

## 1. Highlights

	Unit: million Baht	Q4/2013	2013
<b>GROUP</b>	Group LTIFR	2.79	1.50
	Group Revenues <sup>1)</sup>	16,100	65,387
	Group Sales Volume (k tons)	796	3,243
	Group EBITDA	(1,464)	(2,888)
	Group Net Profit (Loss) <sup>2)</sup>	(2,907)	(7,053)
	Net Debt <sup>3)</sup>	51,753	
	Interest-Bearing Debt/Equity Ratio (x)	4.89	
<b>HRC</b>	HRC Sales (k tons)	425	2,134
	HRC Production (k tons)	408	2,131
	HRC Average Selling Price (USD/ton)	660	689
	HRC Spread (USD/ton)	122	122
	HRC Rolling Margin (%) <sup>4)</sup>	18.4%	17.6%
	HRC EBITDA (USD/ton) <sup>5)</sup>	55	46
<b>UPSTREAM</b>	Slab Sales (k tons)	713	2,807
	Slab Production (k tons)	738	2,770
	Slab Average Selling Price (USD/ton)	497	499
	Slab Sales to 3 <sup>rd</sup> Parties	52%	40%
	Slab Spread (USD/ton)	106	114
	Slab Margin (%) <sup>4)</sup>	21.3%	22.8%

<sup>1)</sup> 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

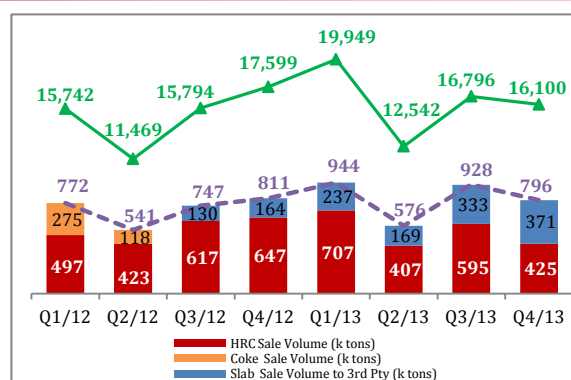
<sup>2)</sup> 2013 Group Net Loss includes reversal of income tax Baht 1,907 million.

<sup>3)</sup> Net Debt = Interest-Bearing Debt - Cash and Cash Equivalents

<sup>4)</sup> HRC Rolling Margin = HRC Spread/Average Selling Price;

<sup>5)</sup> Slab Margin = Slab Spread/Average Selling Price

<sup>6)</sup> 2013 HRC EBITDA includes gain on sales of investment in TCRSS 225 million Baht or equivalent to USD 3.5/ton.



- Q4/2013 average PCI Injection Rate ramped up to 113 kg/thm, from 66 kg/thm in Q3/2013.
- SSI filed a petition for *Safeguard Measure on HRC without other elements added (thickness 0.9 – 50 mm. and width 600 – 3,048 mm.)*. On 29 Jan 2014, DFT announced an initiation of investigation in the Royal Gazette.
- DFT announced in the Royal Gazette, on 9 Dec 2013, to extend Emergency Measure and investigation on *AD Measure for CRC imported from China, Vietnam, and Taiwan* for another 2 months. Later on 5 Feb 2014, DFT reached the final determination, effective from 6 Feb 2014 to 5 Feb 2019.
- In Q4/2013, SSI raised 1,061.1 MB from issuing 1,560.5 million new shares and increased its paid up capital to 32,166.3 MB.
- In Q4/2013, SSI additionally invested 33.8 MUSD in SSI UK and increased its paid up capital to 895.6 MUSD.

## 2. Business Outlook on Q1/2014

- In Q1/2014, HRC prices expected to slightly improve from Q4/2013. HRC Apparent Steel Supply in Q1/2014 is expected to rise back to approx. 1.55 million tons.
- HRC Sales Volume in Q1/2014 expected to increase by 5-10% QoQ; whilst HRC Rolling Margin to 18-20% range.
- Slab prices in Q1/2014 expected to increase by 3-4% QoQ, while Raw Material cost expected to decrease as a result of softening iron ore prices combined with higher PCI injection rate; Slab Margin expected to be in 23-25% range.
- Slab sales volume in Q1/2014 is expected to be unchanged QoQ, with >50% 3<sup>rd</sup> parties proportion.

## 3. Group CEO's Messages

"In Q4/2013, we achieved 16,100 MB Group Revenue, 4% lower than Q3, despite the political situation in Thailand. Though HRC Business revenue dropped 27% due to the political impact, it was compensated by a 59% increase in Upstream Business revenue to 3rd party customers, on the back of the positive recovery in the North American market. This is when geographical market diversity, one of the strengths in our business model which is often not recognized, comes into play. We were able to diversify and tap into stronger markets, while maintaining our production volume high to keep our costs down. Quarter on quarter, the HRC Business returned to profit, from better margin management; the Upstream Business recorded the same level of loss despite better margin and volume, largely due to costs from power plant outages which we are currently fixing.

For full year 2013, we achieved record Group Revenue 65,387 MB and record Group Sales Volume 3,243 k tons, up 8% and 31% respectively. This shows how much we have come around in our transformation from a midstream steel player into a fully-integrated steel maker. It evidenced the strong underlying demand in the global market for Steel Slabs, our product from the Upstream Business, of which 1,110 k tons or 40% of total went to 3rd party customers. Group EBITDA loss also improved significantly, dropping 73% from negative 10,597 MB in 2012 to negative 2,888 MB in 2013, as 1) the HRC Business turned around to make net profit and 2) the Upstream Business halved its losses as its operations reached higher volume thereby gaining higher economy of scale and efficiency.

The short term outlook for Q1/2014, we see healthier market environment than the last quarter. Thai HRC demand continues to recover month-on-month from the low point in November when the political situation started, Slab market is tighter globally with continued robust demand from the North American market, while iron ore and coking coal – our key raw materials – continue to be under downward pressure from a global oversupply situation. This will result in better margins for the business as a whole. Losses at the Upstream Business will reduce further, as we will further lower our costs from continued ramp-up in Slab output and pulverized coal injection rate, and from various cost optimization initiatives we are undertaking.

The longer term outlook for the full year 2014, we remain confident to see our business improve steadily in many areas: volume growth, cost reduction, margin improvement, Premium Value Products penetration, and process optimization. It has been nearly three years since we made the acquisition to become vertically integrated; we have conceded the pain from the integration, now it is time to harvest the benefit."

## 4. Industry Overview and Outlook

### Steel Industry in Q4/2013

**World Steel Industry:** World crude steel production in Q4/2013 was at approx. 391 million tons, or down 0.6% QoQ. Production in almost every region of the world stabilised or slightly increased from Q3/2013; however, Chinese and South American production in Q4/2013 declined 4.5% and 6.2% QoQ to 188 million tons and 11 million tons respectively, as shown in Figure 1.

In 2013, world crude steel production was at approx. 1,573 million tons, or up 4.1% YoY, mainly driven by China, whose production was at 775 million tons, or accounted for roughly 49% of world crude steel production.

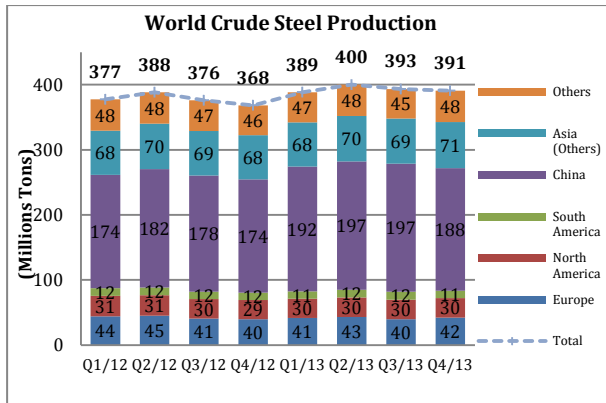


Figure 1: World Crude Steel Production in 2012 – 2013 (Source: monthly estimates from WSA website)

**Thailand Steel Industry:** In Q4/2013, Thailand's Apparent Steel Supply was 3.9 million tons, as shown in Figure 3, down 1.4% QoQ due to domestic and international economic slowdown, an impact from domestic political unrest, and the cutback of government's stimulus measures affecting steel's downstream industries including automotive and HA/EA industries. Car production volume in Q4/2013 was down by 10.6% QoQ, while fridge and air conditioner production volume, partly affected by its seasonality, decreased 8.1% and 16.0% QoQ respectively, as shown in Figure 4.

