

## 1. Highlights

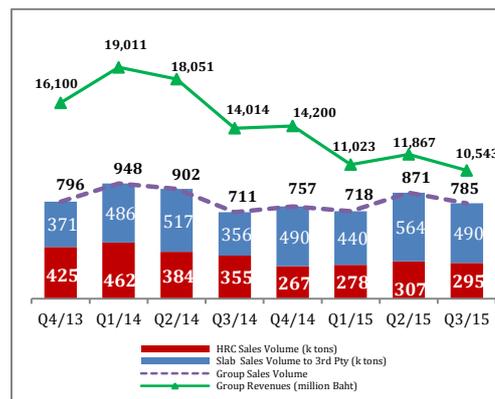
	Unit: million Baht	Q3/2015	9M/2015
<b>GROUP</b>	Group LTIFR	2.02	1.92
	Group Revenues	10,543	33,432
	Group Sales Volume (k tons)	785	2,373
	Group EBITDA*	(31,644)	(35,075)
	Group Net Profit (Loss)*	(33,122)	(39,384)
	Net Debt <sup>1)</sup>	55,182	
	Interest-Bearing Debt/Equity Ratio (x)	N.A.	
<b>HRC</b>	HRC Sales (k tons)	295	880
	HRC Production Volume (k tons)	254	795
	HRC Average Selling Price (USD/ton)	496	544
	HRC Spread (USD/ton)	89	62
	HRC Rolling Margin (%) <sup>2)</sup>	17.9%	11.4%
<b>Upstream</b>	HRC EBITDA (USD/ton)	2.3	1.7
	Slab Sales Volume (k tons)	580	1,975
	Slab Production Volume (k tons)	533	1,950
	Slab Average Selling Price (USD/ton)	308	340
	Slab Sales Volume to 3 <sup>rd</sup> Parties	84%	76%
	Slab Margin (%) <sup>2)</sup>	28.7%	30.6%

<sup>1)</sup> Net Debt = Interest-Bearing Debt - Cash and Cash Equivalents

<sup>2)</sup> HRC Rolling Margin = HRC Spread/HRC Average Selling Price;  
Slab Margin = Slab Spread/Slab Average Selling Price.

<sup>3)</sup> HRC EBITDA includes net stock loss provision and other provisions (reversal) USD 20.9/ton in Q3/2015 and (5.9)/ton in 9M/2015, but excludes the expected loss on liquidation of subsidiary USD 5,956.2/ton in Q3/2015 and 1,997.2 USD/ton in 9M/2015.

\* Group EBITDA and Group Net Profit included loss from expected loss on liquidation of subsidiary Baht 28,877 million.



### Highlights in Q3/2015

- On 1 October 2015, the Central Bankruptcy Court accepted an application for Business Rehabilitation of the Company, and the preliminary hearing was scheduled on 21 October 2015.
- On 2 October 2015, the court accepted an application for SSI UK's liquidation. Accordingly, SSI UK has been in liquidation proceeding; the Board of Directors of SSI UK ceased to have any control of SSI UK's affairs.
- The Group recorded consolidated losses of 33,122 MB, included expected loss on liquidation of subsidiary of 28,877MB.
- The financial statements of SSI UK for the period of three-month and nine-month ended 31 September 2015 have been prepared on a break-up basis. Due to the scope limitation of preparing the financial information, management of the Company has put best efforts to prepare the financial information of SSI UK based on management accounts and related reports made up to 31 August 2015 and estimate for the month of September 2015. Management has also made estimates and adjustments resulted from SSI UK's liquidation, using all relevant information available to the Group to date.

## 2. Business Outlook on Q4/2015

- HRC Sales Volume expected to decrease 25-30% QoQ; whilst HRC Apparent Steel Supply expected to decrease 13% QoQ to approx. 1.43 million tons
- HRC Average Selling Price expected to decrease 13-15% QoQ, and HRC Rolling Margin expected to increase to the range of 16-18%.

## 3. Group CEO's Message

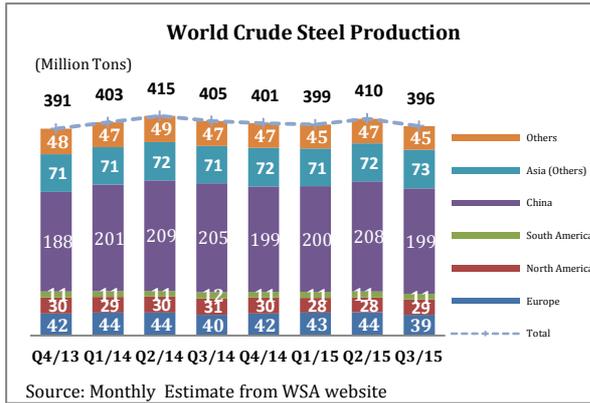
"Global steel over-capacity and demand imbalance since late 2014 and the continuous decline in steel price resulted in a huge operating loss for the Group this year, particularly in the Upstream Business. However, in Q3/2015 such situation remained unchanged and, on the other hand, further deteriorated and resulted in bigger losses at the Upstream Business. Consequently, SSI UK was required to temporarily suspend its steelmaking operation on 18 September 2015 and subsequently applied to the court for liquidation on 2 October 2015. At present, the Company on a conservative basis expects zero recovery after the completion of SSI UK liquidation. As SSI UK's main asset is a large iron and steel making plant, controlled under the Control of Major Accident Hazards regulation, there are uncertain external factors which are beyond the Company's control, for instance the validity of the environmental permit, access and ability to safeguard the assets, etc. The legal and liquidation proceeding in this case is unprecedented and unclear to the Company at this stage. In the meantime, the Company is in discussion with legal advisors and the Major Creditors to determine further steps."

"Nevertheless, the Company had been discussing with the Major Creditors the solution for the HRC Business to carry on operations as normal, including to maintain business value of the Company. The Company decided to submit an application for Business Rehabilitation to the court on 1 October 2015. The court has accepted the application, and the preliminary hearing of such application is scheduled on 21 December 2015."

4. Industry Overview and Outlook

**Steel Industry in Q3/2015**

**World Steel Industry:** World crude steel production in Q3/2015 was approx. 396 million tons, down 3.4% QoQ, from production decrease in most regions led by China, Europe, South America, and other countries whose production decreased 4.3%, 10.9%, 1.3%, and 4.4% QoQ respectively. However, crude steel production in North America and Asia (Others) increased 3.2% and 1.6% QoQ respectively, as shown in Figure 1.



Source: Monthly Estimate from WSA website

Figure 1: World Crude Steel Production

Iron ore, slab, and HRC prices continued to decrease from the previous quarter. The average price of iron ore CFR China in Q3/2015 was USD 45-60/ton, down QoQ from USD 48-67/ton. The average price of Slab CFR East Asia Import was USD 270-310/ton, down QoQ from USD 310-330/ton. The average price of HRC FOB China was USD 264-335/ton, down QoQ from USD 339-375/ton, as shown in Figure 2 and Table 7.

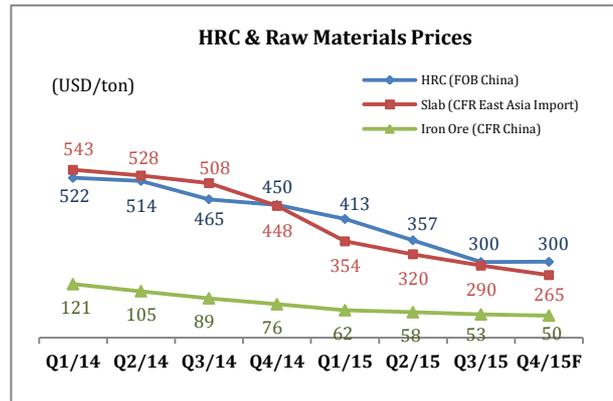
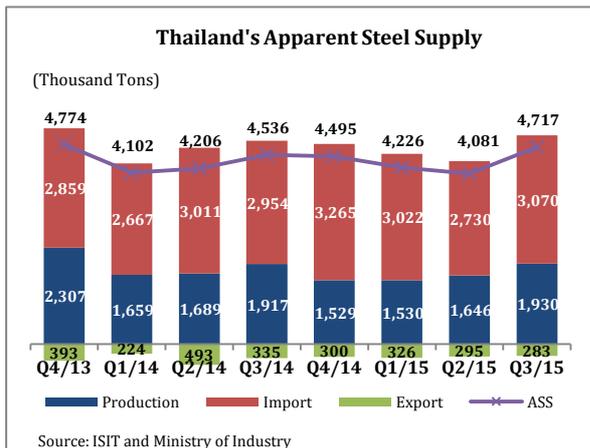


Figure 2: HRC, Slab and Iron Ore Prices

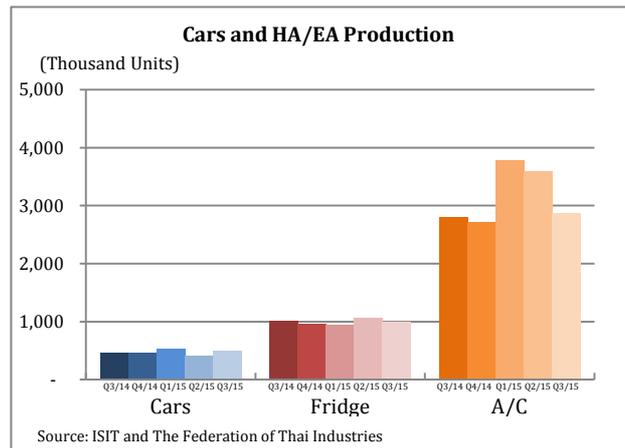
**Thailand Steel Industry:** In Q3/2015, Thailand's Apparent Steel Supply (ASS) was approx. 4,717k tons, up 15.6% QoQ driven by recovery in government spending, both in current expenditure and investment expenditure. Domestic production volume increased 17.3% QoQ, and import volume increased 12.4% QoQ, whereas export volume decreased 4.2% QoQ, as shown in Figure 3.



