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TMT-CP034/2020

August 7, 2020

Subject: Management Discussion and Analysis for the second quarter of 2020

To: President  
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited (“the Company”) No. 5/2020 dated on August 7, 2020, has approved the financial statements for the second quarter 2020 ended June 30, 2020. In this regards, the company would like to clarify a significant change in operating results in the second quarter of the year, with a net profit of 85.14 million baht, a decrease by 19.99% compared to the same period of the previous year with the major change reasons as follows;

1. Sales revenue of 3,541.62 million baht, decreased by 14.78% due to a lower in the average selling price of 18.57% compared to the same period of 2019. Furthermore, the world and domestic’s steel prices continued to decline as well as the overall economy in the country has slowed down since the spread of the Coronavirus 2019 (“COVID 19”) epidemic resulting in a drop of domestic demand. Nevertheless, the Company gained a higher sales quantity of 4.44% compared to the same period of the previous year.
2. Gross profit margin was 6.60% reduced from the same period of last year which was 7.12%. As the global steel prices weaken in this quarter, therefore the gross profit margin became lessened.
3. Selling expenses decreased by 9.15 million baht or 18.69%, following a drop in transportation costs due to lower oil prices, also lower marketing expenses in the second quarter of this year. Administrative expenses decreased 18.52 million baht or 19.08% compared to the same period of the previous year from the reversal of doubtful accounts and reduction of miscellaneous expenses during the situation of COVID 19.
4. Interest expenses decreased by 8.34 million baht or 28.52% compared to the same period last year by lower loan interest rates and the amount of credit usage from financial institutions that lessened following the decreasing of its working capital.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer

**บริษัท ทีเอ็มที สตีล จำกัด (มหาชน) TMT STEEL PUBLIC COMPANY LIMITED**

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