last year.

Selling Expenses

Selling expenses for 3rd Quarter 2019 and 2018 amounting to THB 19 million and THB 0.3 million respectively, due to resumption of own production and sale in the current quarter. Consolidated Selling expenses were at THB 62 million against THB 109 million recorded for the same period last year mainly due to reduction in volume in the current year.

Administrative Expenses

Administrative expenses for 3rd Quarter 2019 and 2018 amounting to THB 89 million and THB 32 million respectively, due to resumption of own production and increase in Recurring Fees paid according to Financial Advisory Services Agreement. Consolidated Selling expenses were at THB 219 million against THB 199 million recorded for the same period last year.

Financial costs

The Financial Cost during the reported quarter was THB 248 million compared to THB 171 million recorded for the same period last year. The increase was mainly due to new working capital loan to carry out own production. The consolidated Financial Cost for the quarter stood at THB 295 million compared to THB 280 million for the same period last year.

4. Statement of financial positions

Total Assets

As of 30 September 2019, the Company and subsidiary had total asset amounting to Baht 28,635 million, which decreased by Baht 1,997 million or 7% from year ended 2018, totaling to Baht 30,632 million. Out of the total assets, Current Assets amounted to Baht 4,443 million, decreased 19% from year 2018 and non-current assets amounted to Baht 24,192 million, decreased 4% from year 2018. Current Assets reduction mainly on account of decrease in inventory of subsidiary, however cash and cash equivalents for both the Company and subsidiary increased. Non-current assets decreased mainly due to depreciation of machineries. Details as below.

Cash and cash equivalent

The Company and subsidiary had cash and cash equivalent of Baht 722 million as at 30 September 2019, which increased by Baht 464 million (increased for the Company by Baht 92 million and that for the subsidiary by Baht 372 million) or increased by 180% from year ended 2018 mainly due to receipts from Non revolving working capital facilities and Rights Offering at the subsidiary Company.

Inventories

Inventories of the Company and subsidiary amounted to Baht 3,182 million or 11% of total assets, which reduced by Baht 1,430 million from year ended 2018 mainly due to decrease in the Inventory of the Subsidiary by Baht 2,133 million partly offset by increase in the Inventory of the Company. This was mainly due to termination of Tolling activities by the Subsidiary and restart of own production by the Company.

Total liabilities

Total liabilities of the Company and subsidiary as at 30 September 2019 amounted to Baht 19,001 million, which decreased by Baht 1,531 million or 7% from year ended 2018.

Current liabilities decreased Baht 2,684 million due to:

- Short-term loan from related parties decreased by Baht 846 million which mainly came from the repayment by subsidiary partly offset by increase in short term loan from loan of Baht 300 million taken by the Company to meet working capital requirements.
- Trade accounts payable decreased by Baht 672 million, mainly due to repayment of liabilities by the subsidiary. Trade accounts payable of the Company increased by Baht 735 million due to resumption of own operations.
- Other payables and accrued expenses decreased by Baht 789 million mainly due to Compromise Agreement signed by the Company with a Creditor and the reclassification of the amount to Non- current liabilities.
- Short-term loan from other parties decreased by Baht 107 million also due to Compromise Agreement signed by the Company and consequent to reclassification of the amount to Non- current liabilities.
- Short-term loan from financial institution decreased by Baht 213 million due to repayment of the debt by the Company as per the Debt Settlement Agreement.

Non-current liabilities increased Baht 1,153 million derived from:

- Long-term loan from related party increased by Baht 838 million due to receipt from Long Term Loan Agreement with Link Capital I (Mauritius) Limited for USD 30.0 million
- Liabilities under rehabilitation plan and compromise agreement increase Baht 315 million due to Compromise Agreement signed with some creditors so the company got extension for the repayment and the liabilities under Current Liabilities was reclassified under Non- Current Liabilities as explained above.

Cash Flow

- Net cash flows used in operating activities Baht 468 million
- Net cash flows used in investing activities Baht 119 million.
- Net cash flows provided by financing activities Baht 1,052 million.

(For further details please refer to the Statement of cash flows as attached)

Shareholders' equity

As of 30 September 2019, the Company and its subsidiaries had the shareholders' equity of Baht 9,634 million which decreased by Baht 466 million or 5% from year ended 2018 due to net loss of the Group Company.