Source: ISIT and Ministry of Industry

Figure 3: Domestic Apparent Steel Supply

Output in the downstream industry such as HA/EA sector dropped QoQ. Production volume of fridge and A/C decreased 6.1% and 20.2% QoQ respectively, due to a decline in consumer demand after the end of summer season. Nevertheless, auto production volume increased 20.9% QoQ following the recovery in exports, as shown in Figure 4.



Source: ISIT and The Federation of Thai Industries

Figure 4: Domestic Production of Car, Fridge, and A/C

**Thailand HRC Industry:** In Q3/2015, domestic HRC Apparent Steel Supply (ASS) was approx. 1,641k tons, up 13.7% QoQ, as shown in Figure 5. Import volume was approx. 1086k tons, up 35.4% QoQ especially from countries outside the Trade Remedy Measures such as Brazil, Iran, and Turkey. HRC domestic production was down 13.5% QoQ to 557k tons and export volume was down 43.3% QoQ to 1k tons.

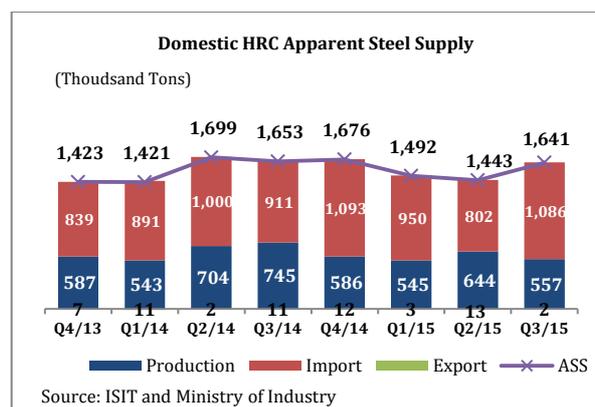


Figure 5: Domestic HRC Apparent Steel Supply

### Outlook on Steel Industry in Q4/2015

**World Steel Industry:** Although the U.S. economic growth in Q3/2015 decelerated QoQ, strong consumer expenditure tends to support the Federal Reserve System or Fed to raise interest rates in December 2015. Therefore, the U.S. steel production is expected to slightly increase in Q4/2015. Meanwhile, the EU and Japan have continued their Quantity Easing Program (QE) to further boost their economies as the world economy is still fluctuating. For China, economy has been sluggish. As a result, the EU and China is expected to reduce its production level in Q4/2015.

As for prices in Q4/2015, steel prices tend to continue to decrease due to the pressure from ongoing severely over capacity situation in China. In addition, the strong U.S. dollar due to the prospect that Fed could raise interest rates shortly is another factor for lower price of commodity products.

**Thailand Steel Industry:** Domestic HRC Apparent Steel Supply is expected to decrease from 1,641k tons in Q3/2015 to 1,427k tons in Q4/2015 as shown in Table 10, since the economic recovery is going quite slowly. Consequently, HRC Apparent Steel Supply in 2015 is projected to be approx. 6,003k tons, an increase from the previous projection of 5,974k tons as a result of higher Q2/2015 ASS than earlier expected, as shown in figure 6.

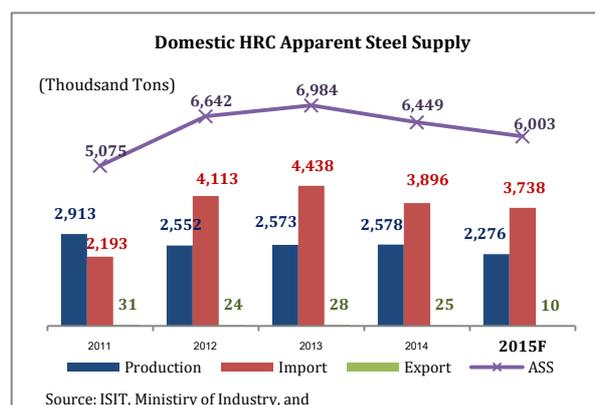


Figure 6: Estimate for Domestic HRC Apparent Steel Supply

## 5. Performance of the Company, its Subsidiaries and Jointly-Controlled Entities

### Consolidated

The Company has prepared the financial statements of SSI UK for the period of three-month and nine-month ended 31 September 2015 on a break-up basis, included in the Group's consolidated financial statements for the period of three-month and nine-month then ended. Due to the scope limitation of preparing the financial information, management of the Company has put best efforts to prepare the financial information of SSI UK based on management accounts and related reports made up to 31 August 2015 and estimate for the month of September 2015. Management has also made estimates and adjustments resulted from SSI UK's liquidation, using all relevant information available to the Group to date.

Table 1: Financial Highlights in Q3/2015 of the Company, its Subsidiaries and Jointly-Controlled Entities

Unit: million Baht	2015 Q3	2015 Q2	+/- QoQ	2014 Q3	+/- YoY	2015 Jan-Sep	2014 Jan-Sep	+/- YoY
Group Sales Volume <sup>1)</sup> (k tons)	785	871	-10%	711	+10%	2,373	2,561	-7%
Group Sales Revenue	10,543	11,867	-11%	14,014	-25%	33,432	51,076	-35%
Group Cost of Goods Sold	13,681	13,770	-1%	13,800	-1%	40,377	51,694	-22%
Group Gross Profit (Loss)	(3,138)	(1,903)	-65%	214	N.A.	(6,945)	(618)	N.A.
Group EBITDA <sup>2)</sup>	(31,644)	(1,777)	N.A.	866	N.A.	(35,075)	942	N.A.
Group Net Profit (Loss)	(33,122)	(3,236)	N.A.	(547)	N.A.	(39,384)	(3,351)	N.A.

<sup>1)</sup> Group Sales Volume = HRC Sales Volume + Slab Sales Volume Sold to 3<sup>rd</sup> Parties

<sup>2)</sup> EBITDA (Including the stock loss provision and expected loss on liquidation of subsidiary; or the reversal thereof) = Net Profit + Interest + Tax + Depreciation and Amortisation

**Q3/2015.** The Company and its subsidiaries recorded sales and service revenues Baht 10,543 million, down 11% QoQ and 25% YoY, resulted from a decrease in sales of HRC Business 7% QoQ, and 37% YoY and a decrease in sales to 3rd party customers of Upstream Business 15% QoQ, and 8% YoY. Total cost of sales and service was Baht 13,681 million; down 1% QoQ and 1% YoY.

The Company and its subsidiaries reported gross loss of Baht 3,138 million, EBITDA negative Baht 31,644 million (excluding the reversal of provision for loss on decline in value of inventories Baht 43 million, the reversal of provision for loss under onerous contracts Baht 13 million, and expected loss on liquidation of subsidiary Baht 28,877 million, Core EBITDA was Baht negative Baht 2,823 million), and net loss Baht 33,122 million or negative EPS Baht 1.030 per share. Operating performance dropped QoQ and YoY due to both lower HRC Spread in HRC Business and Slab Spread in Upstream Business as steel prices in the world market continued to decline, as well as expected loss on liquidation of subsidiary as earlier explained. Negative profitability ratios are as shown in a table below.

	Q3/2015	Q2/2015	Q3/2014
NP Margin (%)	(314.2)	(27.3)	(3.9)
ROA* (%)	(253.8)	(17.3)	(2.8)
ROE* (%)	(713.1)	N.A.	(33.5)
EPS (Baht)	(1.030)	(0.101)	(0.017)

Note: \* Annualised figures for comparison purpose

### HRC Business (the Company)

Table 2: Performance Highlight of HRC Business

Unit: USD/ton	2015 Q3	2015 Q2	+/- QoQ	2014 Q3	+/- YoY	2015 Jan-Sep	2014 Jan-Sep	+/- YoY
Average Selling Price	496	532	-7%	701	-29%	544	681	-20%
Average Cost of Goods Sold	467	547	-15%	640	-27%	542	627	-14%
HRC Spread <sup>1)</sup>	89	34	+158%	133	-33%	62	125	-50%
HRC Rolling Margin <sup>2)</sup>	17.9%	6.5%		18.9%		11.4%	18.4%	
HRC EBITDA <sup>3)</sup>	2.3	32.3	-93%	51.0	-95%	1.7	54.6	-97%
Sales Volume (k tons)	295	307	-4%	355	-17%	880	1,201	-27%
Production Volume (k tons)	254	320	-21%	388	-34%	795	1,167	-32%

<sup>1)</sup> HRC Spread excludes the provision for loss on decline in value of inventories or the reversal thereof.

