

No. 011/182-037/2014

**Sahaviriya Steel Industries Plc. reports Q3 and 9 months of 2014 operating result**

- Consolidated revenue from sales and services totaled 14,014 million Baht; Steel Sales Volume 711 thousand tons in Q3/2014
- Standalone net profit 36 million Baht; Consolidated net loss 547 million Baht in Q3/2014
- Standalone net profit 410 million Baht; Consolidated net loss 3,351 million Baht for 9 months of 2014
- Standalone EBITDA 581 million Baht; Consolidated EBITDA 866 million Baht in Q3/2014
- Upstream Business achieved its first quarterly positive EBITDA 339 million Baht, since operation restart in Q2/2012

Sahaviriya Steel Industries Plc. (SSi) reports its third quarter and 9 months of 2014 results as follows:

**Q3/2014 Result**

Standalone Financial Statement – The Company recorded sale and service revenues 7,845 million Baht (down 9% QoQ); HRC Sales Volume 355 k tons (down 8% QoQ and down 40% YoY); 34% Premium Value Products sales ratio of total HRC Sales Volume; EBITDA 581 million Baht (down 1% QoQ but up 32% YoY); and net profit 36 million Baht (up 35% QoQ and up 114% YoY).

Consolidated Financial Statements – The Company and its subsidiaries recorded sale and service revenues 14,014 million Baht (down 22% QoQ and 17% YoY). Steel Sales Volume was 711 thousand tons; Group EBITDA 866 million Baht (up from 0.3 million Baht in Q2/14 and 165% YoY); and net loss 547 million Baht (operating performance improved QoQ and YoY following higher HRC Spread and Slab Spread).

**9 Months/2014 Results**

Standalone Financial Statement – The Company recorded sale and service revenues 26,616 million Baht (a 27% decrease YoY); HRC Sales Volume 1,201 k tons (down 30% YoY); 38% Premium Value Products sales ratio of total HRC Sales Volume; EBITDA 2,128 million Baht (down 5% YoY); and net profit 410 million Baht (up 204% YoY).

Consolidated Financial Statements – The Company and its subsidiaries recorded sale and service revenues 51,076 million Baht (a 4% increase YoY). Steel Sales Volume was 2,561 thousand tons; Group EBITDA 942 million Baht (up 166% YoY); and net loss 3,351 million Baht (smaller loss 19% YoY, compared with the same period last year).

Performance of Subsidiaries and Jointly-Controlled Entity in Q3/2014:

- **Upstream Business** recorded sale and service revenues 11,343 million Baht (a slight increase of 0.3% QoQ and 2% YoY); EBITDA 339 million Baht (up 164% QoQ and 117% YoY) which was the first quarterly positive EBITDA since casting the first steel slab in Q2/2014 with net loss 505 million Baht (smaller loss 62% QoQ and a 82% decrease YoY).
- **Port Business** recorded total service revenues 78 million Baht (up 32% QoQ but down 18% YoY); and net profit 24 million Baht (up 278% QoQ and down 34% YoY).

- **Engineering Business** recorded total sale and service revenues 199 million Baht (down 13% QoQ and down 8% YoY). Sale and service revenues to external customers, apart from the Company and its subsidiaries, were 69% of total. Net loss was 76 million Baht (up 138% QoQ and up 1,033% YoY).
- **Cold Rolled Coil Business** recorded total sale 3,050 million Baht (a 3% decrease QoQ and up 7% YoY); and net loss 33 million Baht (up 476% QoQ and 241% YoY).

Mr. Win Viriyaprapaikit, Group CEO and President of Sahaviriya Steel Industries Plc. (SSI), stated that “Our effort to turn around the business continues to bear fruit and is gaining momentum. At the group consolidated level, building on a small positive EBITDA result in the first two quarters of the year, we have now delivered Baht 866 million positive EBITDA in Q3/2014.

**Upstream Business** Having turned around the business with the first monthly positive EBITDA result in June, we have now delivered the first full quarter of positive EBITDA Baht 339 million in Q3/2014. Despite Slab Average Selling Price dropping 3% QoQ, we achieved 2% higher Slab Spread, thanks to our effort in raw material blend optimization and falling raw material prices. While the global steel slab demand remained robust throughout the quarter, we did 52% Slab Sales Volume to 3<sup>rd</sup> Parties as intra-group consumption was higher. Production Volume also increased 5% to 705k ton, contributing to lower conversion cost.

**HRC Business** HRC Sales Volume dropped 9% QoQ, as the domestic steel demand did not recover as expected post political stability. We however achieved 14% higher HRC Spread, which contributed largely to our Baht 36 million net profit results for the quarter despite the lower volume.

We continue to execute our two-pronged strategy of Innovation and Integration, with many interesting initiatives to be completed in the last quarter of this year as well as those in the plan for next year. We are developing a robust pipeline of new Premium Value Products which will substantially grow sales in the coming years. Also, through the AAA Projects, our value creation pipeline continues to be populated with interesting high-return projects in both the near-term and mid-term. With the business now turned around and trending towards higher profitability, we will redouble our effort across the group to integrate best-in-class practices and operational excellence, and to share and develop our group-wide talent pool.”

“The near-term market outlook is soft. Though political stability had been achieved in Thailand with the new government fully in charge, domestic economy is still sluggish. We expect domestic steel demand will remain soft for the next few months before government economic initiatives start to trickle down and translate into real demand for steel. Globally, there are many headwinds – from China economic slowdown, to geopolitical tension in various parts of the world. China steel over-capacity is the biggest overhang, with Chinese steel export hitting new highs monthly and depressing the global steel market sentiment. The good news is iron ore, our main raw material, continues its downward trend due to a huge over-supply situation, and therefore we can still maintain a reasonable spread. We expect sales in **HRC Business** to be softer going into Q4 before rising in 2015, while **Upstream Business** will continue with its upward momentum in terms of business performance.” Mr. Win added.

For more information, please visit <http://www.ssi-steel.com/en/investor-relations/ir-home.php>

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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>

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