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

บริษัทที่ปรึกษาด้านนวัตกรรมและความเชื่อมั่น  
Leading Innovative and Reliable Steel Company

-Translation-

No. S.E.C. 023/2020

4 March 2020

Re: Management Discussion and Analysis for Year 2019  
Attn: President, The Stock Exchange of Thailand  
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 and its subsidiaries for Year 2019 period ended 31 December 2019 as follows:

Unit: million Baht	2019	2018 (Restated)	Δ YoY
Sales and service revenues	25,199	31,428	-20%
Cost of sales and service	25,103	29,290	-14%
Gross profit (loss)	97	2,139	-95%
SG&A	2,166	1,286	+68%
EBITDA <sup>1)</sup>	(1,254)	1,441	-187%
Net profit (loss)	(1,803)	867	-308%

Remark:

- 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
- The Company had adjusted the obligation under rehabilitation plan and financial cost, considering all facts occurred in the past to present and corrected errors and reclassified all financial statements from 2017.

**Operating Performance**

**1. Revenues**

The Company and its subsidiaries recorded sales and service revenues Baht 25,199 million, decreased by 20% YoY. HRC Sales Volume was 1,270k tons, dropped 12% YoY. HRC Average Selling Price was Baht 19,065/ton or approx. USD 632/ton, down 3% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 61% of total HRC Sales Volume.

**2. Cost of Sales and Services**

The Company and its subsidiaries recorded total cost of sales and services Baht 25,103 million, including the provision for loss on decline in value of inventories Baht 39 million. Cost of sales and services decreased by 14% YoY due to the decrease in sales.

**3. SG&A**

The Company and its subsidiaries recorded SG&A Baht 2,166 million, up 68% YoY from Baht 1,286 million, due to an addition allowance for doubtful accounts on the overdue debts of related parties Baht 843 million and allowance for prepaid for goods of a related party Bath 46 million which did not appear in the previous year.





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#### 4. Profit

The Company and its subsidiaries recorded gross profit Baht 97 million, decreased from Baht 2,139 million or 95% down from the cost of sales that decreased in smaller proportion than the decrease in revenues. EBITDA decreased 187% from Baht 1,441 million to negative Baht 1,254 million. Net loss was Baht 1,803 million, down 308% from net profit Baht 867 million as a result of the decrease in gross profit and the additional allowance for doubtful accounts. In addition, the Company recorded loss on impairment investments in a joint venture Baht 531 million.

### Financial Position

#### 1. Assets

As at 31 December 2019, the Company and its subsidiaries had total assets Baht 21,888 million, decreased from Baht 25,909 million as at 31 December 2018 from the decrease in inventory.

#### 2. Liabilities

As at 31 December 2019, the Company and its subsidiaries had total liabilities Baht 63,146 million, down from Baht 65,267 million as at 31 December 2018 (restated) due to the decrease in liabilities under rehabilitation plan. The Company and its subsidiaries has short-term debt under the Plan which is due within 1 year Baht 1,766 million; long-term debt under the Plan Baht 55,227 million.

#### 3. Equity

As at 31 December 2019, equity attributable to owners of the Company was negative Baht 41,803 million, down from negative Baht 39,921 million as at 31 December 2018 (restated), as a result of the operating loss of Hot-Rolled Business.

Please be informed accordingly.

Sincerely yours,

-Signature-

Mr. Win Viriyaprapaikit  
President

