

No. 08/182-024/2014

**Sahaviriya Steel Industries Plc. reports Q2 and 6 months of 2014 operating result**

- Consolidated revenue from sales and services totaled 18,051 million Baht, Steel Sales Volume 902 thousand tons in Q2/2014
- Standalone net profit 27 million Baht, Consolidated net loss 1,406 million Baht in Q2/2014
- Standalone net profit 374 million Baht, Consolidated net loss 2,803 million Baht for H1 2014
- HRC Business has 42% Premium Value Products sales ratio
- Upstream Business has net loss 1,374 million Baht, but recorded first monthly positive EBITDA in June 2014 since its acquisition in 2011

Sahaviriya Steel Industries Plc. (SSi) reports its second quarter and first half of 2014 as follows:

**Q2/2014 Result**

Standalone Financial Statement – The Company recorded sale and service revenues 8,602 million Baht (up 15% QoQ and down 1% YoY); HRC Sales Volume 384 k tons (down 17% QoQ and down 6% YoY); 42% Premium Value Products sales ratio of total HRC Sales Volume; EBITDA 586 million Baht (down 39% QoQ and down 198% YoY); and Net Profit of 27 million Baht (down 92% QoQ but up 106% YoY).

Consolidated Financial Statements – The Company and its subsidiaries recorded sale and service revenues 18,051 million Baht (down 5% QoQ but up 44% YoY). Steel Sales Volume was 902 thousand tons; Group EBITDA 0.3 million Baht (down 100% QoQ but up 100% YoY); and Net Loss 1,406 million Baht (smaller loss 1% QoQ and bigger loss 202% YoY).

**6 Months/2014 Results**

Standalone Financial Statement – The Company recorded sale and service revenues 18,772 million Baht (down 23% YoY); HRC Sales Volume 846 k tons (down 24% YoY); 40% Premium Value Products sales ratio of total HRC Sales Volume; EBITDA 1,548 million Baht (down 14% YoY); and Net Profit of 374 million Baht (down 5% YoY).

Consolidated Financial Statements – The Company and its subsidiaries recorded sale and service revenues 37,062 million Baht (up 14% YoY). Steel Sales Volume was 1,850 thousand tons; Group EBITDA 76 million Baht (up 187% YoY); and Net Loss 2,803 million Baht (up 126% YoY).

Performance of Subsidiaries and Jointly-Controlled Entity in Q2/2014:

- **Upstream Business** recorded sale and service revenues 11,309 million Baht (down 10% QoQ and 4% YoY); negative EBITDA 531 million Baht (down 40% QoQ and 50% YoY); with net loss of 1,347 million Baht (smaller loss 21% QoQ but bigger loss 2,237 % YoY).
- **Port Business** recorded total service revenues 59 million Baht (down 12% QoQ and down 42% YoY); and net profit was 6 million Baht (down 52% QoQ and down 84% YoY).
- **Engineering Business** recorded total sale and service revenues 229 million Baht (up 7% QoQ but down 4% YoY). Sale and service revenues to external customers, apart from

the Company and its subsidiaries, was 79% of total. Net loss was 32 million Baht (down 1,963% QoQ and down 385% YoY).

- **Cold Rolled Coil Business** recorded total sale 3,143 million Baht (up 12% QoQ and down 12% YoY) and net loss 6 million Baht (up 105% QoQ but down 89% YoY).

Mr. Win Viriyaprapaikit, Group CEO and President of Sahaviriya Steel Industries Plc. (SSI), stated that “Our biggest achievement in Q2/2014 was reaching positive monthly EBITDA for the Upstream Business in June, the first time since we acquired the business in 2011. This marks the turn-around point for the business. On the consolidated basis, we also achieved positive Group EBITDA, albeit small, for two quarters consecutively, despite the revenue drop in the HRC Business which was impacted by the prolonged political situation in Thailand.

**Upstream Business** again nearly halved its EBITDA loss compared to the previous quarter, as the business continued to improve. Though Slab Average Selling Price remained the same, we achieved 32% higher Slab Spread, largely because of weak iron ore and coal prices and our ability to flexibly adjust our raw material recipe to take advantage of this situation. As global steel slab demand continues to step up following global economic recovery, we achieved 6% higher Slab Sales Volume to 3<sup>rd</sup> Parties, reaching 517k ton or 80% of total sales, both our highest quarterly record; and sales to North American market reached 42%. This highlights the strength of the underlying business environment and the opportunity for this business going forward.

**HRC Business** lagged as the Thai political situation continued to unfold throughout the quarter. Despite HRC Sales Volume dropping 17% and HRC Spread dropping 6%, we still managed to turn a net profit for the business, which was quite satisfactory as sales volume had been extraordinarily low.

Operationally, we continue to execute our two-pronged strategy. Firstly, to innovate and deliver better products and service to our customers. Secondly, to integrate across our various businesses to achieve best-in-class practice, operational excellence, synergy, continuous optimization, project execution and business improvement. Through the AAA Projects, our value creation pipeline is being populated both in the near-term and medium-term with interesting projects that would deliver quick returns.”

“We see the future outlook moderately positive. Thai political situation is calm post the 22nd May coup d'etat, construction and industrial activity is recovering following overall improving economic sentiment. The incoming government is signaling economy as its first priority and infrastructure investment as its cornerstone policy. This should lead to stronger demand for steel going forward for the next few years. **HRC Business** sales will rise in Q3 from its Q2 low and further more in Q4 and 2015. Globally, fear of China slowdown seems to be abating and the U.S. continues to lead global economic recovery, contributing further to the underlying fundamentals for our **Upstream Business**. While the Ukraine situation remains unclear and increasing Russia sanction being the likely outcome, we have taken steps to de-risk ourselves from that and expect minimal negative impact. We also expect overall metal spread to remain healthy as the raw material oversupply situation continues to exacerbate.” 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>

## Thank you for your kind publication

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