

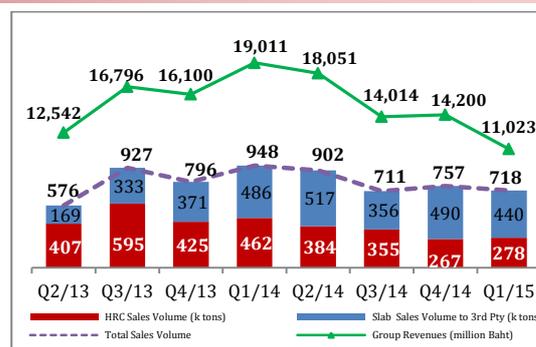
## 1. Highlights

	Unit: million Baht	Q1/2015
<b>GROUP</b>	Group LTIFR	2.25
	Group Revenues	11,023
	Group Sales Volume (k tons)	718
	Group EBITDA	(1,654)
	Group Net Profit (Loss)	(3,026)
	Net Debt <sup>1)</sup>	51,867
	Interest-Bearing Debt/Equity Ratio (x)	21.60
	<b>HRC</b>	HRC Sales (k tons)
HRC Production Volume (k tons)		221
HRC Average Selling Price (USD/ton)		607
HRC Spread (USD/ton)		65
HRC Rolling Margin (%) <sup>2)</sup>		10.8%
HRC EBITDA (USD/ton) <sup>3)</sup>		(38.6)
<b>Upstream</b>	Slab Sales Volume (k tons)	715
	Slab Production Volume (k tons)	721
	Slab Average Selling Price (USD/ton)	370
	Slab Sales Volume to 3 <sup>rd</sup> Parties	62%
	Slab Spread (USD/ton)	118
	Slab Margin (%) <sup>2)</sup>	32.0%

<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 USD 15.9 per/ton in Q1/2015.



### Highlights in Q1/2015

- Q1/2015 average PCI Injection Rate ramped up to 135 kg/thm, reaching the highest record since the start up of PCI in Q3/2013.
- Upstream Business reached its second highest utilisation rate of 80% with Slab Production of 721k tons since Q4/2013.
- The 26th Annual General Meeting of Shareholders on 20 Apr 15 has resolved to approve an increase of the Company's registered capital from Baht 34,263,663,124 to Baht 50,263,663,124 by issuing 16,000,000,000 newly issued ordinary shares with the par value of Baht 1 per share.

## 2. Business Outlook on Q2/2015

- HRC Average Selling Price expected to decrease 15-17% QoQ, and HRC Rolling Margin expected to decrease to the range of 10-12%.
- HRC Sales Volume expected to increase 23-25% QoQ; whilst HRC Apparent Steel Supply expected to increase 4% QoQ to approx. 1.55 million tons.
- Slab Average Selling Price expected to decrease 10-12% QoQ; whilst Slab Margin expected to decrease to the range of 27-29%.
- Slab Sales Volume expected to remain unchanged QoQ, with approx. 55-60% to 3<sup>rd</sup> party customers.

## 3. Group CEO's Message

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.

4. Industry Overview and Outlook

Steel Industry in Q1/2015

**World Steel Industry:** World crude steel production in Q1/2015 was approx. 399 million tons, down 0.5% QoQ, mainly due to North America, South America, Asia (Others), and other countries whose production decreased 6.5%, 2.3%, 2.0%, and 3.0% QoQ respectively. However, crude steel production in Europe and China grew 4.3% and 0.6% QoQ to 43 million tons and 200 million tons respectively. Consequently, the world crude steel production slightly decreased QoQ, as shown in Figure 1.

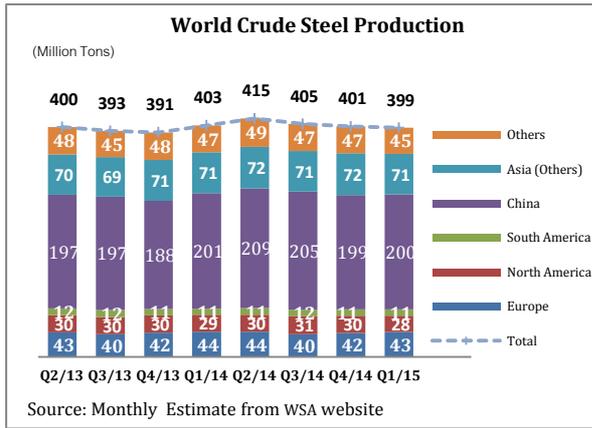


Figure 1: World Crude Steel Production

Iron ore, slab, and HRC prices decreased from the previous quarter. The average price of iron ore CFR China in Q1/2015 was USD 52-72/ton, down QoQ from USD 67-84/ton. The average price of Slab FOB China was USD 323-385/ton, down QoQ from USD 405-490/ton. The average price of HRC FOB China was USD 368-458/ton, down QoQ from USD 412-488/ton, as shown in Figure 2 and Table 7.