In 2013, Thailand's Apparent Steel Supply was 17.6 million tons, up 5.7% YoY. Long steel consumption grew by 8.4% YoY driven by the growth from construction sector during the first half of year 2013, whereas flat steel consumption grew by 4.4% YoY encouraged by the growth in automotive and HA/EA sector during the first half of year 2013 as well.

**Thailand HRC Industry:** In Q4/2013, domestic HRC Apparent Steel Supply was 1.4 million tons, down 8.7% QoQ, due to shrinking steel demand from industrial sectors affected by political uncertainty. HRC domestic production was 0.6 million tons, down 5.7% QoQ, and import volume also declined by 11.6% QoQ to 0.8 million tons dragged by slower growth from industries whose raw materials were steels as well as Baht currency depreciation, as shown in Figure 5.

In 2013, domestic HRC Apparent Steel Supply was 7.0 million tons, up 5.2% YoY, consisting of domestic production 2.6 million tons, up 0.8% YoY, and import 4.4 million tons, up 7.9% YoY.

Regarding steel prices, iron ore and slab prices continually increased, whereas HRC prices slightly declined following unchanged flat steel demand. In Q4/2014, the average price of iron ore IODEX 62% Fe CFR North China was USD 131-139/ton, the average price of HRC CFR East Asia Import was USD 537-567/ton, and the average price of slab CFR East Asia Import was USD 500-508/ton, as shown in Figure 2.

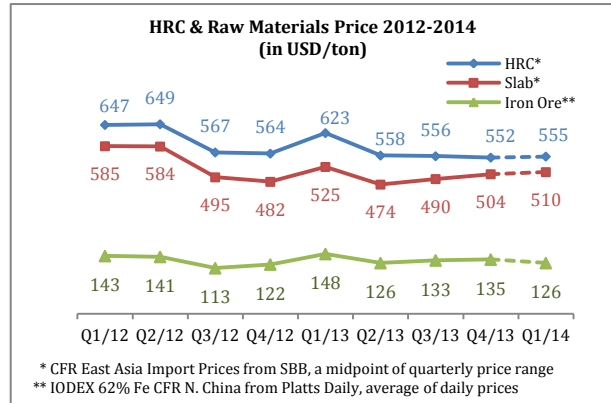


Figure 2: Prices of HRC, Slab and Iron Ore in 2012 – 2014 (Price for Q1/2014 is an average up to 14 Feb 2014)

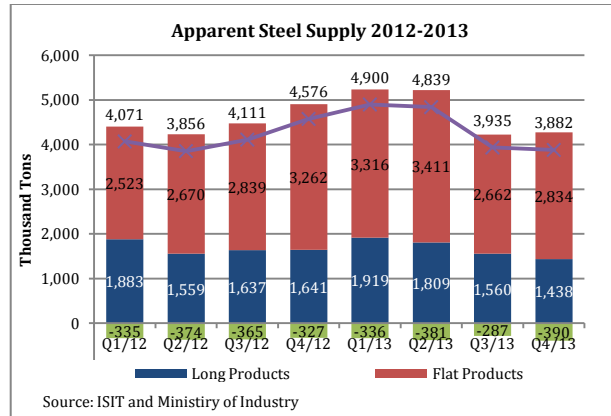


Figure 3: Apparent Steel Supply

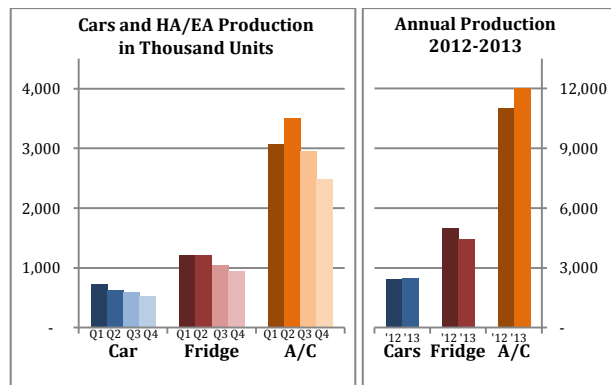


Figure 4: Domestic Production of Car, Fridge, and A/C

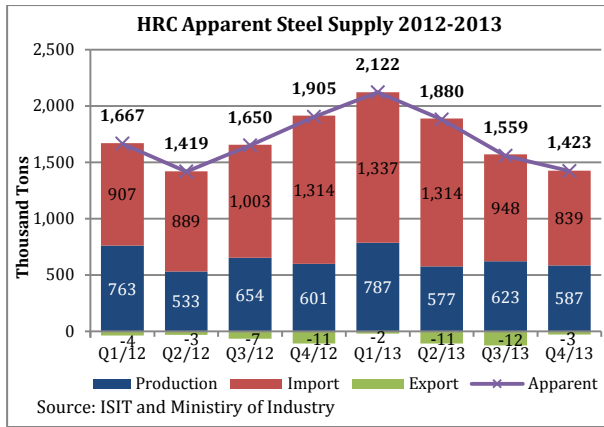


Figure 5: HRC Apparent Steel Supply in 2012 - 2013

**Outlook on Steel Industry in Q4/2013**

**World Steel Industry:** The sign of economic recovery in the U.S. and continuously increasing steel demand of construction sector in Japan contributed to growing steel demand in Q1/2014. On the other hand, China's domestic steel demand, affected by the government's Restructuring and Rebalancing Policy to rebalance its economy combining with slower economic growth, is likely to slightly increase in Q1/2014. While steel demand in other regions of the world tends to be steady, it is anticipated that world steel production in Q1/2014 will not substantially expand from those in Q4/2013.

World Steel Association (WSA) estimated world's Apparent Steel Use in 2014 to grow by 3.3% YoY to 1,523 million tons, and Apparent Steel Use in China is yet anticipated to expand 3.0% YoY, or declined from 6.0% growth in 2013 mainly dragged by Chinese government's Restructuring and Rebalancing Policy. On contrary, Apparent Steel Use in India is expected to increase 5.6% YoY, or increased from 3.4% growth in 2013; whilst other major steel producers, such as the U.S., Brazil, and Europe, concurrently projected higher economic growth in 2014 as well. Apparent Steel Use in the U.S., Brazil and Europe are expected to grow 3.0%, 3.8%, and 2.1% YoY respectively.

Prices of steel in Q1/2014 are anticipated to insignificantly improve from the end of last year. The average price of iron ore IODEX 62% Fe CFR North China is projected within the range of USD 123-135/ton, whereas CFR East Asia Import slab and HRC prices are likely to be in the range of USD 530-550/ton and USD 540-570/ton respectively.

**Thailand Steel Industry:** In Q1/2014, domestic steel demand is expected to grow from Q4/2013 as steel consumers tend to bounce back after the lowest domestic steel consumption of the year in Q4/2013 and also to increase their inventory level.

HRC Apparent Steel Supply in Q1/2014 is projected at 1.5 million tons, up 8.7% QoQ. However, it is contingent to ongoing political situations which should affect domestic economic growth. In short, domestic Apparent Steel Supply in 2014 will be approximately at 6.6 million tons, as shown in Figure 6.

Office of Industrial Economics (OIE) anticipated that domestic steel demand in 2014 would likely to fluctuate following the condition of macroeconomic circumstance and market situation in the steel downstream industries; such as construction, automobile and HA/EA, which could immensely grow with support from government's investment projects. Iron and Steel Institute of Thailand (ISIT) projects domestic steel demand in 2014 to be roughly 18.0 million tons, or up 2.5% YoY.