<sup>2)</sup> HRC Rolling Margin = HRC Spread/Average Selling Price

<sup>3)</sup> HRC EBITDA includes net stock loss provision and expected loss on liquidation of subsidiary (reversal) USD 20.9/ton in Q3/2015, USD (51.3)/ton in Q2/2015, USD 0.2/ton in Q3/2014, (5.9)/ton in 9M/2015, and USD (0.7)/ton in 9M/2014, but excludes the expected loss on liquidation of subsidiary USD 5,956.2/ton in Q3/2015 and 1,997.2 USD/ton in 9M/2015.

**Revenues: Q3/2015.** The Company recorded sales and service revenues Baht 4,904 million, down 7% QoQ and 37% YoY. HRC Sales Volume was 295k tons, down 4% QoQ and 17% YoY due to a continuing sharp drop in world steel prices, and the unrest situation in Bangkok, resulted in customers prolonging their orders. HRC Average Selling Price in Q3/2015 was Baht 17,582/ton or approx. USD 496/ton, down 7% QoQ and 29% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 39% of total HRC Sales Volume.

**9M/2015** The Company and its subsidiaries recorded sales and service revenues Baht 33,432 million, down 35% YoY following a decrease in Group Sales Volume of 7% YoY including a continual drop in average selling price, together with steel prices in the world market. Sales of HRC Business and sales to 3rd party customers of Upstream Business dropped by 41% and 27% YoY respectively. Total cost of sales and service was Baht 40,337 million, down 22% YoY following a decrease in Group Sales Volume and lower raw material costs in both HRC Business and Upstream Business.

The Company and its subsidiaries reported gross loss Baht 6,945 million, EBITDA negative Baht 35,075 million (excluding the reversal of provision for loss on decline in value of inventories Baht 98 million, the reversal of provision for loss under onerous contracts Baht 62 million, and expected loss on liquidation of subsidiary Baht 28,877 million, Core EBITDA was negative Baht 6,357 million), and net loss Baht 39,384 million or negative EPS Baht 1.224 per share with negative profitability ratios shown in a table below. Compared with the same period last year, the overall performance was weaker due to lower Group Sales Volume, a reduction in both HRC Spread and Slab Spread, and expected loss on liquidation of subsidiary as earlier explained.

	Jan-Sep 2015	Jan-Sep 2014
NP Margin (%)	(117.8)	(6.6)
ROA* (%)	(96.9)	(5.5)
ROE* (%)	(341.8)	(55.8)
EPS (Baht)	(1.224)	(0.104)

Note: \* Annualised figures for comparison purpose

**9M/2015.** The Company recorded sales and service revenues Baht 15,601 million, down 41% YoY, with HRC Sales Volume of 880k tons, down 27% YoY. Lower HRC Sales Volume was due to high import volume of downstream steel products such as steel pipes and galvanized steel sheet which affected HRC consumption. In addition, the world steel prices have been dropping sharply causing customers to prolong their orders in a wait-and-see situation. HRC Average Selling Price was Baht 18,371 ton or approx. USD 544/ton, down 20% YoY following steel prices in the world market. Premium Value Products (PVPs) contributed to 35% of total HRC Sales Volume.

**Expenses:** Q3/2015, the Company recorded **Cost of sales and services** Baht 4,739 million, comprising total cost of sales and service Baht 4,511 million, and provision for loss on decline in value of inventories Baht 288 million. Cost of sales and services decreased 2% QoQ due to a decrease in raw materials cost and HRC Sales Volume. Compared with Q3/2014, cost of sales and service dropped 34% YoY from lower HRC Sales Volume and raw materials cost, as well as lower unit conversion cost supported by cost reduction projects. **SG&A** was Baht 413 million, up 8% QoQ due to penalty on delayed VAT payment Baht 39 million, and up 83% YoY from the demurrage charges and penalty on delayed VAT payment as earlier explained. **Interest Expense** was Baht 404 million; down 6% QoQ but up 2% YoY following the level of consignment inventory. There was **expected loss on liquidation of subsidiary** Baht 64,062 million, consisting of 1) impairment on investment in subsidiary 27,482 MB; 2) allowance for doubtful receivable from SSI UK 5,958 MB; 3) provision made for loss on guarantee and others from SSI UK 30,267 MB; and 4) provision made for goods-in-transit from SSI UK 355 MB.

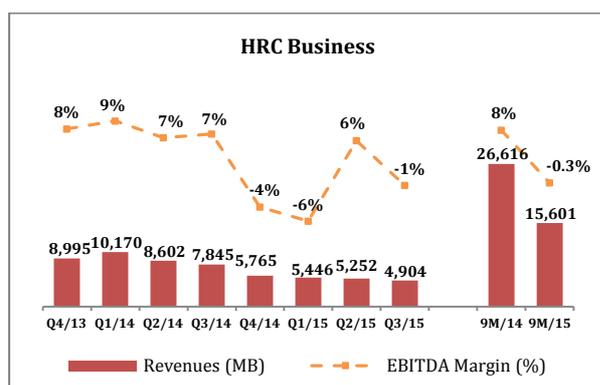
**HRC Spread:** Q3/2015, the Company recorded HRC Spread of USD 89/ton or HRC Rolling Margin of 17.9%, up from USD 34/ton in Q2/2015, but down from USD 133/ton in Q3/2014.

**Profits:** Q3/2015, the Company recorded gross profit Baht 164 million, negative HRC EBITDA Baht 64,099 million (excluding the provision for loss on decline in value of inventories Baht 228 million and expected loss on liquidation of subsidiary Baht 64,062 million, Core EBITDA was Baht 191 million), and net loss Baht 64,609 million. Operating performance dropped QoQ (where gross loss was Baht 407 million, EBITDA was positive Baht 334 million, and net loss was Baht 222 million) due to the transaction of expected loss on liquidation of subsidiary Baht 64,062 million. Compared with Q3/2014, Operating performance dropped YoY (where gross profit was Baht 681 million, EBITDA was positive Baht 581 million, and net profit was Baht 36 million) due to expected loss on liquidation of subsidiary and the demurrage charges as earlier explained. HRC EBITDA/ton in Q3/2015 was positive USD 2.3/ton (including the provision for loss on decline in value of inventories USD 20.9/ton, but excluding the expected loss on liquidation of subsidiary USD 5,956.2/ton); down from USD 32.3/ton in Q2/2015 and 51.0/ton in Q3/2014.

9M/2015, the Company recorded **Cost of sales and service** Baht 15,291 million; comprising total cost of sales Baht 15,361 million and the reversal of provision for loss on decline in value of inventories Baht 70 million. Cost of sales and service decreased 38% YoY following lower HRC Sales Volume and raw materials cost. **SG&A** was Baht 1,057 million; up 55% YoY resulted from the reclassification on idle cost which is the fixed cost incurred from below normal production level to be part of SG&A expense in the amount Baht 65 million and cost of the demurrage charges. There was **the reversal of provision for loss under onerous contracts** Baht 83 million. **Interest Expense** was Baht 1,248 million; down 2% YoY resulted from lower raw material imports and inventory level, including no loss on interest rate swap as occurred in the same period of 2014. There was **expected loss on liquidation of subsidiary** Baht 64,062 million as detailed earlier explained.

9M/2015, the Company recorded HRC Spread of 62/ton or HRC Rolling Margin of 11.4%, down from USD 125/ton in the same period of 2014.

9M/2015, the Company recorded gross profit Baht 310 million, negative HRC EBITDA Baht 64,116 million (excluding the reversal of provision for loss on decline in value of inventories Baht 70 million, the reversal of provision for loss under onerous contracts Baht 83 million, and expected loss on liquidation of subsidiary Baht 64,062 million, Core EBITDA was negative Baht 207 million), and net loss Baht 65,697 million. Operating performance dropped YoY (where gross profit was Baht 2,134 million, EBITDA was positive Baht 2,128 million, and net profit was Baht 410 million) due to expected loss on liquidation of subsidiary as earlier explained, including a decrease in HRC Sales Volume and HRC Spread, the reclassification on idle cost which is the fixed cost incurred from below normal production level to be part of SG&A expense, and the demurrage charges. HRC EBITDA/ton was positive USD 1.7/ton (including the reversal of provision for loss on decline in value of inventories USD 2.6/ton, and the reversal of provision of loss under onerous contracts USD 3.3/ton, but excluding the expected loss on liquidation of subsidiary USD 1,997.2/ton); down from positive EBITDA USD 54.6/ton in the same period of 2014.



**Figure 7:** Revenues and EBITDA Margin of HRC Business  
(Including expected loss on liquidation of subsidiary, EBITDA Margin in Q3/2015 and 9M/2015 would be -1307% and -411% respectively).