Summary of Consolidated Financial Results

G Steel Public Company Limited and its Subsidiaries

Statements of financial position

Assets	Note	Consolidated financial statements		+ (-) %
		30 September 2019	31 December 2018	
<i>(in thousand Baht)</i>				
Current assets				
Cash and cash equivalents		722,464	258,184	64%
Temporary investment - trading security		6,158	11,496	-87%
Trade accounts receivable	3, 4, 5	33,282	13,804	59%
Amounts receivable from related parties	3	-	-	
Inventories	6	3,181,704	4,611,491	-45%
Other current assets	3, 4, 7	499,430	565,995	-13%
Total current assets		4,443,038	5,460,970	-23%
Non-current assets				
Investments in subsidiaries	8	-	-	
Advance payment for purchases of property, plant and equipment	9	210,000	210,000	
Property, plant and equipment	10	23,231,457	24,384,466	-5%
Intangible assets	11	10,196	11,540	-13%
Other non-current assets	3, 4, 13	740,739	565,467	24%
Total non-current assets		24,192,392	25,171,473	-4%
Total assets		28,635,430	30,632,443	-7%

G Steel Public Company Limited and its Subsidiaries

Statements of financial position

	Note	Consolidated		+ (-) %
		30 September	31 December	
		2019	2018	
<i>(in thousand Baht)</i>				
Liabilities and equity				
<i>Current liabilities</i>				
Short-term loans from financial institution	15	-	212,503	-100%
Trade accounts payable	3, 4, 17	1,667,336	2,339,819	-40%
Amount due to related parties	3	-	-	
Liabilities from terminated rehabilitation plan and compromise	23	540,301	659,013	-22%
Current portion of long-term loan from related party	3	314,000	314,000	
Current portion of bonds	15	477,256	505,934	-6%
Short-term loan from related parties	3	423,813	1,269,364	-200%
Short-term loan from other parties	15	-	107,424	-100%
Loan from shareholder	3	3,850	3,850	
Advances received from customers	3, 19	160,253	42,666	73%
Other payables and accrued expenses	3, 4, 18	6,651,139	7,440,181	-12%
Accrued interest expenses	20	5,504,014	5,473,957	1%
Provisions	21	404,251	434,458	-7%
Other current liabilities	3, 22	321,911	348,859	-8%
Total current liabilities		16,468,124	19,152,028	-16%
<i>Non-current liabilities</i>				
Liabilities from terminated rehabilitation plan and compromise	23	315,385	-	100%
Long-term loan from related parties	3	1,955,244	1,117,518	43%
Other payables and accrued expenses	18	80,140	117,928	-47%
Employee benefit obligations		181,265	143,059	21%
Other non-current liabilities		1,062	1,389	-31%
Total non-current liabilities		2,533,096	1,379,894	46%
Total liabilities		19,001,220	20,531,922	-8%

G Steel Public Company Limited and its Subsidiaries

Statements of financial position

	Note	Consolidated		+ (-) %
		30 September	31 December	
		2019	2018	
		<i>(in thousand Baht)</i>		
Liabilities and equity				
<i>Equity</i>				
Share capital	24			
Authorised share capital		48,775,744	48,775,744	
Issued and paid-up share capital		34,250,905	34,250,905	
Warrants	25	-	14,050	-100%
Additional (Discount) paid in capital:				
Share discount		(10,163,276)	(10,163,276)	
Premium on capital reduction		206,307	206,307	
Retained earnings (deficit)				
Appropriated:				
Legal reserve		763,977	763,977	
Unappropriated		(25,982,479)	(24,899,544)	4%
Other components of equity		14,050	-	100%
Equity attributable to owners of the Company		(910,516)	172,419	119%
Non-controlling interests		10,544,726	9,928,102	6%
Total equity		9,634,210	10,100,521	-5%
Total liabilities and equity		28,635,430	30,632,443	-7%

Condensed Consolidated Statement of Financial Position

G Steel Public Company Limited and its Subsidiaries

Statements of comprehensive income

		Consolidated		
		financial statements		
		For the three-month period ended		
		30 September		
	<i>Note</i>	2019	2018	+ (-) %
		<i>(in thousand Baht)</i>		
Income				
Revenue from sale of goods	3, 4, 26	4,519,785	8,677,870	-92%
Revenue from service - Tolling		-	-	
Reversal of bad and doubtful debts		486	-	100%
Reversal of loss on confirmed purchase orders for undelivered raw materials	21	-	8,817	-100%
Reversal of loss on impairment of investment in subsidiaries		-	-	
Reversal of provision for a guarantee of subsidiary		-	-	
Net foreign exchange gain		82,660	334,422	-305%
Gain from debt restructuring		336,979	586	100%
Gain from compromise debt		1,719	-	100%
Gain from decreased capital of investment in subsidiary	8	-	-	
Other income		52,184	17,817	66%
Total income		4,993,813	9,039,512	-81%
Expenses				
Cost of sale				
- Cost of goods sold	3, 4	4,636,652	8,758,030	-89%
- Idle cost		247,215	-	100%
- Loss on devaluation of inventories (Reversal)		328,049	39,995	88%
Total cost of sale		5,211,916	8,798,025	-69%

