



innovate · strength

ISO 9001
ISO 14001
TIS 18001
ISO/TS 16949
ISO/IEC 17025

บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน)
SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

สร้างนวัตกรรม.ผลิตภัณฑ์เหล็กและบริการที่มีมูลค่า.เพิ่มกับลูกค้า สร้างกำไรสม่ำเสมอ สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders.
A MEMBER OF SAHAVIRIYA GROUP

-Translation-

No. S.E.C. 074/2017

15 August 2017

Re: Management Discussion and Analysis for 6M/2017

Attn: President
The Stock Exchange of Thailand

CC: Secretary-General
The Securities and Exchange Commission, Thailand

Sahaviriya Steel Industries Public Company Limited (the “Company”) would like to clarify operating results and financial status of the Company, its subsidiaries and its joint venture for the six-month period ended 30 June 2017 as well as report the progress of the rehabilitation process as follows:

Unit: million Baht	1H/2017	1H/2016	Δ YoY
Sales and service revenues	11,442	8,720	+31%
Cost of sales and service	9,839	6,317	+56%
Gross profit (loss)	1,603	2,403	-33%
SG&A	515	539	-5%
EBITDA ¹⁾	3,013	2,986	+1%
Interest expense	525	3,375	-84%
Net profit (loss)	2,207	(674)	+427%

¹⁾ EBITDA Including the stock loss provision ; or the reversal thereof = Net Profit + Interest + Tax + Depreciation and Amortisation

Operating Performance

1. Revenues

The Company and its subsidiaries recorded sales and service revenues Baht 11,442 million, up 2% YoY. HRC Sales Volume was 590k tons, up 3% YoY. HRC Average Selling Price was Baht 18,926/ton or approx. USD 548.33/ton, up 16% YoY following the world market steel prices. Premium Value Products (PVPs) contributed to 54% of total HRC Sales Volume.

2. Cost of Sales and Services

The Company and its subsidiaries recorded cost of sales and services Baht 9,839 million, including the provision for loss on decline in value of inventories Baht 194 million The cost of sales and services increased 56% YoY due to the increase in raw material and production costs.



innovate · strength

ISO 9001
ISO 14001
TIS 18001
ISO/TS 16949
ISO/IEC 17025

บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน) SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

สร้างสรรค์นวัตกรรมผลิตภัณฑ์เหล็กและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรอย่างเหมาะสม สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders.

A MEMBER OF SAHAVIRIYA GROUP

3. Interest Expense

The Company and its subsidiaries recorded interest expense Baht 525 million, a decrease of 84% YoY from Baht 3,375 million in 1H/2016 due to an interest rate adjustment from the default rate in 2016 to the rates specified in the Rehabilitation Plan which was approved by the Court.

4. Profit

The Company and its subsidiaries recorded gross profit Baht 1,603 million, decreased by 33% YoY from Baht 2,403 million. EBITDA was Baht 3,013 million, slightly increased by 1 % from 2,986 million (excluding the provision for loss on decline in value of inventories Baht 194 million, the reversal of provision for loss under onerous contracts Baht 19 million, gain from foreign exchange Baht 1,729 million, Core EBITDA would be Baht 1,549 million). Net profit improved YoY from Baht 674 million to Baht 2,207 million in 1H/2017 due to the increase in sales and service revenues, an unrealized gain from foreign exchange and the decrease in interest expense.

Financial Position

1. Assets

As at 30 June 2017, the Company and its subsidiaries had total assets Baht 24,742 million, down 2% from Baht 24,228 million as at 31 December 2016, mainly as a result of an increase in inventory of HRC Business.

2. Liabilities

As at 30 June 2017, the Company and its subsidiaries had total liabilities Baht 66,004 million, down 2% from Baht 67,667 million as at 31 December 2016, following the debt repayments in accordance to the Rehabilitation Plan and an effect of movement in exchange rate on guarantee obligations in foreign currency. The Company recorded interest bearing debt Baht 54,725 million, comprising of short-term borrowing and current portion of long-term interest-bearing debts Baht 1,469 million and long-term interest-bearing debts Baht 53,256 million. Total net debt was Baht 54,209 million.

3. Equity

As at 30 June 2017, equity attributable to owners of the Company was negative Baht 41,262 million, improved from negative Baht 43,439 million as at 31 December 2016, as a result of the operating profit of the Group.