### Upstream Business (SSI UK)

Since Upstream Business started its slab production in 2012, it had continuously reduced costs and exported its products to all over the world. However, from Q4/2014 several factors such as severe over-capacity in the global steel market, China's subsidy in steel export, abnormally weak Russian Rubles, and the economic slowdown in China and Russia, have led to the overwhelming volume of steel exports from both countries, which was all-time high. As a result, current slab prices have fallen by more than 40% compared with the average price of more than USD500 per ton in 2014. The price drop exceeded the 30% cost reduction achieved by Upstream Business, thus turning Upstream Business's EBITDA to negative in the first half of 2015.

SSI UK applied to the court for liquidation (The High Court of Justice Chancery Division Manchester District) on 2 October 2015, in which it was approved and the court has appointed an Official Receiver to proceed in liquidation process. This has resulted in the termination of control by the Board of Directors of the SSI UK, the assets being frozen; access to its manufacturing facilities, in which most of its accounting records and related supporting documents are located, blocked; and key personnel in financial reporting being dismissed. Due to the limitation of such situation, SSI UK could not prepare and submit the financial information as at 30 September 2015, and its results for the three-month and nine-month periods then ended, to prepare the consolidated financial statements. Therefore, the review of financial statements could not be performed by external auditor. The management of the Company, as a parent company, has made an effort and discretion cautiously to prepare financial information of SSI UK based on SSI UK's management accounts and related reports made up to 31 August 2015 and estimates for the month of September 2015, after making estimates and adjustments resulting from the cessation of its business. Consequently, SSI UK's financial statements ended 30 September 2015 have been prepared on a break-up basis by using all related information from the Group which consists of making inquiries and gathering current and reasonable information and evidences from key personnel who were assigned to work at SSI UK in order to represent the parent company prior to the liquidation, the current price data from World Steel Market to consider the value and chances to gain back after the liquidation of assets, guidelines and conditions under the law for liquidation in UK, etc. to prepare the interim financial information for the Group. At present, the Company on a conservative basis expects zero recovery after the completion of SSI UK liquidation. As SSI UK's main asset is a large iron and steel making plant, controlled under the Control of Major Accident Hazards regulation, there are uncertain external factors which are beyond the Company's control, for instance the validity of the environmental permit, access and ability to safeguard the assets, etc. The legal and liquidation proceeding in this case is unprecedented and unclear to the Company at this stage. In the meantime, the Company is in discussion with legal advisors and the Major Creditors to determine further steps.

**Impact from Liquidation of SSI UK**

Impacted Item	SSI UK	The Company	Consolidated
Statement of Financial Position Q3/2015	Assets = 0 Liabilities = 0 Equity = 0	Assets: <ul style="list-style-type: none"> <li>Investment in subsidiaries decreased 27,482 MB</li> <li>Other accounts receivable decreased 6,313 MB</li> </ul> Liabilities: <ul style="list-style-type: none"> <li>Provision made for loss on guarantee given by the Company and others 30,267 MB consisting of:                             <ul style="list-style-type: none"> <li>Loans from SSI UK 29,708 MB</li> <li>Provision for loss on pledged TCRSS ordinary shares of the Company to a trade payable of SSI UK 503 MB</li> <li>Bank guarantee 56 MB</li> </ul> </li> </ul> Equity: <ul style="list-style-type: none"> <li>Cumulative loss increased from provision of interests in SSI UK 64,062 MB</li> </ul>	Assets: <ul style="list-style-type: none"> <li>Subsidiary's assets increased 42,925 MB</li> </ul> Liabilities: <ul style="list-style-type: none"> <li>Subsidiary's liabilities increased 44,315 MB</li> <li>Provision made for loss on guarantee given by the Company and others 30,267 MB consisting of:                             <ul style="list-style-type: none"> <li>Loans from SSI UK 29,708 MB</li> <li>Provision for loss on pledged TCRSS ordinary shares of the Company to a trade payable of SSI UK 503 MB</li> <li>Bank guarantee 56 MB</li> </ul> </li> </ul> Equity: <ul style="list-style-type: none"> <li>Cumulative loss increased from provision of interests in SSI UK 28,877 MB</li> </ul>
Statement of Income Q3/2015	Expected loss on liquidation 29,579 MB	Loss from expected loss on liquidation of subsidiary 64,062 MB resulted from: <ul style="list-style-type: none"> <li>Impairment on investment in subsidiary 27,482 MB.</li> <li>Allowance for doubtful receivable from SSI UK 5,958 MB.</li> <li>Provision made for loss on guarantee and others from SSI UK 30,267 MB</li> <li>Provision made for goods-in-transit from SSI UK 355 MB</li> </ul>	Loss from expected loss on liquidation of subsidiary 28,877 MB resulted from: <ul style="list-style-type: none"> <li>Provision made for loss on guarantee and others from SSI UK 30,267 MB</li> <li>Other reversal 1,390 MB</li> </ul>
Estimated recoverable amount after the completion of liquidation of SSI UK	-None-	-None-	-None-

**Table 3: Performance Highlight of Upstream Business**

Unit: USD/ton	2015 Q3	2015 Q2	+/- QoQ	2014 Q3	+/- YoY	2015 Jan-Sep	2014 Jan-Sep	+/- YoY
Average Selling Price	308	337	-8%	507	-39%	340	517	-34%
Average Cost of Goods Sold	481	444	+8%	524	-8%	453	553	-18%
Slab Spread <sup>1)</sup>	89	103	-14%	193	-54%	104	175	-40%
Slab Margin <sup>2)</sup> (%)	28.7%	30.6%		38.1%		30.6%	33.8%	
Slab Sales Volume (k tons)	580	679	-15%	688	-16%	1,975	2,051	-4%
Slab Sales Volume to 3 <sup>rd</sup> Party Customers (k tons)	490	564	-13%	356	+38%	1,494	1,359	+10%
Slab Sales Volume to 3 <sup>rd</sup> Party Customers	84%	83%		52%		76%	66%	
Production Volume (k tons)	533	696	-23%	705	-24%	1,950	2,071	-6%

<sup>1)</sup> Slab Spread excluded the provision for loss on decline in value of inventories or the reversal thereof.

<sup>2)</sup> Slab Margin = Slab Spread/Average Selling Price.

**Revenues: Q3/2015.** SSI UK recorded total sales and service revenues Baht 6,582 million, down 15% QoQ and 42% YoY due to a decrease of 15% QoQ and 16% YoY in Slab Sales Volume to 580k tons, whilst Slab Average Selling Price was down 8% QoQ and 39% YoY to USD 308/ton, following the world steel prices situation. Revenues after eliminating related parties transactions were Baht 5,501 million from 490k tons of Slab Sold to 3<sup>rd</sup> Party Customers, or approx. 84%, a decrease of 15% QoQ and 8% YoY.

**Expenses: Q3/2015.** SSI UK recorded **Cost of sales and service** Baht 9,965 million, comprising total cost of sales of Baht 10,024 million and the reversal of provision for loss on decline in value of inventories Baht 59 million. Total cost of sales and service decreased 1% QoQ and 16% YoY as Slab Sales Volume decreased, and cost of raw material per ton declined, whilst Unit Conversion Cost increased QoQ and YoY due to lower production volume. **SG&A** was Baht 106 million. **The reversal of provision set up for loss under onerous contracts** was Baht 0.4 million. **Interest Expense** was Baht 419 million, up 7% QoQ and 8% YoY as more short term loan was utilised.

**Slab Spread: Q3/2015.** SSI UK recorded Slab Spread at USD 89/ton or Slab Margin of 28.7%, down from USD 103/ton in Q2/2015 and USD 193/ton in Q3/2014.

**Profits: Q3/2015.** SSI UK recorded gross loss Baht 3,384 million, negative EBITDA Baht 32,363 million (excluding the reversal of provision for loss on decline in value of inventories Baht 59 million, the reversal of provision set up for loss under onerous contracts Baht 0.4 million, and expected loss on liquidation Baht 29,579 million, Core EBITDA was negative Baht 2,843 million), and net loss Baht 33,286 million due to the expected loss on liquidation as earlier explained.

**9M/2015.** SSI UK recorded total sales and service revenues Baht 23,177 million, down 34% YoY from a 4% decrease in Slab Sales Volume to 1,975k tons. Slab Average Selling Price decreased 34% YoY as a result of significant adjustment in steel prices in the world market, compared with the same period of the previous year. Revenues after elimination of related parties transactions were Baht 17,387 million from 1,494k tons of Slab Sales Volume to 3<sup>rd</sup> Party Customers, or approx. 76%, a decrease of 27% YoY.

**9M/2015.** SSI UK recorded **Cost of sales and service** Baht 30,581 million; comprising total cost of sales of Baht 30,396 million and the provision for loss on decline in value of inventories Baht 185 million. Total cost of sales and service decreased 20% YoY as cost of raw material per ton declined following a decrease in raw material prices. **SG&A** was Baht 307 million. **The provision for loss under onerous contracts** was Baht 21 million. **Interest Expense** was Baht 1,167 million; up 5% YoY as more short term loan was utilized as earlier explained.

**9M/2015.** SSI UK recorded Slab Spread at USD 104/ton or Slab Margin of 30.6%, down from USD 175/ton in the same period of the previous year.