Condensed Consolidated Statement of Financial Position

G Steel Public Company Limited and its Subsidiaries

Statements of comprehensive income

		Consolidated		
		financial statements		
		For the three-month period ended		
		30 September		
	<i>Note</i>	2019	2018	+ (-) %
<i>(in thousand Baht)</i>				
Cost of services - Tolling		-	-	
Selling expenses		61,713	109,072	-77%
Administrative expenses		218,751	199,024	9%
Loss on confirmed purchase orders for undelivered raw mater:	21	66,213	-	100%
Bad and doubtful debts		-	61,673	-100%
Other expenses	27	9,420	22,245	-136%
Finance costs		295,146	280,438	5%
Total expenses		5,863,159	9,470,477	-62%
Profit (loss) before income tax expense		(869,346)	(430,965)	50%
Income tax expense		-	-	
Profit (loss) for the period		(869,346)	(430,965)	50%
Other comprehensive income (loss) for the period		-	-	
Total comprehensive income (loss) for the period		(869,346)	(430,965)	50%
Profit (loss) attributable to :				
Owners of the Company		(477,493)	(173,465)	64%
Non-controlling interests		(391,853)	(257,500)	34%
Profit (loss) for the period		(869,346)	(430,965)	50%
Comprehensive income (loss) attributable to :				
Owners of the Company		(477,493)	(173,465)	64%
Non-controlling interests		(391,853)	(257,500)	34%
Total comprehensive income (loss) for the period		(869,346)	(430,965)	50%
Profit (loss) per share				
Basic profit (loss) per share	28	(0.07)	(0.03)	57%

Condensed Consolidated Statement of Financial Position

G Steel Public Company Limited and its Subsidiaries

Statements of comprehensive income

		Consolidated		
		financial statements		
		For the nine-month period ended		
		30 September		
	<i>Note</i>	2019	2018	+ (-) %
		<i>(in thousand Baht)</i>		
Income				
Revenue from sale of goods	3, 4, 26	13,109,390	24,641,136	-88%
Revenue from service - Tolling		-	-	
Reversal of bad and doubtful debts		12,177	-	100%
Reversal of provision for a guarantee of subsidiary		-	-	
Net foreign exchange gain		803,654	181,873	77%
Gain from debt restructuring		336,979	677	100%
Gain from compromise debt		86,334	-	100%
Gain from decreased capital of investment in subsidiary	8	-	-	
Other income		105,040	43,133	59%
Total income		14,453,574	24,866,819	-72%
Expenses				
Cost of sale				
- Cost of goods sold	3, 4	13,427,419	24,019,806	-79%
- Idle cost		803,700	192,185	76%
- Loss on devaluation of inventories (Reversal)		299,854	80,778	73%
Total cost of sale		14,530,973	24,292,769	-67%

Condensed Consolidated Statement of Financial Position

G Steel Public Company Limited and its Subsidiaries

Statements of comprehensive income

		Consolidated		
		financial statements		
		For the nine-month period ended		
		30 September		
	<i>Note</i>	2019	2018	+ (-) %
<i>(in thousand Baht)</i>				
Cost of services - Tolling		-	-	
Selling expenses		171,267	298,543	-74%
Administrative expenses		679,188	600,946	12%
Loss on confirmed purchase orders for undelivered raw mater:	21	36,961	15,138	59%
Bad and doubtful debts		-	63,293	-100%
Other expenses	27	59,276	117,039	-97%
Finance costs		871,377	815,785	6%
Total expenses		16,349,042	26,203,513	-60%
Loss before income tax expense		(1,895,468)	(1,336,694)	29%
Income tax expense		-	-	
Loss for the period		(1,895,468)	(1,336,694)	29%
Other comprehensive income (loss) for the period		-	-	
Total comprehensive loss for the period		(1,895,468)	(1,336,694)	29%
Profit (loss) attributable to :				
Owners of the Company		(1,082,935)	(1,004,817)	7%
Non-controlling interests		(812,533)	(331,877)	59%
Loss for the period		(1,895,468)	(1,336,694)	29%
Comprehensive income (loss) attributable to :				
Owners of the Company		(1,082,935)	(1,004,817)	7%
Non-controlling interests		(812,533)	(331,877)	59%
Total comprehensive loss for the period		(1,895,468)	(1,336,694)	29%
Loss per share				
Basic loss per share	28	(0.16)	(0.15)	6%

