

**Sahaviriya Steel Industries Plc. reports its Q2 of 2015 operating result**

- Steel Sales Volume 871 thousand tons
- Total Revenue from Sales and Services 11,867 million Baht
- Standalone net loss 222 million Baht; Consolidated net loss 3,236 million Baht in Q2/2015
- Standalone EBITDA 334 million Baht; Consolidated negative EBITDA 1,777 million Baht in Q2/2015

Sahaviriya Steel Industries Plc. (SSI) reports its second quarter of 2015 result as follows:

**Standalone Financial Statement** – The Company recorded sales and service revenues 5,252 million Baht (down 4% QoQ and down 39% YoY); HRC Sales Volume 307k tons (up 11% QoQ). Premium Value Products (PVPs) contributed to 44% of total HRC Sales Volume, which is the highest quarterly PVPs Sales Volume proportion. The Company recorded EBITDA 334 million Baht and net loss 222 million Baht (improving from net loss 865 million Baht QoQ but down from net profit 27 million Baht YoY).

**Consolidated Financial Statements** – The Company and its subsidiaries recorded sales and service revenues 11,867 million Baht (up 8% QoQ from a 19% QoQ increase in sales to 3<sup>rd</sup> party customers; and down 34% YoY from a 39% YoY decrease in HRC Sales Volume and a 30% YoY decrease in Slab Sales Volume to 3<sup>rd</sup> party of Upstream Business). Group EBITDA was negative 1,777 million Baht and net loss was 3,236 million Baht (higher loss from net loss 3,026 million Baht QoQ and from net loss 1,406 million Baht YoY).

Performance of Subsidiaries and Jointly-controlled Entities in Q2/2015:

- **Upstream Business** recorded sales and service revenues 7,780 million Baht (down 12% QoQ and 31% YoY); negative EBITDA 2,177 million Baht (higher loss from negative EBITDA 1,252 million Baht QoQ and negative EBITDA 531 million Baht YoY); and net loss 3,045 million Baht (higher loss from net loss 2,073 million Baht QoQ and net loss 1,347 million Baht YoY).
- **Port Business** recorded total service revenues 67 million Baht (up 9% QoQ and 13% YoY); and net profit 20 million Baht (up 106% QoQ and 212% YoY).
- **Engineering Business** recorded total sales and service revenues 167 million Baht (up 5% QoQ but down 27% YoY). Sales and service revenues to external customers, apart from the Company and its subsidiaries, were 70% of total. Net profit was 1 million Baht (improving 115% QoQ and 102% YoY).
- **Cold Rolled Coil Business** recorded total sales 2,807 million Baht (down 7% QoQ and 11% YoY) and net profit 61 million Baht (up 278% QoQ and 966% YoY).

Mr. Win Viriyaprapaikit, Group CEO and President of Sahaviriya Steel Industries Plc. (SSI), stated that “Though the EBITDA loss in Q2/2015 is similar to Q1/2015, the narrative is quite different. There was significant improvement in the *HRC Business* in Q2 – HRC Sales Volume grew 11% to 307k tons, Premium Value Products ratio reached 44% highest record, and HRC EBITDA turned around from negative \$38.6/ton to positive \$32.4/ton as we had consumed most of the high-cost raw materials (from the first quarter) and started to consume cheaper raw materials. In Q3, we expect to see this improving trend continue and a return to profitability then.”

“The market conditions for the *Upstream Business* continued to be extremely challenging. China’s steel export is at all-time high, owing to its severe over-capacity problem, slowing economy, and also the distorting export tax rebate system. This is causing problems to the steel industry globally and depressing margins everywhere. The compressing margins are significantly bigger than the gains from our cost reduction effort, therefore we will unfortunately continue to struggle for the time being.”

“Though the steel industry is in turmoil, we are not disheartened. We believe that our focus on innovation to create value for our customers and better margins, and our focus on integration between our various businesses and production assets to achieve economy of scale and lower cost, will yield improving financial result. That is what we are here for and we remain committed to our vision,” Mr. Win said.

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#### About SSI

Sahaviriya Steel Industries PLC or SSI is the 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 for the region’s growing demand in various sectors such as automobile, energy, transportation and construction sectors. In the upstream side, SSI has acquired 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 Industry UK Limited (“SSI UK”). SSI Teesside supplies premium-grade steel slabs to feed the growing demands from SSI, as well as other rolling mills around the world. In the downstream side, SSI has investments in joint-venture downstream plants: 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 Bangsaphan, Prachuap Khirikhan Province, 400km south of Bangkok on the western peninsula of Thailand, a site efficiently integrated with a privately-owned deep-sea port (Prachuap Port Co., Ltd., or PPC), which allows import of raw materials and export of finished products on a large scale. SSI extends its engineering capabilities into its fully-owned subsidiary, West Coast Engineering Co., Ltd., or WCE, which specializes 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>

#### Thank you for your kind publication

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