**9M/2015.** SSI UK recorded gross loss Baht 7,403 million, negative EBITDA Baht 35,793 million (excluding the provision for loss on decline in value of inventories Baht 185 million and the provision of loss under onerous contracts Baht 21 million, expected loss on liquidation Baht 29,579 million, Core EBITDA was negative Baht 6,007 million), and net profit Baht 38,404 million due to the expected loss on liquidation as earlier explained.

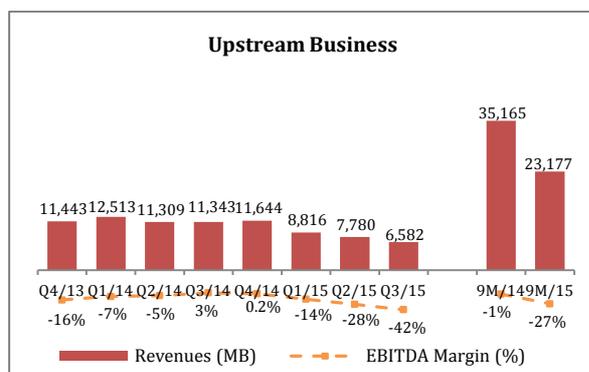


Figure 8: Revenues and EBITDA Margin of Upstream Business

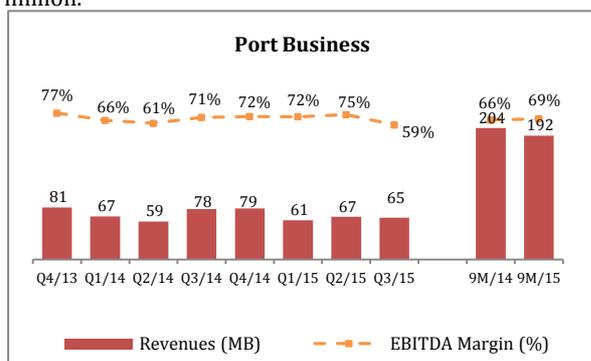
(Including expected loss on liquidation, EBITDA Margin in Q3/2015 and 9M/2015 would be -492% and -154% respectively).

### Port Business (PPC)

**Revenues: Q3/2015.** PPC recorded total service revenues Baht 65 million, down 3% QoQ and 17% YoY following lower revenues from PPC Shore Crane and lower throughput volume resulted from a decrease in throughput volume of the Company and its subsidiaries.

**9M/2015.** PPC recorded total service revenues Baht 192 million, down 6% YoY following lower revenues from PPC Shore Crane and lower throughput volume resulted from a decrease in throughput volume of the Company and its subsidiaries as earlier explained.

**Profits:** Q3/2015, PPC recorded gross profit Baht 28 million, negative EBITDA Baht 126 million, and net loss Baht 151 million. Compared with Q2/2015, gross profit, EBITDA, and net profit decreased by 9%, 352%, and 850% QoQ respectively. Compared with Q3/2014, gross profit, EBITDA and net profit also decreased by 28%, 328%, and 718% YoY respectively. Operating performance dropped QoQ and YoY due to lower revenues as earlier explained, including an increase in SG&A expense caused by loss from provision for loan granted to SSI UK of Baht 164 million and the reversal of accrued interest receivable on loan granted to SSI UK of Baht 7 million.



**Figure 9:** Revenues and EBITDA Margin of Port Business (Including losses from provision for loan granted to SSI UK, EBITDA Margin in Q3/2015 and 9M/2015 would be -194% and -17% respectively).

### Engineering Business (WCE)

**Revenues:** Q3/2015, WCE recorded total sales and service revenues Baht 166 million, slightly decreased by 1% QoQ with following details:

- 1) Maintenance Management Business Baht 80 million, up 37% QoQ due to an increase in revenues from revamping & overhaul segment and maintenance service contracts of the Company and its subsidiaries.
- 2) Machinery Engineering Business Baht 16 million, up 7% QoQ due to new projects received from customers in the cement industry and state-owned enterprise.
- 3) Steel Structure and Fabrication Business Baht 36 million, up 41% QoQ due to an increase in revenues recognition based on the delivery of completed project of State Railway of Thailand, including the 70% revenues recognition based on work completion of the port project received from a customer in the chemicals industry.
- 4) Engineering Procurement and Construction Business Baht 33 million, down 51% QoQ due to the new projects received are mostly in the beginning stage of operation.

Revenues from external customers apart from the Company and its subsidiaries accounted for 61% of total sales and service revenues.

**Profits:** Q3/2015, WCE recorded gross profit Baht 25 million, positive EBITDA Baht 12 million, and net profit Baht 1 million. Compared with Q2/2015, operating performance increased by 55%, 74% and 85% QoQ respectively due to an increase in revenue of profit-making business. Compared with Q3/2014, gross profit, EBITDA, and net profit improved 174%, 114% and 102% YoY respectively as there was no allowance for cost overrun on loss-making projects as occurred in Q3/2014.

9M/2015, PPC recorded gross profit Baht 85 million, negative EBITDA Baht 32 million, and net loss Baht 121 million, or down 3%, 124%, and 374% respectively as a result of lower revenues, provision for loan, and the reversal of accrued interest receivable as earlier explained, as well as an increase in interest expenses from higher amount of short term loan.

9M/2015, WCE recorded total sales and service revenues Baht 493 million, down 24% YoY. Revenues from external customers apart from the Company and its subsidiaries accounted for 68% of total sales and service revenues.

9M/2015, WCE recorded gross profit Baht 48 million, positive EBITDA 16 million, and net loss 3 million, improved 405%, 136%, and 136% YoY as there were no loss-making projects as occurred in the same period last year.

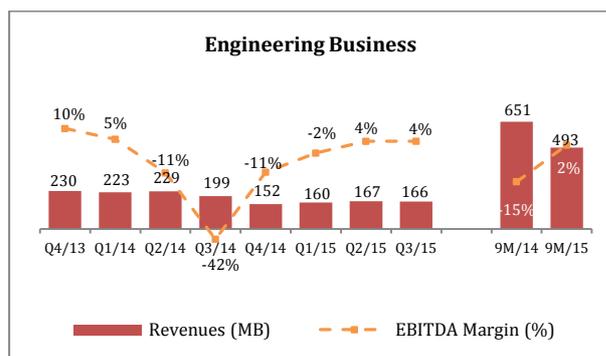


Figure 10: Revenues and EBITDA Margin of Engineering Business

**CRC Business (TCRSS)**

**Revenues:** Q3/2015, TCRSS recorded total sales Baht 2,600 million, down 7% QoQ and 15% YoY. CRC Sales Volume remained stable QoQ and YoY at 122k tons. CRC Average Selling Price decreased by 8% QoQ and 16% YoY due to a competitive price and market condition, especially CRC imports from South Korea and India.

**Profits:** Q3/2015, TCRSS recorded gross profit Baht 114 million, EBITDA Baht 247 million and net profit Baht 90 million. Compared with Q2/2015, gross profit decreased by 34% whilst EBITDA and net profit increased by 8% and 47% respectively. Compared with Q3/2014, gross profit decreased by 15% whilst EBITDA and net profit increased 32% and 173% respectively. Declined gross profit QoQ and YoY was due to a decrease in revenues following lower CRC Average Selling Price, despite a decrease in average raw materials cost. However, EBITDA and net profit improved QoQ and YoY resulted from the reversal of provision for loss under onerous contracts totaling Baht 10 million, a reduction in interest expenses from lower amount of short term loan and reduced average interest rate, as well as an increase in net foreign exchange gain.

9M/2015, TCRSS recorded total sales Baht 8,437 million, down 6% YoY despite an increase in CRC Sales Volume by 3% YoY to 367k tons. CRC Average Selling Price dropped by 6% YoY to stay competitive against CRC imports as earlier explained.

9M/2015, TCRSS recorded gross profit Baht 334 million, EBITDA Baht 576 million and net profit Baht 117 million; up by 69%, 61%, and 267% YoY respectively due to an increase in CRC Sales Volume, a decrease in raw materials cost and unit conversion cost, a reduction in interest expenses, as well as a rise in net foreign exchange gain as earlier explained.

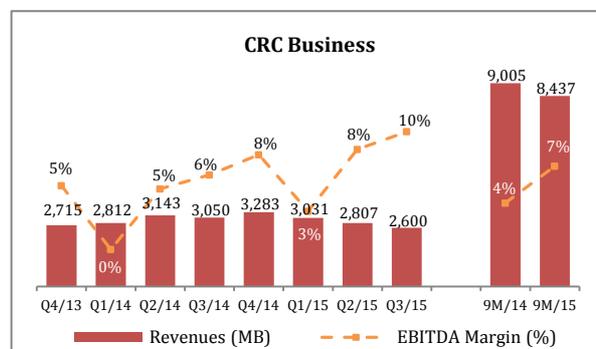


Figure 11: Revenues and EBITDA Margin of CRC Business

## 6. Consolidated Financial Status

### Consolidated Financial Position as at the End of Q3/2015

#### Trade and Notes Receivable- Net

As at 30 September 2015, trade and notes receivable netted Baht 4,726 million, down 11% from the end of 2014; mainly as a result of the liquidation of Upstream Business in United Kingdom.