Consolidated Statement of Cash Flow

G Steel Public Company Limited and its Subsidiaries

Statements of cash flows

	Note	Consolidated financial statements		
		For the nine-month period ended 30 September		
		2019	2018	+ (-) %
		<i>(in thousand Baht)</i>		
<i>Cash flows from operating activities</i>				
Profit (loss) for the period		(1,895,468)	(1,336,694)	29%
<i>Adjustments for</i>				0%
Depreciation and amortisation		1,349,587	1,395,188	-3%
Interest income		(1,687)	(1,831)	-9%
Finance costs		871,377	815,785	6%
Dividend income		-	(208)	-100%
Unrealized loss (gain) on exchange rate		(667,404)	(131,120)	80%
Loss (gain) on adjustment in value of securities		4,920	(853)	117%
Gain from compromise debt		(86,334)	-	100%
Gain from decreased capital of investment in subsidiary	8	-	-	0%
Bad and doubtful debts expense (Reversal of)		(12,177)	63,293	620%
Loss on impairment of assets		-	41,603	-100%
Provision for court case claim		45,150	74,704	-65%
Provision for court case claim (Reversal of)		(10,328)	-	100%
Provision for a guarantee of subsidiary (Reversal of)	21	-	-	0%
Withholding tax write-off		1	37,502	-100%
Loss on devaluation of inventories (Reversal of)		299,854	80,778	73%
Gain from debt restructuring		(336,979)	(677)	100%
Loss on confirmed purchase orders of				0%
undelivered raw material (Reversal of)	21	36,961	15,138	59%
Reversal of loss on impairment of investment in subsidiaries	8	-	-	0%
Loss from disposal of assets		528	136	74%
Employee benefit obligations		52,006	9,980	81%
		<u>(349,993)</u>	<u>1,062,724</u>	404%

G Steel Public Company Limited and its Subsidiaries

Statements of cash flows

	Consolidated		
	financial statements		
	For the nine-month period ended		
	30 September		
<i>Note</i>	2019	2018	+ (-) %
	<i>(in thousand Baht)</i>		
<i>Changes in operating assets and liabilities</i>			0%
Trade accounts receivable	(19,503)	(127,712)	-555%
Amount due from related parties	-	9,900	-100%
Inventories	1,129,933	290,209	74%
Other current assets	81,517	68,225	16%
Other non-current assets	(249,985)	(115,308)	54%
Trade accounts payable	(651,479)	90,479	114%
Advance received from customers	118,063	(139,655)	218%
Other payables and accrued expenses	(489,494)	(274,796)	44%
Other current liabilities	(24,836)	27,878	212%
Employee benefit paid	(3,506)	(115)	97%
Cash received (paid) for Income tax	(8,647)	(144,010)	-1565%
Net cash from (used in) operating activities	(467,930)	747,819	260%
<i>Cash flows from investing activities</i>			
Interest received	1,687	1,831	-9%
Purchase of property, plant and equipment	(136,266)	(70,103)	49%
Purchase of intangible assets	(1,617)	(2,376)	-47%
Proceeds from disposal of property, plant and equipment	16,836	-	100%
Proceeds from disposal of temporary investment	417	23	94%
Proceeds from disposal of investment in subsidiary	-	68,000	-100%
Net cash from (used in) investing activities	(118,943)	(2,625)	98%
<i>Cash flows from financing activities</i>			0%
Receive from non-controlling interests from increase capital of subsidiary	1,429,158	-	100%
Finance costs paid	(340,581)	(404,654)	-19%
Repayment of liabilities from terminated rehabilitation plan and compromise	(43,037)	(4,807)	89%
Proceeds (Repayment) from short-term loans from financial institution	(106,252)	-	100%
Proceeds (Repayment) from short-term loans from other parties	-	(55)	-100%
Proceeds (Repayment) from short-term loans from related parties	(816,242)	(165,589)	80%
Proceeds (Repayment) from long-term loans from related parties	929,310	(359,967)	139%
Payment for financial lease liabilities	(376)	(310)	18%
Net cash from (used in) financing activities	1,051,980	(935,382)	189%
Net increase (decrease) in cash and cash equivalents	465,107	(190,188)	141%
Cash and cash equivalents at 1 January	258,184	590,830	-129%
Effect of exchange rate changes on balances held in foreign currencies	(827)	(78)	91%
Cash and cash equivalents at 30 September	722,464	400,564	45%