สำนักงานกรุงเทพ
HEAD OFFICE
โรงงาน
PLANT OFFICE
28/1 อาคารประกายวิทย์ ชั้น 2-3 ถ.สุระศักดิ์ แขวงสีลม เขตบางรัก กรุงเทพฯ 10500
28/1 Prapawit Bldg., 2-3 Fl., Surasak Rd., Silom, Bangrak, Bangkok 10500 Thailand
9 หมู่ 7 ต.แม่รำพึง อ.บางสะพาน จ.ประจวบคีรีขันธ์ 77140
9 M. 7 T.Maerumphueng, Bangsaphan, Prachuapkhirkhan 77140 Thailand
<http://www.ssi-steel.com>

Tel : (662) 2383063 (Auto 20 Lines), 6300280 (Auto 7 Lines)
Fax : (662) 2368890, 2368892, 6300287-8, 2367017
Tel : (6632) 691403 (Auto 9 Lines)
Fax : (6632) 691416, 491421
ทะเบียนเลขที่ 0107637000688

SAHAVIRIYA IRON AND STEEL - WORLD CLASS QUALITY



innovate · strength

ISO 9001
ISO 14001
TIS 18001
ISO/TS 16949
ISO/IEC 17025

บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน) SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

สร้างสรรค์นวัตกรรมผลิตภัณฑ์เหล็กและบริการที่มีมูลค่าเพิ่มกับลูกค้า สร้างกำไรอย่างเสมอมี สร้างผลตอบแทนแก่ผู้มีส่วนได้เสียอย่างยั่งยืน
Innovate premium value steel products and services for customer; generate consistent profit and sustainable value for stakeholders.

A MEMBER OF SAHAVIRIYA GROUP

Rehabilitation Progress

The progress of implementation on the Rehabilitation Plan for 1H/2017 can be summarized as follows:

- Debt repayments to creditors for the 1st to 6th month with total amount of THB 821,218,871.71, comprising of principal amount THB 770,224,518.70 and interest amount THB 50,994,352.47, had been made, accordingly, on plan.
- 1 March 2017: Registered the Capital Decrease for the registered but unissued ordinary shares of 18,097,401,000 shares. Consequently, the registered and paid-up capital of the Company became THB 32,166,262,124, divided into 32,166,262,124 ordinary shares with the par value of THB 1 per share.
- 14 July 2017: Registered the Capital Decrease by decreasing in registered capital by THB 31,053,243,844, As a result, the current registered and paid-up capital of the Company is THB 1,113,018,280, divided into 1,113,018,280 ordinary shares, at the par value of THB 1 per share.
- 24 July 2017: Submitted a petition for the Capital Increase by the 1st Debt to Equity Conversion. The Court appointed the date to review the petition and issue an order on 21 September 2017.
- As stipulated in the Plan, the Company shall make an early debt repayment should there be an Excess Cash, to be determined at every six-month period. On 15 August 2017, the Company received from its financial advisor the result of such Excess Cash calculation, which is THB 279.505 million for the six-month period ending 30 June 2017. The Company is in the process of seeking consent in regards to payment methodology from the Creditors Committee, after which the early debt repayment shall be made.

Please be informed accordingly.

Sincerely yours,

-Signature-

Mr. Win Viriyaprapaikit

President

สำนักงานกรุงเทพ
HEAD OFFICE
โรงงาน
PLANT OFFICE

28/1 อาคารประชาวรวิทย์ ชั้น 2-3 ถ.สุรศักดิ์ แขวงสีลม เขตบางรัก กรุงเทพฯ 10500
28/1 Prapawit Bldg., 2-3 Fl., Surasak Rd., Silom, Bangrak, Bangkok 10500 Thailand
9 หมู่ 7 ต.แม่รำพึง อ.บางสะพาน จ.ประจวบคีรีขันธ์ 77140
9 M. 7 T.Maerumphueng, Bangsaphan, Prachuapkhirkhan 77140 Thailand
<http://www.ssi-steel.com>

Tel : (662) 2383063 (Auto 20 Lines), 6300280 (Auto 7 Lines)
Fax : (662) 2368890, 2368892, 6300287-8, 2367017
Tel : (6632) 691403 (Auto 9 Lines)
Fax : (6632) 691416, 491421
หมายเลขโทร 0107537000688

SAHAVIRIYA IRON AND STEEL - WORLD CLASS QUALITY