#### Inventory

As at 30 September 2015, inventory netted Baht 5,498 million, down 60% from to the end of 2014, as a result of the liquidation of Upstream Business and a decrease in raw materials cost and purchase volume of raw materials of HRC Business.

#### Current Ratio

As at 30 September 2015, current ratio was 0.17x; decreased from 0.33x as at the end of 2014, mainly from lower trade accounts receivable and falling inventories as a result of the liquidation of Upstream Business as earlier explained.

#### Liabilities and Liquidity Management

As at 30 September 2015, the Company and its subsidiaries had total liabilities Baht 65,738 million, down 8% from 31 December 2014, mainly as a result of the liquidation of Upstream Business in the United Kingdom.

The Company and its subsidiaries had total interest-bearing debts Baht 55,246 million, whilst net debt was Baht 55,182 million. These debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 55,113 million and long-term interest-bearing debts Baht 132 million.

#### Cash Flow

As at 30 September 2015, the Company and its subsidiaries' ending cash was Baht 64 million; a decrease from net cash and cash equivalents of Baht 351 million at the end of 2014, as detailed in Table 14, consisting of:

- Net cash received from operating activities of Baht 1,255 million consisting of (1) cash outflows from operation Baht 6,502 million, and (2) cash inflows from net change in working capital of Baht 7,756 million mainly resulted from a reduction in inventories.
- Net cash used from investing activities of Baht 1,284 million was mainly from (1) cash outflows from additional investments in fixed assets and intangible assets of Baht 354 million (2) cash inflows from dividends received from jointly-controlled entity in the amount of Baht 169 million (3) cash outflows from currency translation differences of Baht 1,088 million, and (4) cash outflows from other activities of Baht 11 million.
- Net cash used in financing activities was Baht 259 million; mainly consisting of cash paid for finance costs, repayment on long-term loans, repayment on short-term loans from related parties, as well as cash received from short-term loans from related parties.

Table 4: Inventories Classification as at the End of Quarter

Unit: million Baht	30 Sep 2015	31 Dec 2014	% Chg.
Raw Materials (Slab, iron ore, coking coal, & coke)	1,473	4,330	-66%
Raw Materials in Transit (Slab)	3,567	4,628	-23%
Finished Goods and Work-in-process (HRC & HRC-P/O)	1,227	3,161	-61%
Tools and Spare Parts	2,514	2,446	+3%
Less: Provision for loss on decline in value of inventories	(1,194)	(937)	-27%
Less: Provision for loss on impairment - SSI UK	(2,090)	-	N.A.
<b>Net Inventories</b>	<b>5,498</b>	<b>13,629</b>	<b>-60%</b>

Table 5: Financial Ratios

Financial Ratios	30 Sep 2015	31 Dec 2014
Current Ratio (x)	0.17	0.33
Interest-Bearing Debt to Equity Ratio (x)	N.A.	9.62

As at 30 September 2015, equity attributable to owners of the Company decreased to negative Baht 35,383 million as a result of losses from expected loss on liquidation of subsidiary Baht 28,877 million and the operating loss of the Group.

## 7. Ongoing Projects

-There is no ongoing project -

## 8. Recent Development

### Key Development in Manufacturing in Q3/2015

#### High Pressure Descaling Passes Reduction in Roughing Mill Process Project

In roughing mill process, descaling is required to remove oxide scale before entering into roughing mill to prevent the remaining oxide scale being rolled into the steel which will result in surface defects. In the past, descaling was set many passes at roughing mill rolling. Each time of the descaling, the temperature of steel decreased and higher force of motor was required, resulting in more electric power use. To solve this problem, there was an idea to reduce a number of descaling passes as necessary and properly with each product with no impacts on its quality. This project can be saving approx. Baht 1.96 per ton production from reduced electric power consumption and temperature loss.

#### Recent Development of WCE

At the end of Q3/2015, WCE had total backlog for all businesses of Baht 97 million, mostly to be delivered within Q4/2015 including 1) Maintenance Management Business Baht 28 million; 2) Machinery Engineering Business Baht 4 million; 3) Steel Structure and Fabrication Business Baht 45 million, and 4) Engineering Procurement and Construction Business Baht 21 million.

#### Safe Transfer to Reduce Handing Damage Edge Loss Project

While transferring HRC to the Hot Finishing Line (HFL) which is the process of HRC smoothening, there were often found that the side wall of HRC was damaged from hitting with the transfer equipment i.e. crane, forklift. This was the chronic loss. To reduce the handing damages, the new fender equipment c-hook crane was designed, and CCTV with monitor was installed to enhance the vision for better HRC transfer. Moreover, the employee's awareness on "Carefully Transfer" was instilled, and the monitoring on handing damage edge loss was implemented. As a result, the loss reduces from 0.142% to 0.04%, which could save approx. Baht 9.69 per ton production.

During Q3/2015, WCE received new orders amounting to Baht 116 million, including 1) Maintenance Management Business Baht 92 million; 2) Machinery Engineering Business Baht 8 million; 3) Steel Structure and Fabrication Business Baht 5 million; and 4) Engineering Procurement and Construction Business Baht 11 million.

### Good Corporate Governance and Corporate Social Responsibility

- 1) On 27 July 2015, the Company has continuously supported activities under "Sufficiency Economy School for Sustainability Project" which is an idea of His Majesty the King, for 2 consecutive years at Wat Napakkuang School Kamnerd Noppakhun Subdistrict, Bangsaphan District. The activities included mushroom planting, organic vegetable planting, bio-organic fertilizer making and setting up revolving fund for activity management. Moreover, students can have mushroom and organic vegetable for school lunch project. Students could also generate extra income from selling the rest to parents and general public.
- 2) On 31 July 2015, staff of SSI Group joined forces in collecting and handing over dried food and necessities to support Thai Forest Ranger Project, launched by Kon Kon Kon TV Program, TV Burabha Foundation; Modernine TV; Department of National Parks, Wildlife and Plant Conservation, Royal Forest Department; and Seub Nakhasathien Foundation.
- 3) On 8 August 2015, the Company and Sahaviriya Group arranged SVG Annual Scholarships 2015 Handover Ceremony of 242 scholarships, amounting to Baht 540,000 to support local youths in Bangsaphan District, who determine to study but are deficient. Moreover, employees of Sahaviriya Group also supported additional 92 scholarships, amounting Baht 105,000 under the project "Tun Nee Phue Nong".
- 4) On 14 August 2015, the Committee of "Sahaviriya Fund for Bangsaphan Educational Development Project," consisting of academic advisors from Office of the Basic Education Commission of Thailand (OBEC); together with Deputy Director of the Office of Prachuap Khiri Khan Primary Educational Service Area Zone 1, reckoned and announced the winning schools who had submitted a 3-year educational development plan, under "Sahaviriya Fund for Bangsaphan Educational Development Project 2015" to win Baht 1.2 million fund. The education development plan of the winning schools, including Ban Nong Chan School and Ban Wang Yao School, will be monitored and assessed on the progress every year during a 3-year period. The purpose of this project is to promote and develop education in Bangsaphan District in 3 dimensions including schools, teachers and students, aiming for educational excellence under the sustainable development.

- 5) On 20 August 2015, Her Royal Highness Princess Maha Chakri Sirindhorn graciously granted permission to Mr. Nava Chantanasurakhon, Group Executive Officer - Group Public Affairs of Sahaviriya Steel Industries Plc. (SSI), to lead executives of co-organizers of "the 7<sup>th</sup> Thailand Iron Man Mini Marathon" to present partial fund raised from the mini marathon for participating in donation to "The Fund for the Development of Children and Youth in Remote Area" initiated by Her Royal Highness Princess Maha Chakri Sirindhorn. The event was held at Dusitdalai Hall, Chitralada Villa, Dusit Palace.
- 6) On 25 August 2015, the Company arranged a drawing contest "the 12<sup>th</sup> Creative Arts, Wide Imagination Project 2015". There were 140 youths from kindergarten to junior high school levels, joining the contest. The event was held at Bangsaphan Kindergarten School, Prachuap Khiri Khan. Selected paintings by Mr. Paiboon Thumruangrit, the judge of the contest, will be given an opportunity to compete in the International Children's Art Exhibition in Japan.
- 7) On 20 September 2015, the Company, in collaboration with Sahaviriya Group arranged Bangsaphan Car Free Day 2015 for the 5<sup>th</sup> consecutive year, under the "Two Wheels Preserve Bangsaphan Project". The objective was to raise awareness of global warming prevention and energy consumption reduction among people in Bangsaphan, as well as to encourage bicycle riding for good health. There were 441 people joining a 12 kilometer bicycle ride from Bangsaphan District Office to Mae Ramphueng Sub-District Administration Office. General people were also encouraged to stop using motor vehicles for 30 minutes during 8.00-8.30 AM. This activity helped to reduce 2,010.96 Kgs of carbon dioxide equivalent.
- 8) SSI staff arranged SSI Volunteering Project under "25<sup>th</sup> Anniversary of SSI, 250 Goodness, A Thousand Hearts of SSI Arsa". In Q3/2015, total of 7 activities were arranged with the participation of 343 SSI staff members, 154 residents, in total of 497 people with 3,976 volunteering service hours in the following areas:
  - On 11 July 2015, improving the appearance of Sot Suksa Tepparat School.
  - On 27 July 2015, mowing lawn at Tha Manao Temple.
  - During 1-13 August 2015, repairing crematorium at Wang Num Kaew Temple.
  - On 5 August 2015, setting up and fixing computers for Ban Don Sumnuk School.
  - On 11 August 2015, improving the appearance and planting trees along the side road of the village in Moo7, Mae Ramphueng subdistrict.
  - During 12-26 September 2015, painting fence for Ban Nong Kong School (SSI & TCRSS Arsa).
  - On 21 August 2015, improving the appearance and collecting garbage on natural sidewalk.