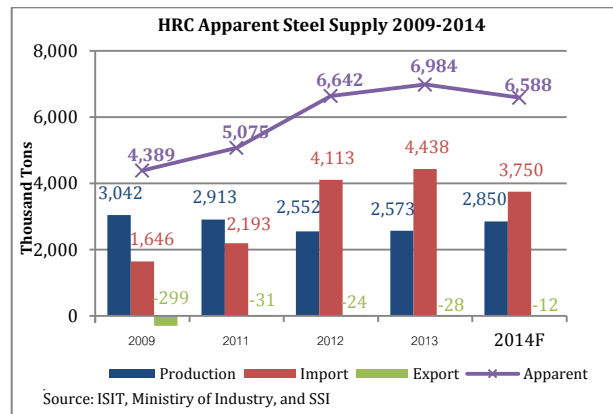


Figure 6: Estimate for HRC Apparent Steel Supply in 2014

## 5. Performance of the Company, its Subsidiaries and Jointly-Controlled Entities

**Table 1: Financial Highlights in Q4/2013 of the Company, its Subsidiaries and Jointly-Controlled Entities**

Unit: million Baht	2013 Q4	2013 Q3	+/- QoQ	2012 Q4	+/- YoY	2013 Jan-Dec	2012 Jan-Dec	+/- YoY
Group Sales Volume <sup>1)</sup> (k tons)	796	928	-14%	811	-2%	3,244	2,478	+31%
Group Sales Revenue	16,100	16,796	-4%	17,599	-9%	65,387	60,604	+8%
Group Cost of Goods Sold	(17,631)	(18,757)	-6%	(21,054)	-16%	(70,250)	(72,672)	-3%
Group Gross Profit (Loss)	(1,531)	(1,961)	+22%	(3,456)	+56%	(4,863)	(12,068)	+60%
Group EBITDA <sup>2)</sup>	(1,464)	(1,337)	-9%	(2,010)	+27%	(2,888)	(10,597)	+73%
Group Net Profit (Loss)	(2,907)	(2,902)	-0.2%	(3,257)	+11%	(7,053)	(15,918)	+56%

<sup>1)</sup> Group Sales Volume = HRC Sales Volume + Slab Sales Volume Sold to External Parties

<sup>2)</sup> EBITDA = Net Profit + Interest + Tax + Depreciation and Amortisation

### Consolidated

**Q4/2013 Results** The Company and its subsidiaries recorded sale and service revenues Baht 16,100 million, down 4% QoQ and 9% YoY resulted from declining revenue in HRC Business due to a decrease in HRC sales volume affected by economic slowdown following uncertainty amidst domestic political situation. Total cost of sale and service was Baht 17,631 million, down 6% QoQ, resulted from lower sales volume as well as lower cost of raw materials in HRC Business.

The Company and its subsidiaries reported gross loss Baht 1,531 million, negative EBITDA Baht 1,464 million, and net loss Baht 2,907 million or negative EPS Baht 0.09 per share; with negative profitability ratios shown in a table below. Compared to Q3/2013, operating performance slightly worsened; but when compared to Q4/2012, operating performance slightly improved with smaller loss, mainly due to widening HRC and Slab Spread, but still suffered net loss caused by below-break-even production level of Upstream Business.

	Q4/2013	Q3/2013	Q4/2012
NP Margin (%)	(18.1)	(17.3)	(18.5)
ROA* (%)	(13.9)	(14.0)	(14.3)
ROE* (%)	(109.2)	(95.9)	(107.2)
EPS (Baht)	(0.09)	(0.10)	(0.12)

Note: \* Annualised figures for comparison purpose

**Year 2013 Results** The Company and its subsidiaries recorded sale and service revenues Baht 65,387 million, up 8%YoY due to higher sales volume sold to external parties in Upstream Business. Total cost of sale and service was Baht 70,250 million, down 3% YoY, mainly pushed by better operational performance in Upstream Business as a result of 1) lower cost of raw materials, 2) lower conversion cost, and 3) lower average cost from economies of scale.

The Company and its subsidiaries reported gross loss Baht 4,863 million, negative EBITDA Baht 2,888 million (including gain on sales of investments in jointly-controlled entity of Baht 363 million), and net loss Baht 7,053 million (including the reversal of income tax Baht 1,907 million), or negative EPS Baht 0.24 per share; with negative profitability ratios shown in a table below. Compared to last year, losses were much lower as a result of higher production volume and sales volume in Upstream Business combining with improvement in both HRC Spread and Slab Spread. Nevertheless, the Company and its subsidiaries still endured consolidated net loss caused by below-break-even production level of Upstream Business.

	Jan-Dec 2013	Jan-Dec 2012
NP Margin (%)	(10.8)	(26.3)
ROA* (%)	(16.3)	(36.4)
ROE* (%)	(125.0)	(172.7)
EPS (Baht)	(0.24)	(0.84)

Note: \* Annualised figures for comparison purpose

### HRC Business (the Company)

**Table 2: Performance Highlight of Sahaviriya Steel Industries Plc.**

Unit: USD/ton	2013 Q4	2013 Q3	+/- QoQ	2012 Q4	+/- YoY	2013 Jan-Dec	2012 Jan-Dec	+/- YoY
Average Selling Price	660	648	+2%	694	-5%	689	716	-4%
Average Cost of Goods Sold	617	638	-3%	702	-12%	651	712	-9%
HRC Spread <sup>1)</sup>	122	93	+31%	73	+66%	122	93	+31%
HRC Rolling Margin <sup>2)</sup>	18.4%	14.3%		10.6%		17.6%	13.0%	
HRC EBITDA <sup>3)</sup>	54.9	23.6	+133%	18.5	+197%	46.0	16.7	+176%
Sales Volume (k tons) <sup>4)</sup>	425	595	-29%	647	-34%	2,134	2,184	-2%
Production Volume (k tons)	408	515	-21%	602	-32%	2,131	2,096	+2%

Note: <sup>1)</sup> HRC Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

<sup>2)</sup> HRC Rolling Margin = HRC Spread/Average Selling Price

<sup>3)</sup> 2013 HRC EBITDA includes gain on sales of investments in TCRSS Baht 225 million, or equivalent to USD 3.5/ton.

<sup>4)</sup> 2012 HRC Sales volume includes 29 k tons of HRC from tolling services.

**Revenues: Q4/2013.** HRC Business recorded sale and service revenues Baht 8,995 million, down 27% QoQ and 36% YoY, with HRC sales volume of 425 k tons, down 29% QoQ and 34% YoY due to slow economic growth amidst domestic political unrest adversely affecting steel consumption in automotive and electrical appliance sector. HRC Average Selling Price was Baht 20,997/ton (approx. USD 660/ton), up 2% QoQ following steel prices increase in world markets. Premium Value Products contributed 34% of total HRC sales volume.

**Expenses: Q4/2013.** HRC Business recorded **Cost of sale and service** Baht 8,369 million, comprising total cost of sale Baht 8,409 million, and the reversal of provision for loss on decline in value of inventories Baht 40 million. Cost of sale and service decreased 30% QoQ and 39% YoY in line with lower sales volume and also resulted from lower slab cost due to higher bargaining power in raw material procurement. **SG&A** was Baht 138 million, down 36% QoQ and 42% YoY due to an improvement in SG&A expense management. **Interest Expense** was Baht 505 million; down 2% QoQ and 18% YoY resulted from declining inventory level and portion of long-term loan being repaid.

**In 2013,** HRC Business recorded sale and service revenues Baht 45,599 million, down 6% YoY, with HRC sales volume of 2,134 k tons, down 2% YoY, mainly caused by lower domestic steel demand from delayed orders and destocking cycle in Q2/2013 and also uncertain political situation in Q4/2013. HRC Average Selling Price was Baht 21,135 ton (approx. USD 689/ton), down 4% YoY. Premium Value Products contributed 34% of total HRC sales volume.

**In 2013,** HRC Business recorded **Cost of sale and service** Baht 43,035 million, down 10% YoY due to 1) lower slab cost, and 2) lower conversion cost per unit resulted from improving production efficiency and reducing cost of energy, which is one of the major costs. Cost of sale and service comprises total cost of sale Baht 43,125 million, and the reversal of provision for loss on decline in value of inventories Baht 90 million. **SG&A** was Baht 770 million, down 1% YoY. **Interest Expense** was Baht 2,023 million, down 3% YoY as portion of long-term loans was repaid.

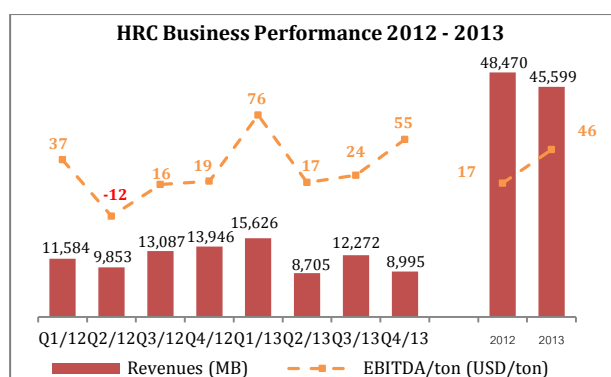


Figure 7: Revenues and EBITDA/ton of HRC Business

**HRC Spread: Q4/2013,** recorded at USD 122/ton or HRC Rolling Margin of 18.4%, up from USD 93/ton in Q4/2013; and USD 73/ton in Q4/2012.

