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Sahaviriya Steel Industries Plc. reports its Q3 of 2015 operating result

- The Group recorded consolidated losses of 33,122 MB, resulted from loss on liquidation of subsidiary of 28,877 MB.
- On 1 October 2015, the Central Bankruptcy Court accepted an application for Business Rehabilitation of the Company, and the preliminary hearing was scheduled on 21 October 2015.
- On 2 October 2015, the court accepted an application for SSI UK's liquidation.

Mr. Win Viriyaprapaikit, Group CEO and President of Sahaviriya Steel Industries Plc. (SSI), revealed the Q3/2015 operating result that "The Company and its subsidiaries recorded sales and service revenues Baht 10,543 million, down 11% QoQ and 25% YoY, resulted from a decrease in sales of HRC Business 7% QoQ, and 37% YoY and a decrease in sales to 3rd party customers of Upstream Business 15% QoQ, and 8% YoY. Total cost of sales and service was Baht 13,681 million; down 1% QoQ and 1% YoY." The Company and its subsidiaries reported net loss Baht 33,122 million due to both lower HRC Spread in HRC Business and Slab Spread in Upstream Business as steel prices in the world market continued to decline, as well as expected loss on liquidation of subsidiary Baht 28,877 million."

"Global steel over-capacity and demand imbalance since late 2014 and the continuous decline in steel price resulted in a huge operating loss for the Group this year, particularly in the Upstream Business. However, in Q3/2015 such situation remained unchanged and, on the other hand, further deteriorated and resulted in bigger losses at the Upstream Business. Consequently, SSI UK was required to temporarily suspend its steelmaking operation on 18 September 2015 and subsequently applied to the court for liquidation on 2 October 2015. At present, the Company on a conservative basis expects zero recovery after the completion of SSI UK liquidation. As SSI UK's main asset is a large iron and steel making plant, controlled under the Control of Major Accident Hazards regulation, there are uncertain external factors which are beyond the Company's control, for instance the validity of the environmental permit, access and ability to safeguard the assets, etc. The legal and liquidation proceeding in this case is unprecedented and unclear to the Company at this stage. In the meantime, the Company is in discussion with legal advisors and the Major Creditors to determine further steps," Mr. Win said.

Nevertheless, the Company had been discussing with the Major Creditors the solution for the HRC Business to carry on operations as normal, including to maintain business value of the Company. The Company decided to submit an application for Business Rehabilitation to the court on 1 October 2015. The court has accepted the application, and the preliminary hearing of such application is scheduled on 21 December 2015.

Thank you for your kind publication

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