



innovate · strength

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

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

บริษัทเหล็กชั้นนำด้านนวัตกรรมและความเชื่อมั่น
Leading Innovative and Reliable Steel Company

-Translation-

Management Discussion and Analysis for 1H2021

Sahaviriya Steel Industries Public Company Limited (the “Company”) would like to clarify operating results and financial status of the Company and its subsidiaries for 1H2021 period ended 30 June 2021 as follows:

Unit: million Baht	1H2021	1H2020 New	1H2020 Original ²⁾	Δ YoY
Sales and service revenues	16,080	8,670	8,670	+85%
Cost of sales and service	13,916	8,753	8,567	+59%
Gross profit (loss)	2,164	(84)	(84)	
SG&A	370	404	590	-8%
EBITDA ¹⁾	1,458	1,239	1,239	+18%
Gains on measurements of financial liabilities at fair value	-	1,632	1,632	
loss on foreign exchange liabilities under the plan	(1,109)	-	-	
Adjustment for decrease in debts guarantee	586	-	-	
Finance costs	791	915	915	-14%
Net profit (loss)	385	93	93	+315%

1) EBITDA Including the provision (or reversal) for loss on decline in value of inventories and provision (or reversal) for loss under onerous contracts = Net Profit + Interest + Tax + Depreciation and Amortization

2) There was a reclassification of accounting items in Financial Statement in accordance with TRFS ¹⁵ for the period ended ³⁰ June ²⁰²⁰ to be in line with the Financial Statement for the period ended ³⁰ June ²⁰²¹, by adjusting some items in the distribution cost formerly recorded in SG&A to the cost of sales.

Operating Performance

1. Revenues

The Company and its subsidiaries recorded sales and service revenues Baht 16,080 million, up 85% yoy. HRC Sales Volume was 628k tons, rose by 25% yoy. HRC Average Selling Price was Baht 24,490/ton or approx. USD 787/ton, increased 51% yoy following the global economic situation and steel prices in the world market. The total HRC sales volume included SSI Principal Products (SPP) 35%, Innovated Value Products (IVP) 30%, and Customized Prime Products (CPP) 35%.

2. Cost of Sales and Services

The Company and its subsidiaries recorded total cost of sales and services Baht 13,916 million, increased 59% yoy from Baht 8,753 million in the same period last year following the increase in total sales. There was a reclassification of accounting items in Financial Statement in accordance with TFRS 15 for the period ended 30 June 2020 to be in line with the Financial Statement for the period ended 30 June 2021, by adjusting some items in the distribution cost formerly recorded in SG&A to the cost of sales.



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

innovate · strength

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น
Leading Innovative and Reliable Steel Company

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

3. SG&A and Finance Costs

The Company and its subsidiaries recorded SG&A Baht 370 million, down 8% yoy from Baht 404 million in the same period last year, mainly from the decrease in administrative expenses.

The Company and its subsidiaries recorded finance costs Baht 791 million, down 14% yoy from Baht 915 million in the same period of the previous year due to a decrease in interest rate according to the accounting standard.

4. Profit

The Company and its subsidiaries recorded gross profit Baht 2,164 million, improved from loss Baht 84 million. EBITDA increased by 18% from Baht 1,239 million to Baht 1,458 million. Net profit was Baht 385 million, increased by 315% from Baht 93 million.

The change of net profit was mainly results of 1) the significant increase in gross profit by recovering from a loss of Baht 84 million to a profit of Baht 2,164 million, 2) the decrease in SG&A from Baht 404 million to Baht 370 million, 3) the decrease in finance cost from Baht 915 million to Baht 791 million, 4) Loss on onerous contracts totaling Baht 318 million which was increased from Baht 31 million in the same period last year, 5) Gains on measurements of financial liabilities at fair value Baht 1,632 million recorded in year 2020 but did not appear in year 2021, 6) Adjustment for decrease in debts guarantee of GBP15 million, totaling Baht 586 million baht and 7) a foreign exchange loss on liabilities under the Plan, denominated in foreign currency, totaling Baht 1,109 million.

Financial Position

Unit: million Baht	30 Jun. 21	31 Dec.20	Δ YoY
Cash and cash equivalents	1,540	666	+131%
Inventories	6,999	4,316	+62%
Property, plant and equipment	10,675	10,923	-2%
Other assets	4,518	3,775	+20%
Total Assets	23,732	19,680	+21%
Trade accounts payable	4,120	2,838	+45%
Current contract liabilities	1,604	824	+95%
Liabilities under rehabilitation plan	30,964	29,752	+4%
Provision under guarantee	330	12	+2650%
Other Liabilities	848	775	+9%
Total Liabilities	37,867	34,201	+11%
Equity attributable to owners of the Company	(14,657)	(15,042)	+3%
Total shareholders' equity	23,732	19,680	+21%

1. Assets

As at 30 June 2021, the Company and its subsidiaries had total assets Baht 23,732 million, increased by 21% from Baht 19,680 million as at 31 December 2020 due to the increase in cash and cash equivalents from Baht 666 million as at 31 December 2020 to Baht 1,540 million at the end of this period and the increase in value of inventory from Baht 4,316 million to Baht 6,999 million

2. Liabilities

As at 30 June 2021, the Company and its subsidiaries had total liabilities Baht 37,867 million, up 11% from Baht 34,201 million as at 31 December 2020 due to 1) the increase in account payable



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

innovate · strength

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

บริษัทเหล็กชั้นนำด้านนวัตกรรมและความเชื่อมั่น
Leading Innovative and Reliable Steel Company

from Baht 2,838 million to Baht 4,120 million, or increased by 45%, 2) the increase in current contract liabilities, most of which was money received in advance for the purchase of goods, from Baht 824 million to Baht 1,604 million, or up 95%, due to the customer payment for purchasing of goods from the trend of steel price adjustments at the end of the period and 3) the record of provision under guarantee amounting Baht 330 million.

The Company and its subsidiaries has total liabilities under rehabilitation plan Baht 30,964 million. The liabilities under the Plan divided into 1) short-term debt under the Plan due within 1 year Baht 840 million, up from Baht 225 million as at the end of year 2020 because the Company has resumed principal debt repayment under the Plan from the period March 2021 onward in accordance with the amended Plan after it had suspended the repayment since March 2020 and 2) long-term debt under the Plan Baht 30,125 million, an increase of 2% from Baht 29,527 million at the end of year 2020, mainly from the foreign exchange loss on liabilities under the Plan and the decrease in debts guarantee.

3. Equity

As at 30 June 2021, equity attributable to owners of the Company was negative Baht 14,657 million, an improve from negative Baht 15,042 million as at 31 December 2020, as a result of the operating profit of the Group.