**In 2013,** HRC Spread was recorded at USD 122/ton or HRC Rolling Margin of 17.6%, up from USD 93/ton last year.

**Profits: Q4/2013,** HRC Business recorded gross profit Baht 626 million, up 125% QoQ and 160% YoY due to higher HRC Spread. HRC EBITDA was Baht 737 million, up 67% QoQ and 92% YoY. On per ton basis, HRC EBITDA was USD 54.9/ton (including the reversal of provision for loss on decline in value of inventories USD 2.9/ton); up from USD 23.6/ton in Q3/2013 and USD 18.5/ton in Q4/2012. Net profit was Baht 75 million, up from net loss Baht 260 million in Q3/2013 and Baht 422 million in Q4/2012 due to improving HRC Spread and the reversal of provision for loss on decline in value of inventories.

**In 2013,** HRC Business recorded gross profit Baht 2,564 million, up 306% YoY. HRC EBITDA was Baht 2,967 million, up 165% YoY. On per ton basis, HRC EBITDA was USD 46.0/ton (including the reversal of provision for loss on decline in value of inventories USD 1.4/ton and gain on sales of investments USD 3.5/ton); up from USD 16.7/ton in 2012. Net profit was Baht 210 million; up from net loss Baht 1,655 million in 2012 as a result of higher HRC Spread, decreasing conversion cost, lower interest expense, and gain on sales of investments in jointly-controlled entity Baht 225 million.

### Upstream Business (SSI UK)

Table 3: Performance Highlight of SSI UK

Unit: USD/ton	2013 Q4	2013 Q3	+/- QoQ	2012 Q4	+/- YoY	2013 Jan-Dec	2012 Jan-Dec	+/- YoY
Average Selling Price	497	474	5%	503	-1%	499	529	-6%
Average Raw Material Cost	391	380	3%	410	-5%	385	461	-16%
Slab Spread <sup>1)</sup>	106	94	13%	93	14%	114	69	66%
Slab Margin <sup>2)</sup>	21.3%	19.8%		18.5%		22.8%	13.0%	
Sales Volume (k tons)	713	728	-2%	666	7%	2,807	1,680	67%
Slab Sales to 3 <sup>rd</sup> Parties	52%	46%		25%		40%	18%	
Production (k tons)	738	698	6%	668	11%	2,770	1,765	57%

<sup>1)</sup> Slab Spread excluded the provision for loss on decline in value of inventories or the reversal thereof.

<sup>2)</sup> Slab Margin = Slab Spread/Average Selling Price

**Revenues: Q4/2013.** SSI UK recorded total sale and service revenues Baht 11,443 million, up 2% QoQ and 4% YoY, despite a slight decrease in Slab sales volume by 2% QoQ to 713 k tons, whilst Slab Average Selling Price increased by 5% QoQ to USD 497/ton. Revenues after elimination of related parties transactions were Baht 6,949 million from 371 k tons of Slab sold to external parties, or 52% of Slab sales volume.

**In 2013.** SSI UK recorded total sale and service revenues Baht 45,258 million, up 29% YoY, from Slab sales volume 2,807 k tons, much higher than last year as Slab production and sales only started from April 2012. Slab Average Selling Price was USD 499/ton. Revenues after elimination of related parties transactions were Baht 19,132 million from 1,110 k tons of Slab sold to external parties, or 40% of Slab sales volume.

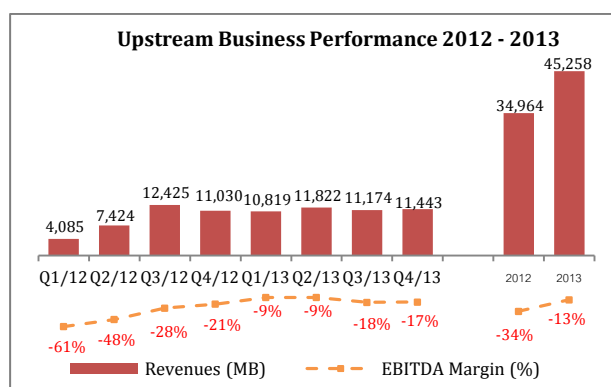


Figure 8: Revenues and EBITDA Margin of Upstream Business

**Expenses: Q4/2013.** SSI UK recorded **Cost of sale and service** Baht 13,694 million, comprising total cost of sale of Baht 13,706 million and the reversal of provision for loss on decline in value of inventories Baht 11 million. Total cost of sale and service slightly increased 1% QoQ as price of some types of raw materials increased, despite the higher average PCI injection rate from 66 kg/thm in Q3/2013 to 113 kg/thm in Q4/2013, which could partly help reduce raw material cost by replacing costly coke with cheaper PCI coal. Besides, conversion cost per unit also increased due to power plant outages leading to temporary need to purchase more expensive electricity from outside and also incurring expenses to restore the system. Compared to those in Q4/2013, cost of sale and service dropped 7% YoY due to a decrease in raw material cost and improvement in production efficiency from last year when Slab production started only in April which

### Deep-Sea Port Business (PPC)

**Revenues: Q4/2013.** PPC recorded total service revenues Baht 81 million, down 15% QoQ from lower throughput volume in every type of vessels; and down 31% YoY from lower throughput volume as well.

**In 2013.** PPC recorded total service revenues Baht 394 million, up 6% YoY as revenue from PPC Shore Crane service was fully realized in 2013, comparing to those in 2012 which only started since Q2/2012.

helped reduce conversion cost per unit. **SG&A** was Baht 81 million and the provision set up for loss under onerous contracts was Baht 46 million. **Interest Expense** was Baht 319 million; down 61% QoQ as there were adjustments made in Q4/2012 after reclassification interests previously included in costs of raw materials to be part of interest expense.

**In 2013.** SSI UK recorded **Cost of sale and service** Baht 53,103 million, comprising total cost of sale of Baht 53,168 million and provision for loss on decline in value of inventories Baht 65 million. Comparing to 29% YoY increase in sales volume, total cost of sale and service increased merely 11% YoY due to lower raw material cost and significant drop in conversion cost per unit as a result of higher production efficiency. **SG&A** was Baht 369 million and the reversal of provision for loss under onerous contracts was Baht 451 million. **Interest Expense** was Baht 1,522 million; down 14% YoY mainly resulted from improving efficiency in raw material procurement contributing to lower interest expense on raw materials.

**Slab Spread: Q4/2013,** recorded at USD 106/ton or Slab Margin of 21.3%, up from USD 94/ton in Q3/2013 and USD 93/ton in Q4/2012.

**In 2013,** Slab Spread was recorded at USD 114/ton or Slab Margin of 22.8%, up from USD 69/ton in 2012.

**Profits: Q4/2013.** SSI UK recorded gross loss Baht 2,251 million, negative EBITDA Baht 1,986 million, and net loss Baht 2,725 million. Loss was lower QoQ, compared to Q3/2013 where gross loss was Baht 2,343 million, EBITDA was negative Baht 1,998 million, and net loss was Baht 2,821 million; as Slab Average Selling Price increased contributing to better Slab Margin. Loss was also lower YoY, compared to Q4/2012 where gross loss was Baht 3,719 million, EBITDA was negative EBITDA Baht 2,293 million, and net loss Baht 2,695 million; as a result of 1) higher sales volume and higher Slab Margin, 2) lower raw material cost and, 3) lower conversion cost per unit.

**In 2013.** SSI UK recorded gross loss Baht 7,845 million, negative EBITDA Baht 6,018 million, and net loss Baht 7,259 million (including the reversal of income tax Baht 1,925 million). Losses were lower YoY, compared to Q4/2012 where gross loss was Baht 12,944 million, EBITDA was negative Baht 11,855 million, and net loss was Baht 14,194 million; as a result of 1) lower cost of raw materials, 2) lower conversion cost, and 3) lower fixed cost from economies of scale.

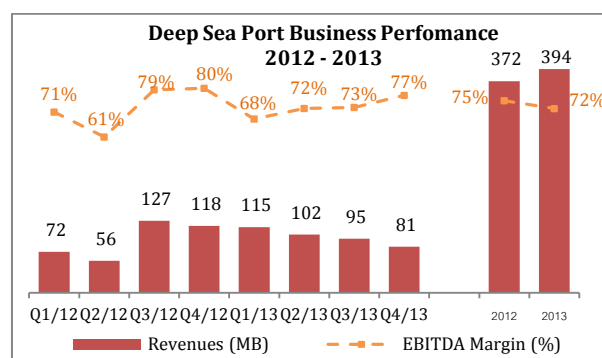


Figure 9: Revenues and EBITDA Margin of Deep-Sea Port Business:

**Profits Q4/2013.** PPC recorded gross profit Baht 54 million, EBITDA Baht 62 million, and net profit Baht 31 million, or down 4%, 10%, and 16% respectively compared to Q3/2013, mainly resulted from a decrease in revenues as earlier explained. Compared to Q4/2012, gross profit and EBITDA decreased by 31% and 34% respectively, mainly resulted from lower revenues while most costs of sale and service are fixed-cost. Net profit; however, increased by 14% YoY as there was adjustment on deferred tax item in Q4/2012.