5. Industry Overview and Outlook

Overview of World Steel Industry

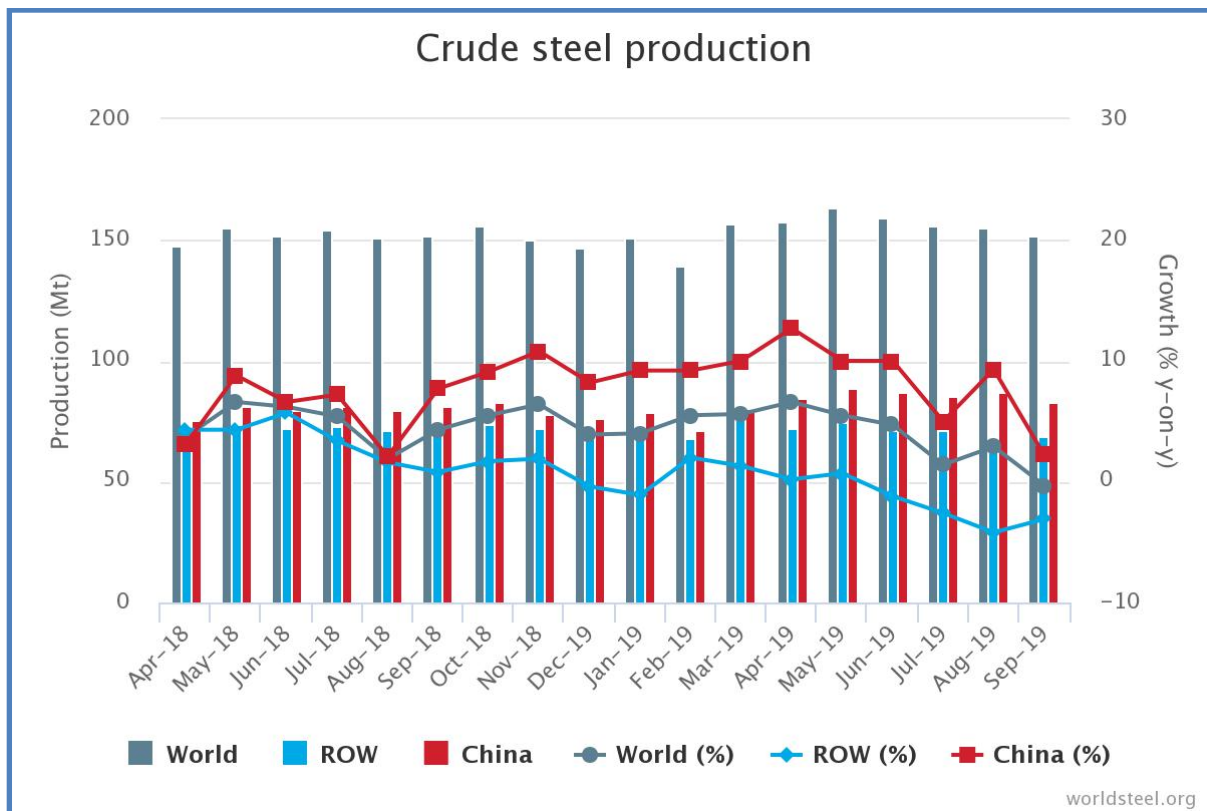
According to the World Steel Association's report on world crude steel production was 466.1 million tons in the third-quarter of 2019 and accumulated world crude steel production in the first nine months of 2019 was 1,391.2 million tons, up by 3.9% compared to the same period in 2018. The region with most production was Asia (including China, but not including the Middle East) 1,000.1 million tons, an increase by 6.3%, The second most producing region was the European Union (EU), with 122.5 million tons, decreased by 2.8% and North America's crude steel production was 90.6 million tons, an increase of 0.3% compared to the first nine months of 2018.

In September 2019, China produced crude steel at 82.8 million tons up by 2.2%, India produced crude steel at 9.0 Mt increased by 1.6%, Japan at 8.0 Mt slightly decreased 4.5% and South Korea at 5.7 Mt down by 2.7% compared to September 2018.

Meanwhile, in the EU, Germany produced crude steel at 3.4 million tons down by 4.0%, Italy's crude steel production was 2.2 million tons, up by 1.1%, France produced 1.2 million tons of crude steel, a decrease of 10.2% and Spain produced crude steel at 1.2 million tons, down by 1.0% compared to September 2018.

The US produced 7.1 million tons of crude steel for September 2019, a decrease of 2.5% on September 2018. Brazil's crude steel production for September 2019 was 2.4 million tons, down by 22.0% on September 2018. Turkey's crude steel production for September 2019 was 2.7 million tons, a decrease of 6.9% compared to September 2018.

