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

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น
Leading Innovative and Reliable Steel Company

-Translation-

No. S.E.C. 048/2019

14 August 2019

Re: Management Discussion and Analysis for 6M/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 6M/2019 period ended 30 June 2019 as follows:

Unit: million Baht	1H/2019	1H/2018	Δ YoY
Sales and service revenues	14,895	16,267	-8%
Cost of sales and service	14,202	14,334	-1%
Gross profit (loss)	692	1,933	-64%
SG&A	660	592	+11%
EBITDA ¹⁾	1,978	992	+100%
Operating EBITDA ²⁾	568	1,404	-60%
Interest expense	400	461	-13%
Net profit (loss)	1,296	309	+319%

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) Operating EBITDA: Excluding Unrealized FX Gain/(Loss) on Debt from Loan Guarantee under the Rehabilitation Plan

Operating Performance

1. Revenues

The Company and its subsidiaries recorded sales and service revenues Baht 14,895 million, down 8% YoY. HRC Sales Volume was 718k tons, dropped 4% YoY. HRC Average Selling Price was Baht 20,057/ton or approx. USD 636/ton, down 4% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 60% of total HRC Sales Volume.

2. Cost of Sales and Services

The Company and its subsidiaries recorded total cost of sales and services Baht 14,202 million, including the reversal of provision for loss on decline in value of inventories Baht 311 million. Cost of sales and services slightly decreased from Baht 14,334 million in the same period last year due to the raw material costs following the world market.

3. SG&A and Interest Expenses

The Company and its subsidiaries recorded SG&A Baht 660 million, up 11% YoY from Baht 592 million in the same period in 2018. The interest expense was Baht 400 million, a decrease of 13% YoY from Baht 461 million due to the decrease in debt outstanding from debt repayment as scheduled.

4. Profit

The Company and its subsidiaries recorded **gross profit** Baht 692 million, dropped 64% from Baht 1,933 million due to the decrease in sales volume and increase in unit cost of sales. **EBITDA**

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increased 100% from Baht 992 million to 1,978 million. (Excluding unrealized foreign exchange gain on Debt from Loan Guarantee under the Plan Baht 1,419 million, **Operating EBITDA** would be Baht 568 million, down 60% YoY from Baht 1,404 million). **Net profit** was Baht 1,296 million, improved 319% from Baht 309 million resulting from gain from realized foreign exchange Baht 192 million and unrealized foreign exchange Baht 1,427 million.

Financial Position

1. Assets

As at 31 June 2019, the Company and its subsidiaries had total assets Baht 24,631 million, increased 4.9% from Baht 25,909 million as at 31 December 2018 due to the decrease in value of inventory.

2. Liabilities

As at 31 June 2019, the Company and its subsidiaries had total liabilities Baht 61,688 million, down 3.9% from Baht 64,208 million as at 31 December 2018 due to the decrease in debt under the Plan. The Company and its subsidiaries has short-term debt under the Plan which is due within 1 year Baht 1,692 million, long-term debt under the Plan Baht 44,767 million and accrued interest under the Plan Baht 9,266 million.

3. Equity

As at 31 June 2019, equity attributable to owners of the Company was negative Baht 37,608 million, an improve from negative Baht 38,862 million as at 31 December 2018, as a result of the operating profit of the Group.

Please be informed accordingly.

Sincerely yours,
-Signature-

Mr. Win Viriyaprapaikit
President