**In 2013.** PPC recorded gross profit Baht 235 million, EBITDA Baht 284 million, and net profit Baht 156 million,

### **Engineering & Maintenance Service Business (WCE)**

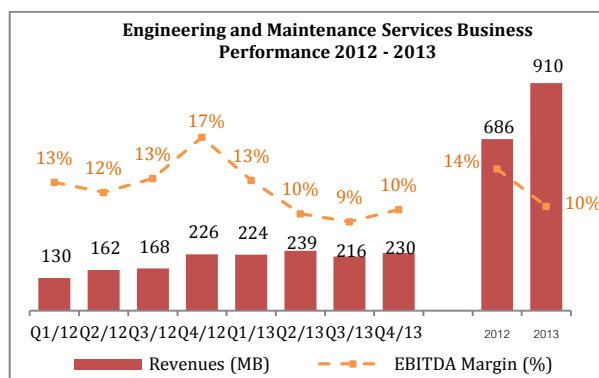
**Revenues: Q4/2013.** WCE recorded total sale and service revenues Baht 230 million, up 6% QoQ due to an increase in revenues from Engineering Procurement and Construction Business which started 1 new project amounting 25 million Baht and delivered work of 2 projects with total amount 115 million Baht to customers in paper industry, whereas revenues from work delivered in Maintenance Management Business, Machinery Engineering Business, and Steel Structure and Fabrication Business decreased. Compared to Q4/2012, total sale and service revenues increased 2% YoY as revenues from Engineering Procurement and Construction Business and Steel Structure and Fabrication Business greatly increased up to 59%, whilst revenues from Maintenance Management Business and Machinery Engineering Business declined by 25%. Sale and service revenues from external customers apart from the Company and its subsidiaries accounted for 54% of total sale and service revenues.

**In 2013.** WCE recorded total sale and service revenues Baht 910 million, up 33% YoY, driven by higher revenues from every segment. External customers apart from the Company and its subsidiaries took a portion 53% of total sale and service revenues, including customers in warehouse, paper, acrylic-resin producers, equipment supplies and electricity power industry, gas cylinder, and transportation.

or up 3%, 1%, and 28% YoY respectively, driven by higher revenues, lower interest expense due to lower short-term loans and fully repaid long-term loans, and adjustment on deferred tax item in 2012 .

**Profits: Q4/2013.** WCE recorded gross profit Baht 38 million; EBITDA Baht 23 million; and net profit Baht 12 million, increased QoQ by 14%, 21%, and 46% respectively, following higher revenues and improving profit margin. Compared to Q4/2012, gross profit, EBITDA, and net profit decreased YoY by 24%, 41, and 49% respectively despite a slight increase in sale and service revenues, as a propotaion of revenues from Engineering Procurement and Construction Business and Steel Structure and Fabrication Business, whose profit margin is relatively thin, significantly increased. On the other hand, proportion of Maintenance Management Business and Machinery Engineering Business, whose profit margin is relatively high, declined.

**In 2013.** WCE recorded gross profit Baht 156 million; EBITDA Baht 95 million; and net profit Baht 49 million, up 26%, down 2%, and up 6% YoY respectively, following an increase in revenues from every segment.



**Figure 10:** Revenues and EBITDA Margin of Engineering & Maintenance Service Business

### **CRC Business (TCRSS)**

**Revenues: Q4/2013.** TCRSS recorded total sale Baht 2,542 million, down 13% QoQ due to a 2% decrease in CRC sales volume to 107 k tons and a 3% decrease in average selling prices affected by intensely competitive market situation. Compared to Q4/2012, total sale dropped 29% YoY due to lower average selling price following world steel market's down cycle and a 24% drop in sales volume following inventories destocking primarily caused by 28% YoY lower car production as well as uncertainty amidst ongoing political unrest affecting economic growth.

**In 2013.** TCRSS recorded total sale Baht 11,563 million, down 19% YoY mainly from lower average selling price following world steel market's down cycle; with 13% YoY decrease in CRC sales volume to 441 k tons due to the dumping of imported CRC from Korea and India. However,

TCRSS has notified Ministry of Commerce to inform those countries to keep import volume in line.

**Profits: Q4/2013.** TCRSS recorded gross profit Baht 67 million, EBITDA Baht 144 million; and net profit Baht 4 million, down by 57%, 15%, and 54% QoQ respectively. Compared to Q4/2012, gross profit, EBITDA and net profit decreased by 75%, 51%, and 94% respectively, due to lower sales volume as well as average selling price following the market's condition, and higher provision for loss on decline in value of inventories.

**In 2013.** TCRSS recorded gross profit Baht 659 million, EBITDA Baht 824 million; and net profit Baht 193 million, down 8%, down 3%, and up 52% YoY respectively. Lower gross profit and EBITDA were caused by lower sales

revenues. However, an increase in net profit was driven by an achievement in adding higher spread amongst main customers, where TCRSS was able to retain its market share in high-grade products whose price and margin are higher. In addition, improving cost management, higher FX gain, and lower interest expense after full repayment of long-term loans were factors of elevated profit, despite the higher provision set up for loss on decline in value of inventories.

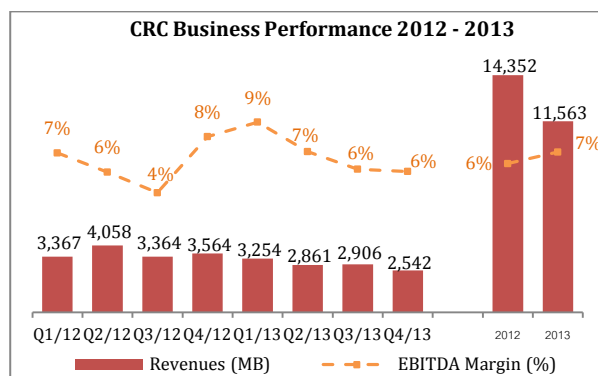


Figure 11: Revenues and EBITDA Margin of CRC Business

## 6. Consolidated Financial Status

### Consolidated Financial Position as at the End of Q4/2013

#### Trade and Notes Receivable- Net

As at 31 December 2013, trade and notes receivable netted Baht 5,108 million, down 13% from the end of 2012; as a result of effective receivables management.

#### Inventory

As at 31 December 2013, inventory netted Baht 17,388 million, down 20% from 31 December 2012, as a result of effective inventory management and lower unit price of key raw materials and raw materials in transit of the Company.

#### Current Ratio

As of 31 December 2013, current ratio was 0.64x, slightly decreased from the end of 2012, mainly from falling trade and notes receivable and inventory as earlier explained.

#### Liabilities and Liquidity Management

As at 31 December 2013, the Company and its subsidiaries had total liabilities Baht 74,116 million, down 1% from 31 December 2012 due to a decrease in current liabilities and the repayment of loan to financial institutions during the year. Total Interest-Bearing Debts was Baht 51,916 million whilst Net Debt was Baht 51,753 million.

Such debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 23,869 million, lower than at the end of year 2012; and long-term interest-bearing debts Baht 28,047 million, higher than the end of year 2012 due to the

#### Cash Flow

As at 31 December 2013, the Company and its subsidiaries had net change in cash and cash equivalents decreased by Baht 84 million from 31 December 2012, as detailed in Table 14, consisted of:

- Net cash received from operating activities of Baht 1,424 million consisted of (1) cash outflows from operation Baht 4,759 million, which included net loss of the Company and its subsidiaries for the period of Baht 6,983 million caused by reasons mentioned

Table 4: Inventories Classification as at the End of Quarter

Unit: million Baht	31 Dec 2013	31 Dec 2012	% Chg.
Raw Materials (Slab, iron ore, coking coal, & coke)	5,717	10,713	-47%
Raw Materials in Transit (Slab)	6,201	5,437	-14%
Finished Goods and Work-in-process (HRC & HRC-P/O)	3,906	3,884	+1%
Tools and Spare Parts	2,036	2,194	-7%
Less: Provision for loss on decline in value of inventories	(473)	(613)	-23%
<b>Net Inventories</b>	<b>17,388</b>	<b>21,615</b>	<b>-20%</b>

Table 5: Financial Ratios

Financial Ratios	31 Dec 2013	31 Dec 2012 (Restated)
Current Ratio	0.64	0.67
Interest-Bearing Debt to Equity Ratio	4.89	3.81

reclassification of short-term loans into three-year amortising long-term loans despite the buy-back of the Subordinated Convertible Debentures.