Chart of world crude steel production monthly, ending 30 September 2019



Source: World Steel Association

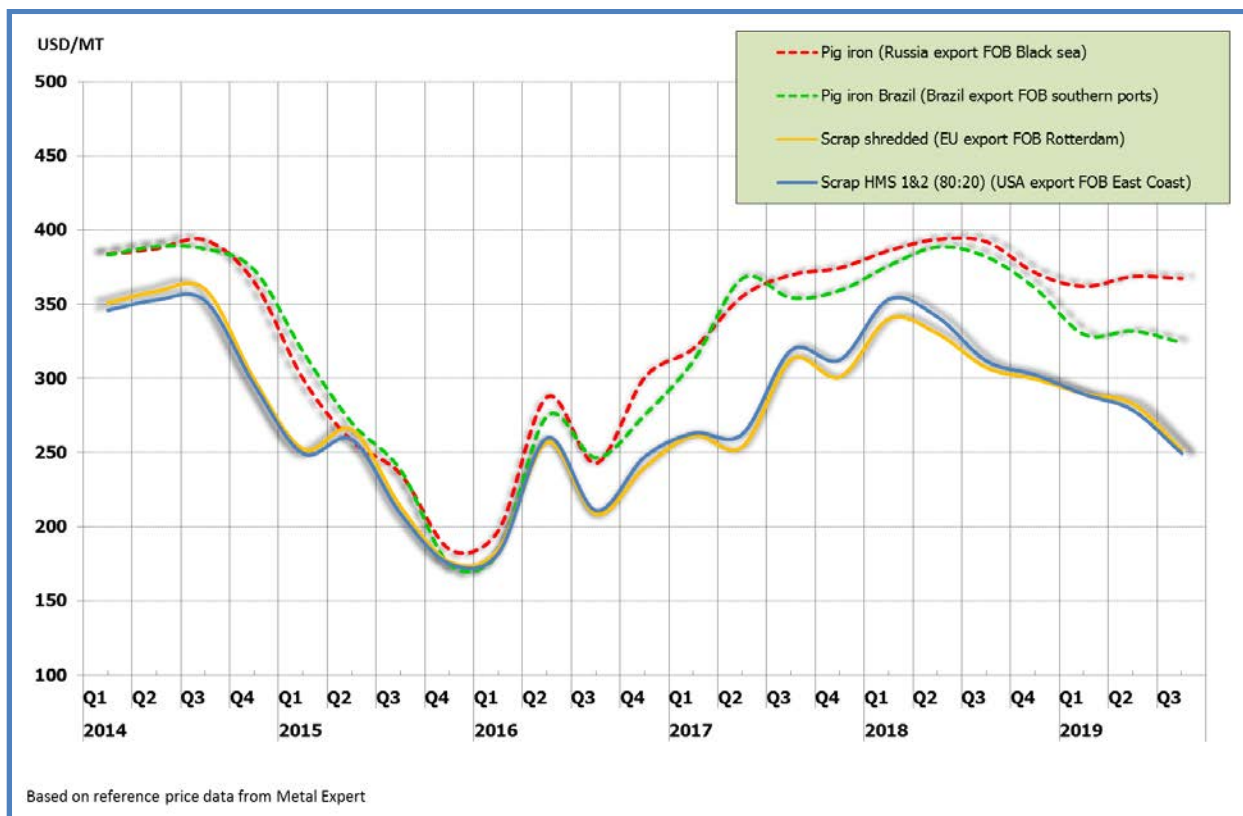
Remarks:

1. For antitrust reasons, world steel no longer produces a monthly global capacity utilisation ratio. Information on capacity can be found on the OECD website.
2. ROW : Rest of the world (Exclude China).

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 quarter to 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 and then decreased again in second quarter of 2018 to first quarter of 2019. For second quarter to third quarter of 2019, the price of pig iron remained stable at the same level while the price of 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 third quarter of 2019 was averaged at USD 250/mt. FOB, decreased from the previous quarter at USD 279/mt. FOB, and pig iron Russia export price of the third quarter of 2019 averaged at USD 368/mt. FOB, slightly decreased from USD 369/mt. from the previous quarter.