### Awards

- 1) On 2 July 2015, the Company received "Thailand Outstanding Company Award for Safety, Occupational Health and Working Environment 2015 (for the fourth consecutive year)", held by the Ministry of Labour, at Bangkok International Trade & Exhibition Centre. This award was set up to honor organizations that have operated their business with emphasis on safety, occupational health and working environment, as well as being a role model for other entrepreneurs.
- 2) On 17 July 2015, the Company received the "National Outstanding Industrial Establishment Award in Labour Welfare/Relations in the Category of 10 consecutive years (2006-2015)" from the Ministry of Labour, at IMPACT Arena, Exhibition and Convention Center.
- 3) On 23 September 2015, the Company received the "Prime Minister Industry Award 2015" for Outstanding Safety Management and Quality Management from Deputy Prime Minister, Distinguished Scholar Somkid Jatusripitak. The award was held by the Ministry of Industry to support companies who have creativity and effort that benefit the country development. The award ceremony was held at Impact-Challenger Muang Thong Thani.

## Current Status of Trade Remedy Measures against Imported Hot-rolled Flat Steel and Cold-rolled Flat Steel

### Safeguard Measure

#### *Safeguard Measure*

- For the case of *Safeguard Measure on hot-rolled flat steel with other elements added in coils and not in coils*, Department of Foreign Trade announced the Notification of initiation on a review regarding the extension of a safeguard measure, effective date on 18 July 2015 (existing measure is effective until 26 February 2016). Currently, there is no other progress on the process.

#### *Anti – dumping Measure*

- For the case of *Anti-dumping Measure on hot-rolled flat steel in coils and not in coils whose origins are from Brazil, Iran, and Turkey*, the Company filed a petition for Anti-Dumping Measure to Department of Foreign Trade on 22 May 2015. The initiation of investigation is expected to postpone from October to December 2015 due to document amendment.
- For the case of *Anti-Dumping Measure on hot-rolled flat steel pickled and oiled in coils and not in coils whose origins are from Republic of Korea*, the Company filed a petition for Anti-Dumping Measure to Department of Foreign Trade on 3 August 2015. The investigation is expected to initiate in January 2016.

## 9. Business Restructuring

### Key Events in Q3/2015

- On 18 September 2015, SSI UK notified the temporary pause of slab production while awaiting the outcome of ongoing discussions with stakeholders to reduce production cost and stop loss at the Upstream Business.
- On 21 September 2015, the group of creditors of SSI UK, which are The Siam Commercial Bank Public Company Limited, Krungthai Bank Public Company Limited, and TISCO Bank Public Company Limited (collectively, the "Major Creditors"), demanded SSI UK to pay its obligations under the loan conditions due to some uncertainties from uncontrollable factors which could result in an uncertainty in operation recommencement of SSI UK. In addition, according to its financial position, SSI UK could not respond to the demand of the Major Creditors. Therefore, the Major Creditors requested the Company to be jointly responsible as a guarantor of SSI UK for the obligation amounting to USD 790 million or approximately Baht 28 million.
- On 1 October 2015, additionally to SSI UK's case, the Major Creditors demanded the Company to pay its obligation under the loan conditions amounting to Baht 23.9 billion, as the Company had liabilities exceeding its total assets. As the Company discussed with the Major Creditors to obtain the solution for the HRC Business of the Company to be able to carry on operations as normal, including maintaining the Company's business value, the Board of Directors deemed that the Company should enter into Business Rehabilitation for its debt restructuring. As a result, the Board of Directors approved the Company to submit an application for Business Rehabilitation to the court on 1 October 2015 and approved the Company to act as the Planner of the Business Rehabilitation, in which either Mr. Win Viriyaprapaikit or Mr. Narongrit Chotnuchittrakul, the executives of the Company was authorized to act as the Planner.
- On 1 October 2015, the Central Bankruptcy Court accepted an application for Business Rehabilitation of the Company, and the preliminary hearing was scheduled on 21 October 2015.
- On 2 October 2015, the court accepted an application for SSI UK's liquidation. As a result, SSI UK has been in liquidation ever since, and the Board of Directors of SSI UK ceased to have any control of SSI UK's affairs accordingly.

### Appendix

**Table 6: World Crude Steel Production**

Unit: million tons	2015	2015	+/-	2014	+/-	2015	2014	+/-
Region	Q3	Q2	QoQ	Q3	YoY	Jan-Sep	Jan-Sep	YoY
EU	39.35	44.16	-11%	39.50	-0%	126.89	127.15	-0%
North America	28.98	28.07	+3%	31.01	-7%	85.25	90.29	-6%
South America	11.06	11.21	-1%	11.84	-7%	33.35	33.83	-1%
China	198.90	207.81	-4%	205.36	-3%	606.72	614.97	-1%
Asia (ex. China)	72.84	71.69	+2%	70.87	+3%	215.54	214.13	+1%
Others	44.88	46.95	-4%	46.92	-4%	136.93	143.07	-4%
<b>Total</b>	<b>396.01</b>	<b>409.89</b>	<b>-3%</b>	<b>405.49</b>	<b>-2%</b>	<b>1,204.67</b>	<b>1,223.44</b>	<b>-2%</b>

Source: World Steel Association

**Table 7: Average Prices of Slab, HRC, and Other Raw Materials**

Unit: USD/ton	Q3/2014 Actual	Q4/2014 Actual	Q1/2015 Actual	Q2/2015 Actual	Q3/2015 Actual	Q4/2015 Estimate
Coking Coal (FOB Australia)	108-113	107-112	95-110	81-93	79-88	-
Iron Ore (CFR China)	79-99	67-84	52-72	48-67	45-60	43-57
Slab (CFR East Asia import)	495-520	405-490	323-385	310-330	270-310	250-280
HRC (FOB China)	422-508	412-488	368-458	339-375	264-335	260-340
Scrap (FOB Netherland)	328-386	273-322	213-307	225-253	163-222	-

**Table 8: Car and Home Appliance Production in Thailand**

Unit: million units	2015 Q3	2015 Q2	% QoQ	2014 Q3	% YoY	2015 Jan-Sep	2014 Jan-Sep	% YoY
Car Production <sup>1)</sup>	0.50	0.41	+21%	0.46	+9%	1.43	1.41	+2%
Refrigerator Production <sup>1)</sup>	0.99	1.06	-6%	1.02	-3%	2.99	3.01	-1%
Air Conditioner Production <sup>2)</sup>	2.87	3.60	-20%	2.80	+3%	10.25	10.06	+2%

Sources: <sup>1)</sup> Car Production information published by Thailand Automotive Institute<sup>2)</sup> Refrigerators and Air Conditioners Production information published by Bank of Thailand
**Table 9: HRC Apparent Steel Supply**

Unit: tons	2015 Q3	2015 Q2	% QoQ	2014 Q3	% YoY	2015 Jan-Sep	2014 Jan-Sep	% YoY
	556,795	644,062	-14%	744,888	-25%	1,745,518	1,992,459	-12%
Import	1,085,649	801,896	+35%	911,271	+19%	2,837,797	2,802,766	+1%
Export	1,408	2,484	-43%	2,914	-52%	6,986	22,122	-68%
<b>Total</b>	<b>1,641,036</b>	<b>1,443,474</b>	<b>+14%</b>	<b>1,653,245</b>	<b>-1%</b>	<b>4,576,329</b>	<b>4,773,103</b>	<b>-4%</b>

Source: Iron and Steel Institution of Thailand for actual data and the Company's estimate

**Table 10: HRC Apparent Steel Supply (Estimate for 2014)**

Unit: tons	2014 Actual	Q1/2015 Actual	Q2/2015 Actual	Q3/2015 Actual	Q4/2015 Re-estimate	2015 Re-estimate	% YoY
Domestic Production	2,578,170	544,661	644,062	556,795	530,000	2,275,518	-12%
Import	3,895,809	950,252	801,896	1,085,649	900,000	3,737,797	-4%
Export	24,591	3,094	2,484	1,408	3,000	9,986	-59%
<b>Total</b>	<b>6,449,388</b>	<b>1,491,819</b>	<b>1,443,474</b>	<b>1,641,036</b>	<b>1,427,000</b>	<b>6,003,329</b>	<b>-7%</b>