Total shareholders' equity decreased 22% to Baht 10,610 million mainly due to SSI UK's net loss during the year, although the Company has issued and offered 5,085.6 million new shares with total proceeds of Baht 3,458 million during the year. As a result, Interest-Bearing Debt to Equity ratio went up to 4.89x from 3.81x as at 31 December 2012.

earlier; and (2) cash inflows from net change in working capital Baht 3,335 million mainly resulted from substantial reduction in trade and notes receivable and inventories.



- Net cash paid for investing activities Baht 169 million was mainly from additional investments in noncurrent assets and effect from currency translation difference despite the cash inflow from sale of investments in jointly-controlled entity.
- Net cash used in financing activities was Baht 1,339 million, consisted of net proceeds from issuance of shares, cash paid for finance cost, cash received from short-term loans, cash paid for long-term loans repayment to financial institution, and cash paid for the Subordinated Convertible Debentures buy-back.

## 7. Ongoing Projects

[There is no current ongoing project.]

## 8. Recent Development

### Events in Q4/2013

#### Key Development in Manufacturing

##### 1. Improvement the Use of Work Rolls in Roughing Mill

In Q4/2013, the Company has improved the use of roughing mill work roll by extending minimum work roll diameter from original 1,000 mm. according to the machine standard and manufacturer specifications to 995 mm.. This is attained by improving method and condition to be able to drive the work roll without any crushing between upper and lower drive shafts and also assigning the special surface inspection by Ultrasonic Test to prevent work roll cracking while rolling. This improvement can help reduce new rolls replacement costs by approx. Bath 280,000 per year.

##### 2. SSI UK's Slab Introduction to Auto Customers Project

Presently, the Company has introduced HRC-P&O produced from SSI UK slabs to 5 major world-class automakers in total of 11 grades; of which 9 grades have

already been officially granted as approved source by 3 automakers for Commercial Lot; another 1 grade has already passed Stamping Test by 1 automaker and expected to start Commercial Lot by 2014; and another 1 grade has already passed Material Test by another 1 automaker.

Considering only in Q4/2013, the Company has been additionally officially granted as approved source by 2 automakers and started Commercial Lot in total of 3 grades, and another 1 grade has passed Material Test by 1 new automaker.

In summary, the Company sold HRC-P&O produced from SSI UK slabs to customers in automotive segment approx. 49,000 tons in year 2013, and expects to increase to 100,000 tons and 280,000 tons in year 2014 and 2015 respectively.

#### Recent Development of WCE

At the end of Q4/2013, WCE had a backlog order of Baht 306 million, and won a new project amounting 180 million Baht from customer in paper industry, which is expected to record revenues within year 2014.

#### Good Corporate Governance and Corporate Social Responsibility

1. On 3 October 2013, the Company in cooperation with the Royal Forest Department by Forest Protection Department Prachuap Khirikhan 1 (Pongka), Forest Management Bureau No.10 (Petchburi), government's agencies and local people in Bangsapan, altogether 200 people, planted 2,000 trees under the project "SSI Plants 86 Rais of Trees to Honor His Majesty the King" to increase the forest area in Prachuab Khiri Khan and to honor His Majesty the King.
2. On 3 October 2013, the Company arranged an activity "Sufficiency Economy Study Tour" around Bangsapan, Prachuap Khiri Khan. There were 55 teachers and students from Center of the Non-Formal and Informal Education (ONIE) joining the activity.
3. On 2 November 2013, the Company together with 4 giant steel organisations arranged "The 6<sup>th</sup> Thailand Iron Man Mini Marathon 2013" and handed over Baht 2.4 million of the raised funds to 24 foundations and charities to support the underprivileged to strongly live a better life quality in the society.
4. On 12 November 2013, the Company organised "To Be Engineer Project#9" to enhance local youths understanding on Thailand's steel industry, encourage them to study engineering and related fields for further education, Therefore, they can discover job opportunities in their own community. And four hundred Mattayom 3 students from Bangsaphan joined the event.
5. On 3 December 2013, the Company together with community leaders, representatives from government agencies, educational institutions, and a group of around 1,000 people joined an activity "Love the King, Preserve Bangsaphan 2013 Project". The activities consist of releasing 3 million sea shrimp and crabs, giving 860 young economic plants and garden plants to representative leaders from 7 sub districts of Bangsaphan and the participants to honor His Majesty

- the King; and increase the green area along Bangsaphan coast in accordance with Sufficient Economy philosophy provide by His Majesty the King.
6. On 11 December 2013, the Company arranged skill training activities for 29 students from Thongchai and Kummerdnoppakhun Center of the Non-Formal and Informal Education (ONIE) at Ban Don Sa-Nga Mushroom Farming Learning Center, Prachuab Khiri Khan. The event is aimed to providing the students with knowledge about mushroom farming both in theory and in practice.
  7. SSI Volunteering Project: there were 4 activities under "A Hundred Goodness, A Thousand Hearts of SSI Arsa" Project. There were 406 people overall from 193 SSI Arsa people and 213 local people joining the activities and spent 3,248 work hours. Details are as follows:
    - On 29 Oct 2013, the 93<sup>rd</sup> good deed: the company arranged "SSI Cyber Kids Corner" at Mattayom Noppakhun School, Kamnerd Noppakun subdistrict, Prachuab Khiri Khan.
    - During 4-14 Nov 2013, the 94<sup>th</sup> good deed: the Company renovated the crematory, and built a rooftop and a walkway from the pavilion to the crematory, Kummerd Noppakun subdistrict, Prachuab Khiri Khan.
    - During 11-13 Nov 2013, the 95<sup>th</sup> good deed: the Company renovated the village pavilion at Ban Raharn, Kummerd Noppakun subdistrict, Prachuab Khiri Khan.
    - On 4 Dec 2013, the 96<sup>th</sup> good deed: SSI Arsa volunteers from Sahaviriya Steel Industries Plc. (SSI), Bangkok Office, participated in "SSI Arsa Mangrove Forest Planting Project" planting 500 mangroves in the area of Chulachomklao Fort, Samutprakarn

### **Awards**

1. On 19 October 2013, the Company received Outstanding Accomplishment in Annual General Meeting Assessment and Excellence Accomplishment in the Corporate Governance Report of Thai Listed Companies. The Company was appraised with
  - Outstanding Accomplishment under the Quality of Annual General Meeting (AGM) Project 2013 from the Securities and Exchange Commission (SEC), the Thai Investors Association (TIA) and the Thai Listed Companies Association and 2)
  - Excellent Accomplishment in Corporate Governance Report survey from the Thai Institute of Directors (IOD) in cooperation with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The accomplishment was aimed at keeping track of the growth of listed companies and support good corporate governance among the companies.
2. On 20 November 2013, the Company received SET Awards 2013 for Outstanding Corporate Social Responsibility in the group of Thai listed companies with market capitalisation between Baht 10,000-20,000 million.

### **Development on Capital Structure**

In Q4/2013, the Company performed as follows:

- The Company issued and offered 1,560.5 million shares, amounting Baht 1,061.1 million under the Comprehensive Financial Plan earlier approved in extraordinary shareholders' meeting No.2/2012 dated 11 October 2012 to Sahaviriya Group Corporation Limited (SVG); accordingly, the paid-up share capital of the Company became 32,166.3 MB.
  - The Company completed the capital increase plan earlier approved in extraordinary shareholders' meeting No.2/2012 dated 11 October 2012; issuing and offering 13,829.6 million shares, amounting Baht 9,404.1 million. Considering the capital increase in 2013 alone, the Company has issued and offered 5,085.6 million shares, amounting Baht 3,458.2 million.
  - The Company used the proceeds from issuance of ordinary shares USD 33.8 million to additionally invest in SSI UK; accordingly, the paid-up share capital of SSI UK became GBP 557.0 million (or equivalent to USD 895.6 million).
- Considering the capital increase in SSI UK in 2013 alone, the Company has invested 76.3 million (or equivalent to USD 120.6 million).
- The Company bought back the Subordinated Convertible Debentures from other holders for another 245 units, resulting in 5,126 units bought back Subordinated Convertible Debentures out of total 5,405 units. The Company will continue to buy back the remaining 279 units of Subordinated Convertible Debentures.