Chart of raw material reference prices on world market for Q1/2014 to Q3/2019

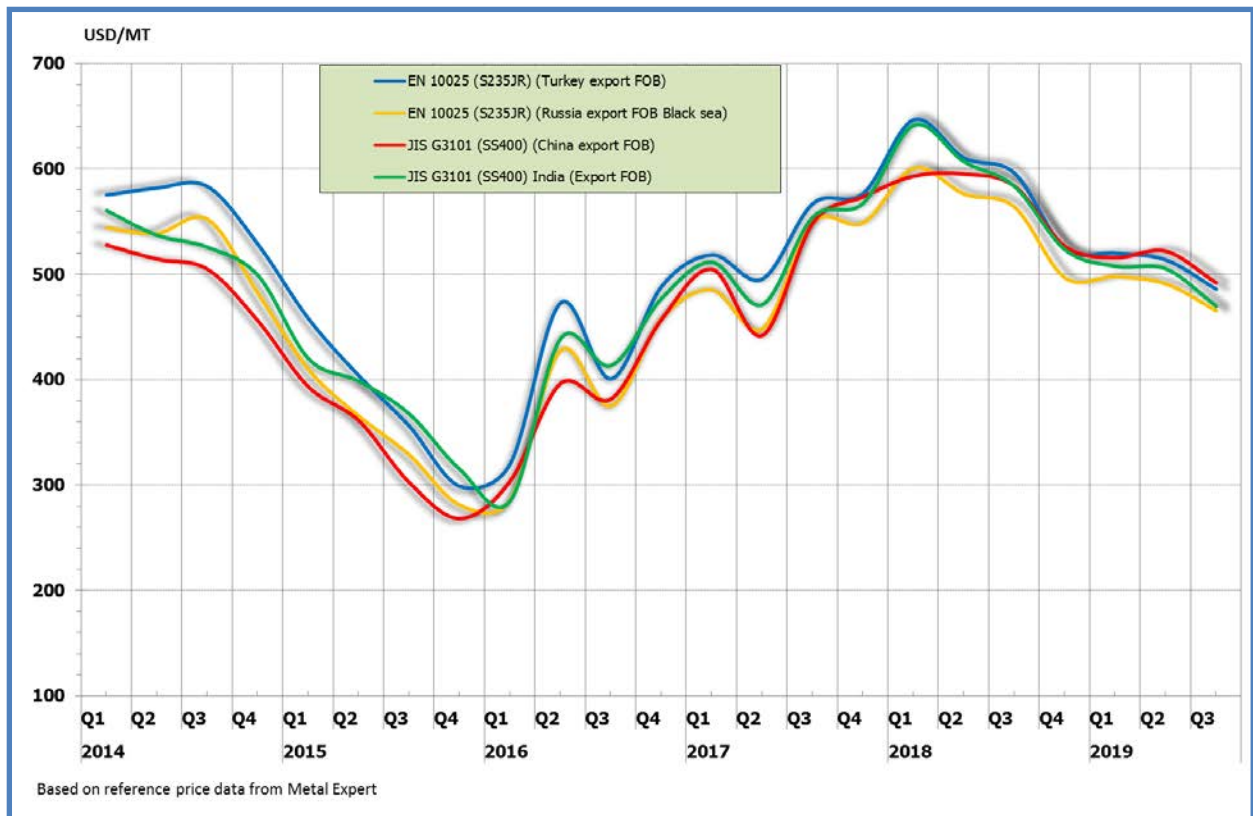


Processed price data from: Metal Expert

Hot Rolled the prices for hot-rolled coil on the world market during the first quarter of 2016 to fourth quarter of 2018 had more fluctuated by moving from the lowest point at price level below USD 300/mt 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 again in second quarter to fourth quarter of 2018. Then maintain the price level at USD 500/mt until second quarter of 2019 and fell again in third quarter of 2019.

The reference prices for hot-rolled coil on the world market are that China export price average for third quarter of 2019 was USD 492/mt, FOB, decreased from the previous quarter at USD 523/mt. FOB. Russia export price average was decreased from USD 491/mt. FOB, to 466/mt. FOB, Turkey export price average was dropped from USD 514/mt, FOB, to 486/mt. FOB and India export price average was also decreased from USD 505/mt. FOB, to 470/mt. FOB in third quarter of 2019.

Chart of hot-rolled coil reference prices on world market for Q1/2014 to Q3/2019



Processed price data from: Metal Expert

Overview of Thai Steel Industry

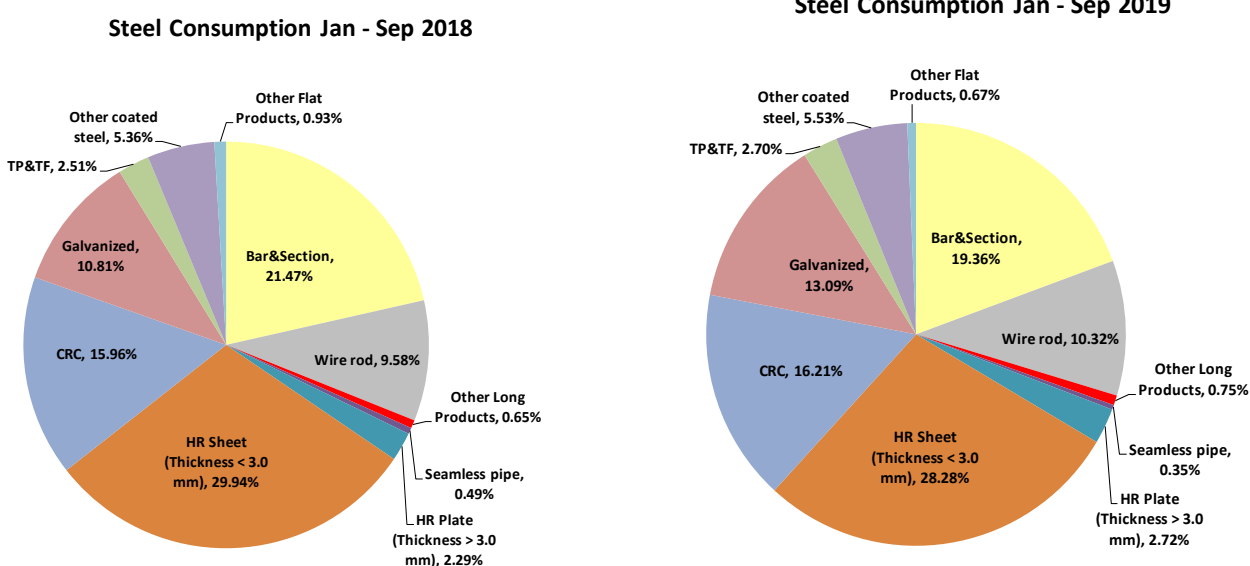
ISIT had reported the domestic steel-production in January to September 2019 was at 5.74 million metric tons, decreasing 18.75% compared to the same period of previous year consisting of the long finished steel production of 3.76 million metric tons, decreasing 14.49% and the flat finished steel production of 1.97 million metric tons, decreasing 25.80% compared to the same period of previous year.

