

Sahaviriya Steel Industries Plc. reports Q1/2015 operating result

- Steel Sales Volume at 718 thousand tons
- Total Revenue from Sales and Services 11,023 million Baht
- Standalone net loss 865 million Baht; Consolidated net loss 3,026 million Baht
- Standalone negative EBITDA 350 million Baht; Consolidated negative EBITDA 1,654 million Baht

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

Standalone Financial Statement – The Company recorded sales and service revenues 5,446 million Baht (down 6% QoQ and down 46% YoY); HRC Sales Volume 278 k tons (up 4% QoQ but down 40% YoY). Premium Value Products (PVPs) contributed to 41% of total HRC Sales Volume. The Company recorded negative EBITDA 350 million Baht; and net loss 865 million Baht (bigger loss from net loss 757 million Baht QoQ and down from net profit 347 YoY).

Consolidated Financial Statements – The Company and its subsidiaries recorded sales and service revenues 11,023 million Baht (down 22% QoQ and down 42% YoY from a decrease in HRC Sales Volume of HRC Business 6% QoQ and 46% YoY, as well as, a 35% QoQ and 38% YoY decrease in Slab Sales Volume to 3rd party of Upstream Business); negative Group EBITDA 1,654 million Baht; and net loss 3,026 million Baht (higher loss from 1,552 million Baht QoQ and higher loss from 1,397 million Baht YoY).

Performance of Subsidiaries and Jointly-Controlled Entities in Q1/2015:

- **Upstream Business** recorded sales and service revenues 8,816 million Baht (down 24% QoQ and 30% YoY); negative EBITDA 1,252 million Baht (down from positive EBITDA 29 million Baht QoQ and negative EBITDA 883 million Baht YoY); and net loss 2,073 million Baht (higher loss from net loss 843 million Baht QoQ and net loss 1,701 million Baht YoY).
- **Port Business** recorded total service revenues 61 million Baht (down 23% QoQ and down 9% YoY); and net profit 10 million Baht (down 60% QoQ and down 27% YoY).
- **Engineering Business** recorded total sales and service revenues 160 million Baht (up 5% QoQ but down 28% YoY). Sales and service revenues to external customers, apart from the Company and its subsidiaries, were 74% of total. Net loss was 5 million Baht (smaller loss 64% QoQ but higher loss 397% YoY).
- **Cold Rolled Coil Business** recorded total sales 3,031 million Baht (down 8% QoQ) and net loss 34 million Baht (down 147% QoQ from net profit but smaller loss 69% YoY).

Mr. Win Viriyaprapaikit, Group CEO and President of Sahaviriya Steel Industries Plc. (SSI), stated that “The market conditions in the first quarter had been extremely challenging and the worst we have seen in recent years. Subsidized steel export volume from China remained high due to the country’s severe over-capacity problem and slowing economy, and the Russian Ruble extraordinary depreciation gave Russian steel exporters a currency advantage. This is clearly an unfair trade situation, and we are working together with other domestic steelmakers and trade associations to petition to government for immediate action to level the playing field.”

“Despite the good achievement by our team in some areas, such as achieving record 135 kg/thm PCI Injection rate in the *Upstream Business* and 41% PVP ratio in the *HRC Business*, the overall market drop was the main negative factor driving the business into negative Core EBITDA of Baht

1,276 million. We also prudently set aside another Baht 378 million stock-loss provision to reflect the current market situation.”

“The near-term market outlook starts to show signs of turn-around. After 7 months of continuous price decrease in all markets globally, there are now positive signs in some markets. Recent price hike for some products in US, Northern European and Turkish markets is successful. Crude oil, iron ore and scrap are firmly trading higher providing backwinds to the market. We expect sales volume to recover partially in the second quarter and spread to recover in the third quarter, when we expect to return to profitability.”

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

For more information, Please contact Public Relations Department
Sahaviriya Steel Industries Public Company Limited
Khun Padungsak, Chankrida and Rawipat
Tel (66-2) 238-3063-82 Ext.1302, 1320