### **Current Status of Trade Remedy Measures against Imported Hot-rolled Flat Steel and Cold-rolled Flat Steel**

The Company and TCRSS have filed petitions for two Trade Remedy Measures, which are Anti-dumping Measure and Safeguard Measure, against imported hot-rolled flat steel and cold-rolled flat steel to Department of Foreign Trade, Ministry of Commerce, for review and investigation. The current status of each measure is as follows:

#### 1. Safeguard Measure

The Company filed a petition for one case, whose details are as follows:

- On 5 November 2013, the Company filed a petition for one case of imported hot-rolled flat steel without other element added (Thickness 0.9 – 50 mm. and width 600 – 3,048 mm.) in coils and not in coils.

## 2. Anti-dumping Measure

TCRSS has filed a petition for one case, whose current status is as follows:

- For the case of cold-rolled flat steel in coils and not in coils imported from China, Vietnam and Taiwan, the Committee on Dumping and Subsidy, Department of Foreign Trade announced in the Royal Gazette on 9 December 2013 the extension period of the investigation as well as the Emergency Measure for another 2 months (from 11 December 2013 to 10 February 2014) empowering Customs Department to

collect the collateral of import duty from importers in form of bank guarantee in the existing rates as follows:

- 1) 11.76% of CIF price for products imported from China
- 2) 11.86% of CIF price for products imported from Vietnam
- 3) 8.76% of CIF price for products imported from Taiwan

## **Events after the End of Q4/2013 up to 28 February 2014**

### 1. Safeguard Measure

- For the case of imported hot-rolled flat steel without other element added (thickness 0.9 - 50 mm. and width 600 - 3,048 mm.) in coils and not in coils, the Department of Foreign Trade announced the Notification for an investigation in the Royal Gazette on 29 January 2014, and the Public Consultation/Hearing was held on 27 February 2014.

### 2. Anti-dumping Measure

- For the case of cold-rolled flat steel in coils and not in coils imported from China, Vietnam and Taiwan, the Committee on Dumping and Subsidy had final determination on 22 January 2014, and announced in the Royal Gazette on 5 February 2014, which is effective for 5 years (from 6 February 2014 to 5 February 2019), with these following revised duty rates:
  - 1) 9.24%-20.11% of CIF price for products imported from China
  - 2) 14.35% of CIF price for products imported from Vietnam
  - 3) 4.22%-17.47% of CIF price for products imported from Taiwan

### Appendix

**Table 6: World Crude Steel Production**

Unit: million tons	2013	2013	+/-	2012	+/-	2013	2012	+/-
Region	Q4	Q3	QoQ	Q4	YoY	Jan-Dec	Jan-Dec	YoY
EU	42.08	39.74	+5.9%	39.73	+5.9%	166.24	169.43	-1.9%
North America	30.05	29.86	+0.6%	29.18	+3.0%	119.70	121.86	-1.8%
South America	11.42	12.18	-6.2%	11.66	-2.1%	46.46	46.93	-1.0%
China	188.31	197.17	-4.5%	174.22	+8.1%	774.57	708.78	+9.3%
Asia (ex. China)	70.78	69.10	+2.4%	67.73	+4.5%	277.86	273.93	+1.4%
Others	48.19	45.22	+6.6%	45.84	+5.1%	187.88	189.29	-0.7%
<b>Total</b>	<b>390.82</b>	<b>393.27</b>	<b>-0.6%</b>	<b>368.36</b>	<b>+6.1%</b>	<b>1,572.70</b>	<b>1,510.22</b>	<b>+4.1%</b>

Source: World Steel Association

**Table 7: Average Prices of Slab, HRC, and Other Raw Materials**

	Q3/2013 (USD/ton) Actual <sup>1)</sup>	Q4/2013 (USD/ton) Estimate <sup>2)</sup>	Q4/2013 (USD/ton) Actual <sup>1)</sup>	Q1/2014 (USD/ton) Estimate <sup>2)</sup>
Coking Coal (Premium HCC FOB Australia)	140.86	147.58	140.39	122.50
Iron Ore (63% Fe CFR China)	131-133	N.A.	N.A.	N.A.
Iron Ore (IODEX 62% Fe CFR North China)	123-141	N.A.	131-139	123-135
Slab (CFR East Asia import)	482-498	495-508	500-508	530-550
Slab (FOB Latin export)	425-438	468-478	467-477	500-515
HRC (CFR East Asia import)	541-571	530-560	537-567	540-570
HRC (Ex-mill US Midwest) <sup>3)</sup>	646-657	N.A.	661-671	645-665

Sources: <sup>1)</sup> Quarterly average prices are from SBB-Steel Business Briefing website, except IODEX 62% Fe CFR North China average prices are calculated from SBB-Steel Markets Daily Report

<sup>2)</sup> Quarterly estimated prices are based on average prices from SBB-Steel Business Briefing website up to 14 February 2014, except IODEX 62% Fe CFR North China are calculated from SBB-Steel Market Daily Report

<sup>3)</sup> Prices are quoted in unit of USD/short ton, which can be converted by factor of 1 short ton = 0.9072 metric ton

**Table 8: Car and Home Appliance Production in Thailand**

Production Volume (in million units)	Q4/2013	Q3/2013	% QoQ
Car Production <sup>1)</sup>	0.53	0.59	-10.6%
Refrigerator Production <sup>2)</sup>	0.95	1.04	-8.1%
Air Conditioner Production <sup>2)</sup>	2.48	2.95	-16.0%

Sources: <sup>1)</sup> Car Production information published by Thailand Automotive Institute

<sup>2)</sup> Refrigerators and Air Conditioners Production information published by Bank of Thailand

**Table 9: HRC Apparent Steel Supply**

	Q3/2013 (tons) Actual	Q4/2013 (tons) Estimate	Q4/2013 (tons) Actual	% QoQ	Q4/2012 (tons) Actual	% YoY
Domestic Production	622,702	650,000	586,906	-5.7%	601,153	-2.4%
Import	948,454	1,200,000	838,675	-11.6%	1,314,381	-36.2%
Export	12,454	0	2,795	-77.6%	10,611	-73.7%
<b>Total</b>	<b>1,558,702</b>	<b>1,850,000</b>	<b>1,422,786</b>	<b>-8.7%</b>	<b>1,904,923</b>	<b>-25.3%</b>

Source: Iron and Steel Institution of Thailand for actual data and the Company's estimate

**Table 10: HRC Apparent Steel Supply (estimate for 2014)**

	2013 (ton) Actual	Q1/2014 (ton) Estimate	Q2/2014 (ton) Estimate	Q3/2014 (ton) Estimate	Q4/2014 (ton) Estimate	2014 (ton) Estimate	% YoY
Domestic Production	2,573,497	650,000	600,000	800,000	800,000	2,850,000	+10.7%
Import	4,438,308	900,000	950,000	950,000	950,000	3,750,000	-15.5%
Export	27,835	3,000	3,000	3,000	3,000	12,000	-56.9%
<b>Total</b>	<b>6,983,970</b>	<b>1,547,000</b>	<b>1,547,000</b>	<b>1,747,000</b>	<b>1,747,000</b>	<b>6,588,000</b>	<b>-5.7%</b>

Source: Iron and Steel Institution of Thailand for actual data, and the Company's estimate

**Table 11: Summary of Consolidated Financial Results****Consolidated**

Unit: million Baht	2013 Q4	2013 Q3	+/- QoQ	2012 Q4	+/- YoY	2013 Jan-Dec	2012 Jan-Dec	+/- YoY
Sale and service revenues	16,100	16,796	-4%	17,599	-9%	65,387	60,604	+8%
Cost of sale and service	(17,631)	(18,757)	-6%	(21,054)	-16%	(70,250)	(72,672)	-3%
Gross profit (loss)	(1,531)	(1,961)	+22%	(3,456)	+56%	(4,863)	(12,068)	+60%
SG&A	(255)	(342)	-26%	(338)	-25%	(1,263)	(1,263)	-0%
Provision for loss under onerous contracts	(46)	10	N.A.	(86)	+47%	451	(490)	+192%
Gain on sales of investments in jointly-controlled entity	0	0	N.A.	0	N.A.	363	0	N.A.
EBITDA <sup>1)</sup>	(1,464)	(1,337)	-9%	(2,010)	+27%	(2,888)	(10,597)	+73%
Interest expense	(829)	(948)	-13%	(1,432)	-42%	(3,565)	(3,876)	-8%
Depreciation and amortisation	(631)	(648)	-3%	(430)	+47%	(2,506)	(2,015)	+24%
Income tax	17	31	-45%	615	-97%	1,907	570	+235%
Realised FX gain (loss)	(1,091)	(401)	-172%	847	-229%	(1,072)	283	N.A.
Unrealised FX gain (loss)	474	741	-36%	(268)	+276%	688	63	N.A.
Net profit (loss)	(2,907)	(2,902)	-0.2%	(3,257)	+11%	(7,053)	(15,918)	+56%
EPS (Baht)	(0.09)	(0.10)	+10%	(0.12)	+25%	(0.24)	(0.84)	+128%