Source: Iron and Steel Institution of Thailand for actual data, and the Company's estimate

Table 11: Summary of Consolidated Financial Results

<b>Consolidated</b>								
Unit: million Baht	2015 Q3	2015 Q2	+/- QoQ	2014 Q3	+/- YoY	2015 Jan-Sep	2014 Jan-Sep	+/- YoY
Sales and service revenues	10,543	11,867	-11%	14,014	-25%	33,432	51,076	-35%
Cost of sales and service	13,681	13,770	-1%	13,800	-1%	40,377	51,694	-22%
Gross profit (loss)	(3,138)	(1,903)	-65%	214	N.A.	(6,945)	(618)	N.A.
SG&A	546	509	+7%	387	+41%	1,439	1,113	+29%
Provision for loss under onerous contracts (reversal)	(13)	18	-174%	(0.3)	N.A.	(62)	(218)	-164%
Expected loss on liquidation of subsidiary	28,877	-	N.A.	-	N.A.	28,877	-	N.A.
Gain on sales of investments in jointly-controlled entity	-	-	-	-	-	-	-	-
EBITDA <sup>1)</sup>	(31,644)	(1,777)	N.A.	866	N.A.	(35,075)	942	N.A.
Interest expense	829	830	-0.04%	790	+5%	2,437	2,407	+1%
Depreciation and amortisation	649	633	+3%	637	+2%	1,876	1,904	-1%
Income tax (reversal)	(0.2)	(4)	+96%	(13)	+99%	(4)	(18)	+79%
Realised FX gain (loss)	(741)	(159)	+566%	(182)	+508%	478	(320)	+249%
Unrealised FX gain (loss)	(622)	205	-403%	345	-280%	(384)	380	-201%
Net profit (loss)	(33,122)	(3,236)	-924%	(547)	N.A.	(39,384)	(3,351)	N.A.
EPS (Baht)	(1.030)	(0.101)	-924%	(0.017)	N.A.	(1.224)	(0.104)	N.A.

Table 12: Financial Results by Business

Unit: million Baht	2015 Q3	2015 Q2	+/- QoQ	2014 Q3	+/- YoY	2015 Jan-Sep	2014 Jan-Sep	+/- YoY
<b>Sales and Service Revenues<sup>1)</sup></b>								
<b>Consolidated</b>	<b>10,543</b>	<b>11,867</b>	<b>-11%</b>	<b>14,014</b>	<b>-25%</b>	<b>33,432</b>	<b>51,076</b>	<b>-35%</b>
HRC Business	4,904	5,252	-7%	7,845	-37%	15,601	26,616	-41%
Upstream Business	5,501	6,465	-15%	5,986	-8%	17,387	23,908	-27%
Port Business	38	33	+16%	37	+3%	106	103	+3%
Engineering Business	101	118	-15%	146	-31%	338	446	-24%
<b>EBITDA<sup>1)</sup></b>								
<b>Consolidated<sup>2)</sup></b>	<b>(31,644)</b>	<b>(1,777)</b>	<b>N.A.</b>	<b>866</b>	<b>N.A.</b>	<b>(35,075)</b>	<b>942</b>	<b>N.A.</b>
HRC Business <sup>3)</sup>	(64,099)	334	N.A.	581	N.A.	(64,116)	2,128	N.A.
Upstream Business	(32,363)	(2,177)	N.A.	339	N.A.	(35,793)	(1,705)	N.A.
Port Business	(126)	50	-352%	55	-328%	(32)	136	-124%
Engineering Business	7	7	+0	(84)	+108%	11	(98)	+111%
Elimination of Related Parties Transaction	64,937	10		(24)		64,854	(150)	
<b>Net Profit (Loss)<sup>1)</sup></b>								
<b>Consolidated<sup>4)</sup></b>	<b>(33,122)</b>	<b>(3,236)</b>	<b>-924%</b>	<b>(547)</b>	<b>N.A.</b>	<b>(39,384)</b>	<b>(3,351)</b>	<b>N.A.</b>
HRC Business	(64,609)	(222)	N.A.	36	N.A.	(65,697)	410	N.A.
Upstream Business	(33,286)	(3,045)	N.A.	(505)	N.A.	(38,404)	(3,553)	+981%
Port Business	(151)	20	-850%	24	-718%	(121)	44	-374%
Engineering Business	1	1	+0%	(76)	+101%	(4)	(106)	-97%
Elimination of Related Parties Transaction	64,999	(1)		(38)		64,897	(164)	
Non-controlling Interest	(75)	11		11		(56)	18	(75)

<sup>1)</sup> Revenues of each business unit are shown as net revenues after elimination of related parties transactions while EBITDA and Net Profit (Loss) are shown as amount before elimination of related parties transactions.

<sup>2)</sup> TCRSS and Redcar Bulk Terminal Ltd transactions are recorded under equity method.

Table 13: Condensed Consolidated Statements of Financial Position

Unit: million Baht	As of 30 Sep 15	As of 31 Dec 14	+/-
<b>Assets</b>			
Accounts Receivable	4,726	5,312	-11%
Inventories	5,498	13,629	-60%
Other Current Assets	809	4,068	-80%
<b>Total Current Assets</b>	<b>11,032</b>	<b>23,009</b>	<b>-52%</b>
Property, Plant and Equipment	17,110	50,513	-66%
Investments in jointly-controlled entities	2,644	3,419	-23%
Other Non-Current Assets	279	353	-21%
<b>Total Assets</b>	<b>31,065</b>	<b>77,293</b>	<b>-60%</b>
<b>Liabilities</b>			
S/T Debt and Current Portion of L/T Interest-Bearing Debts	55,113	52,373	+5%
Accounts Payable	4,905	10,852	-55%
Other Current Liabilities	4,184	6,452	-35%
<b>Total Current Liabilities</b>	<b>64,203</b>	<b>69,677</b>	<b>-8%</b>
L/T Interest-Bearing Debts	132	143	-7%
Other Non Current Liabilities	1,403	2,013	-30%
<b>Total Liabilities</b>	<b>65,738</b>	<b>71,833</b>	<b>-8%</b>
<b>Equity</b>			
Equity Attributable to Owners of the Company	(35,383)	4,660	-859%
Non-controlling Interests	709	800	-11%
<b>Total Equity</b>	<b>(34,674)</b>	<b>5,460</b>	<b>-735%</b>
<b>Total Liabilities and Equity</b>	<b>31,065</b>	<b>77,293</b>	<b>-60%</b>

Table 14: Condensed Statement of Cash Flow

Unit: million Baht	Jan-Sep 2015
<b>Net cash from in operating activities</b>	<b>1,255</b>
Dividends received from jointly-controlled entity	169
Purchases of property, plant and equipment	(354)
Currency translation differences	(1,088)
Other investments	(11)
<b>Net cash from investing activities</b>	<b>(1,284)</b>
Net Proceeds from issuance of ordinary shares	0
Finance cost paid	(1,254)
Proceeds from bank overdrafts and short-term loans from financial institutions	428
Proceeds from short-term loan from related parties	604
Repayment on long-term loans	(7)
Cash received from (paid for) other financing activities	(29)
<b>Net cash from financing activities</b>	<b>(259)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(288)</b>
Cash and cash equivalents at 1 January 2015	351
Effect of exchange rate changes on balance held in foreign currency	0
<b>Cash and cash equivalents at 30 September 2015</b>	<b>64</b>

### About SSI

**Sahaviriya Steel Industries PLC.** or SSI is 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 to the region's growing demand in various sectors such as automobile, energy, transportation and construction sectors. In the upstream business, SSI owns 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 Industries UK Limited** ("SSI UK"). SSI Teesside supplies premium-grade steel slabs to SSI to feed its growing demand, as well as to other rolling mills around the world. In the downstream business, SSI has investments in joint-venture downstream plants: namely **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 Bang Saphan, Prachuap Khirikhan Province, 400km south of Bangkok on the western peninsula of Thailand, where they are efficiently integrated with its privately-owned deep-sea port (**Prachuap Port Co., Ltd.** or PPC), which allows import of raw materials and export of finished products in large economy of scale. SSI extends its engineering capabilities into its wholly-owned subsidiary, **West Coast Engineering Co., Ltd.** or WCE, which specialises 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>

### Disclaimer

This management's discussion and analysis ("MD&A") has been prepared to provide preliminary information for general investors and shareholders of the Company. This MD&A comprises several parts which contain the current information of the Company, its Subsidiaries and Jointly-Controlled Entities. However, the businesses and operations of the Company are subject to change, or an event may occur after the date of this MD&A which will affect the information contained therein. General investors and shareholders should consider other information together with the information contained herein.

Some information contained in this MD&A is based on forecasts, estimations or future expectations. Any information not based on events that have already occurred, or information based on beliefs and forecasts of the Company, can be identified with wordings "believe", "expect", "hope", "plan", "intend", "estimate", "assess" and other words of similar nature. Readers are requested to be particularly cautious when relying on information, which is based on future forecast, as such information is inherently subject to risks and uncertainties.