The consumption of finished steel products in Thailand in January to September 2019 was at 14.01 million metric tons, decreasing 5.11% compared to the same period of previous year consisting of the long finished steel consumption at 5.22 million metric tons, decreasing 9.51% resulting from the less consumption of bar and structural steel and the flat finished steel consumption at 8.79 million metric tons, decreasing 2.28% resulting from the demand of Hot Rolled Steel and Cold Rolled Steel which decreasing compared to the same period of previous year.

Table: The production and the domestic demand of Finished Steel in Jan to Sep 2018 and 2019

Total Apparent Finished Steel (Unit : Tons)	Jan - Sep 2018	Jan - Sep 2019	% Change
Production	7,059,669	5,735,752	-18.75%
Import	9,015,593	9,380,190	4.04%
Export	1,312,170	1,106,611	-15.67%
Consumption	14,763,092	14,009,331	-5.11%

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



The imported of finished steel in Thailand in January to September 2019 was at 9.38 million metric tons, increasing 4.04% compared to the same period of previous year. The highest import quantity was Hot Rolled Steel at 3.29 million metric tons, increasing 3.37% compared to the same period of previous year. The second highest import quantity was Galvanize steel at 1.41 million metric tons and Cold Rolled steel at 1.25 million metric tons respectively.

The export of finished steel in Thailand in January to September 2019 was at 1.11 million metric tons, decreasing 15.67% compared to the same period of previous year. The highest export quantity was structural steel at 0.242 million metric tons. The export of deformed bars for construction was at 0.195 million metric tons.

Overview of Hot Rolled Steel in Thailand

The Hot Rolled Steel production in January to September 2019 was at 1.97 million metric tons, decreasing 25.80% consisting of thin gauge at 1.88 million metric tons, decreasing 25.50% and Thick gauge at 98.5 thousand metric tons, decreasing 31.18% compared to the same period of previous year.

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

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	Jan - Sep 2018	Jan - Sep 2019	% Change
Production	2,661,134	1,974,478	-25.80%
Import	2,952,988	3,071,247	4.00%
Export	63,492	6,540	-89.70%
Consumption	5,550,630	5,039,185	-9.21%

Total Hot Roll Plate (Unit : Tons) (Excluding Stainless Steel, Thickness > 3 mm.)	Jan - Sep 2018	Jan - Sep 2019	% Change
Production	143,068	98,461	-31.18%
Import	272,680	353,113	29.50%
Export	17,106	2,107	-87.68%
Consumption	398,642	449,467	12.75%

Total Hot Roll Sheet (Unit : Tons) (Excluding Stainless Steel, Thickness < 3 mm.)	Jan - Sep 2018	Jan - Sep 2019	% Change
Production	2,518,066	1,876,017	-25.50%
Import	2,680,308	2,718,134	1.41%
Export	46,386	4,433	-90.44%
Consumption	5,151,988	4,589,718	-10.91%

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

The Hot Rolled Steel consumption in January to September 2019 was at 5.04 million metric tons, decreasing 9.21% consisting of thin gauge at 4.59 million metric tons, decreasing 10.91% and thick gauge at 0.449 million metric tons, increasing 12.75% compared to the same period of previous year.

The import of Hot Rolled Steel in January to September 2019 had increased of 4.00% at 3.07 million metric tons consisting of thin gauge at 2.72 million metric tons, increasing of 1.41% and at 0.353 million metric tons, increasing 29.50% for the thick gauge compared to the same period of previous year.

The export of Hot Rolled Steel in Thailand in January to September 2019 was at 6.54 thousand metric tons, decreasing 89.70% consisting of thin gauge at 4.43 thousand metric tons, decreasing of 90.44% and at 2.11 thousand metric tons, decreasing 87.68% for the thick gauge compared to the same period of previous year.