<sup>1)</sup> 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

**Table 12: Financial Results by Business**

Unit: million Baht	2013 Q4	2013 Q3	+/- QoQ	2012 Q4	+/- YoY	2013 Jan-Dec	2012 Jan-Dec	+/- YoY
<b>Sale and Service Revenues <sup>1)</sup></b>								
<b>Consolidated</b>	<b>16,100</b>	<b>16,796</b>	-4%	<b>17,599</b>	-9%	<b>65,387</b>	<b>60,604</b>	+8%
HRC Business	8,995	12,272	-27%	13,946	-36%	45,599	48,470	-6%
Upstream Business	6,949	4,377	+59%	3,484	+99%	19,132	11,688	+64%
Deep-Sea Port Business	33	41	-20%	49	-32%	169	156	+9%
Engineering & Maintenance Service Business	123	104	+19%	103	+19%	486	286	+70%
<b>EBITDA <sup>1)</sup></b>								
<b>Consolidated <sup>2)</sup></b>	<b>(1,464)</b>	<b>(1,337)</b>	-9%	<b>(2,010)</b>	+27%	<b>(2,888)</b>	<b>(10,597)</b>	+73%
HRC Business <sup>3)</sup>	737	441	+67%	384	+92%	2,967	1,121	+165%
Upstream Business	(1,986)	(1,998)	+1%	(2,293)	+13%	(6,018)	(11,855)	+49%
Deep-Sea Port Business	62	69	-10%	95	-34%	284	280	+1%
Engineering & Maintenance Service Business	23	19	+21%	39	-41%	95	97	-2%
Elimination of Related Parties Transaction	(301)	131		(234)		(217)	(240)	

Unit: million Baht	2013 Q4	2013 Q3	+/- QoQ	2012 Q4	+/- YoY	2013 Jan-Dec	2012 Jan-Dec	+/- YoY
<b>Net Profit (Loss)</b> <sup>1)</sup>								
<b>Consolidated</b> <sup>4)</sup>	<b>(2,907)</b>	<b>(2,902)</b>	-0.2%	<b>(3,257)</b>	+11%	<b>(7,053)</b>	<b>(15,918)</b>	+56%
HRC Business	75	(260)	+129%	(422)	+118%	210	(1,655)	+113%
Upstream Business	(2,725)	(2,821)	+3%	(2,695)	-1%	(7,259)	(14,194)	+49%
Deep-Sea Port Business	31	37	-16%	28	+14%	156	122	+28%
Engineering & Maintenance Service Business	12	8	+46%	23	-49%	49	47	+6%
Elimination of Related Parties Transaction	(317)	114		(212)		(278)	(285)	
Non-controlling Interest	17	20		22		69	47	

<sup>1)</sup> Revenues of each business unit is shown as net revenues after elimination of related parties transactions while EBITDA and Profit (Loss) are shown as amount before elimination of related parties transactions.

<sup>2)</sup> 2013 Group EBITDA includes gain on sales of investment in TCRSS Baht 363 million occurred in Q1/2013.

<sup>3)</sup> 2013 HRC EBITDA includes gain on sales of investment in TCRSS 225 million Baht occurred in Q1/2013

<sup>4)</sup> TCRSS and Redcar Bulk Terminal Ltd transactions are recorded under equity method.

**Table 13: Condensed Consolidated Statements of Financial Position**

Unit: million Baht	As of 31 Dec 13	As of 31 Dec 12	+/-
<b>Assets</b>			
Accounts Receivable	5,108	5,838	-13%
Inventories	17,388	21,615	-20%
Other Current Assets	5,659	5,576	+1%
<b>Total Current Assets</b>	<b>28,154</b>	<b>33,029</b>	<b>-15%</b>
Property, Plant and Equipment	52,425	51,861	+1%
Investments in jointly-controlled entities	3,839	3,499	+10%
Other Non-Current Assets	308	131	+135%
<b>Total Assets</b>	<b>84,726</b>	<b>88,520</b>	<b>-4%</b>
<b>Liabilities</b>			
S/T Debt and Current Portion of L/T Interest-Bearing Debt	23,869	29,924	-20%
Accounts Payable	12,614	11,838	+7%
Other Current Liabilities	7,560	7,351	+3%
<b>Total Current Liabilities</b>	<b>44,044</b>	<b>49,113</b>	<b>-10%</b>
L/T Interest-Bearing Debts	28,047	21,957	+28%
Other Non Current Liabilities	2,026	3,840	-47%
<b>Total Liabilities</b>	<b>74,116</b>	<b>74,910</b>	<b>-1%</b>
<b>Equity</b>			
Equity Attributable to Owners of the Company	9,794	12,766	-23%
Non-controlling Interests	816	844	-3%
<b>Total Equity</b>	<b>10,610</b>	<b>13,610</b>	<b>-22%</b>
<b>Total Liabilities and Equity</b>	<b>84,726</b>	<b>88,520</b>	<b>-4%</b>

**Table 14: Condensed Statement of Cash Flow**

Unit: million Baht	Jan-Dec 2013
<b>Net cash used in operating activities</b>	<b>1,424</b>
Proceeds from sale of investments in jointly-controlled entity	1,568
Purchases of property, plant and equipment	(750)
Currency translation differences	(842)
Other investments	(145)
<b>Net cash received from investing activities</b>	<b>(169)</b>
Net Proceeds from issuance of ordinary shares	3,458
Finance cost paid	(3,706)
Net proceeds from bank overdrafts and short-term loans from financial institutions	1,066
Repayment of long-term loans	(807)
Cash paid for buyback convertible debentures	(1,228)

Unit: million Baht	Jan-Dec 2013
Cash paid for other financing activities	(122)
<b>Net cash used in financing activities</b>	<b>(1,339)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(84)</b>
Cash and cash equivalents at 31 December 2012	242
Effect of exchange rate changes on balance held in foreign currency	5
<b>Cash and cash equivalents at 31 December 2013</b>	<b>163</b>

#### About SSI

**Sahaviriya Steel Industries PLC.** or SSI is ASEAN's largest fully-integrated flat steel producer with 4 million tons annual capacity of hot rolled steel sheet in coils (HRC). SSI endeavors to supply premium-grade steel sheets to cater to the region's growing demand in various sectors such as automobile, energy, transportation and construction sectors. In the upstream business, SSI owns SSI Teesside, a 3.6 million tons per annum fully-integrated iron-steel making plant located in Redcar in the northeast of UK, through a wholly-owned subsidiary **Sahaviriya Steel Industries UK Limited** ("SSI UK"). SSI Teesside supplies premium-grade steel slabs to SSI to feed its growing demand, as well as to other rolling mills around the world. In the downstream business, SSI has investments in joint-venture downstream plants: namely **Thai Cold Rolled Steel Sheet PLC.** ("TCRSS") - Thailand's first and largest cold roll mill, and Thai Coated Steel Sheet Co., Ltd. ("TCS") - Southeast Asia's first and largest electro-galvanizing line. All SSI's plants in Thailand are located on a world-class coastal industrial site in Bang Saphan, Prachuap Khirikhan Province, 400km south of Bangkok on the western peninsula of Thailand, where they are efficiently integrated with its privately-owned deep-sea port (**Prachuap Port Co., Ltd.** or PPC), which allows import of raw materials and export of finished products in large economy of scale. SSI extends its engineering capabilities into its wholly-owned subsidiary, **West Coast Engineering Co., Ltd.** or WCE, which specialises in engineering, maintenance, spare parts production, fabrication, erection and commissioning service. Our people's passion and energy is captured in the Company's vision statement - "innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders."

For more information, please visit <http://www.ssi-steel.com>

#### Disclaimer

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Some information contained in this MD&A is based on forecasts, estimations or future expectations. Any information not based on events that have already occurred, or information based on beliefs and forecasts of the Company, can be identified with wordings "believe", "expect", "hope", "plan", "intend", "estimate", "assess" and other words of similar nature. Readers are requested to be particularly cautious when relying on information, which is based on future forecast, as such information is inherently subject to risks and uncertainties.