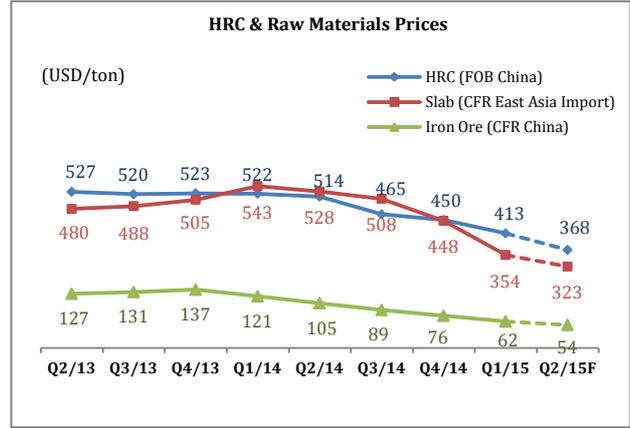


Figure 2: HRC, Slab and Iron Ore Prices

**Thailand Steel Industry:** In Q1/2015, Thailand's Apparent Steel Supply (ASS) was approx. 4,226k tons, down 6.0% QoQ due to slower than expected economic recovery. Import volume decreased 7.4% QoQ. However, domestic production volume slightly increased 0.1% QoQ, and export volume increased 8.9% QoQ, as shown in Figure 3.

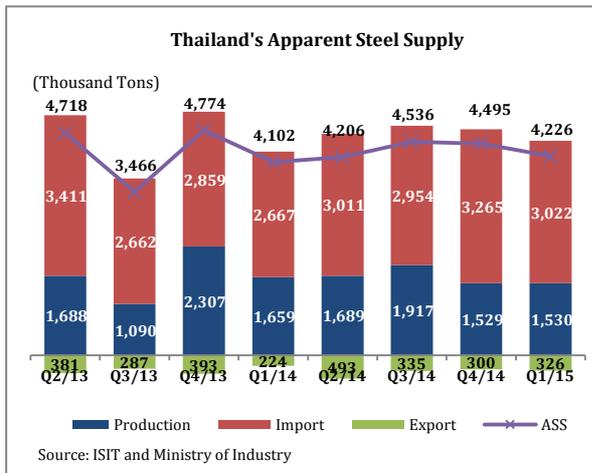


Figure 3: Domestic Apparent Steel Supply

Nevertheless, auto production volume continued to grow 10.9% QoQ due to an increase in passenger cars export. A/C production volume increased 39.5% QoQ following elevating demand during the summer. Whilst, fridge production volume decreased 2.0% QoQ, as shown in Figure 4.

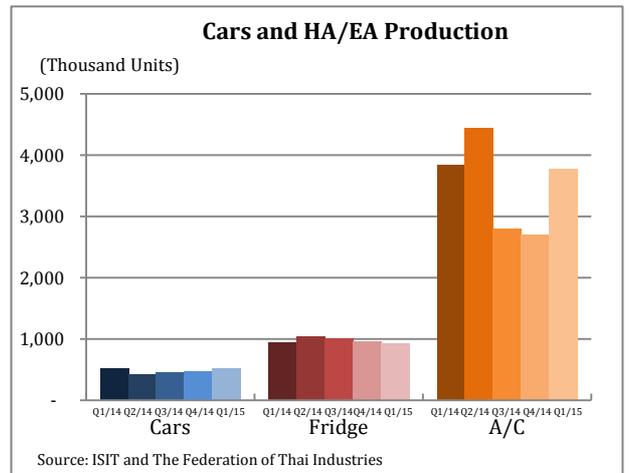


Figure 4: Domestic Production of Car, Fridge, and A/C

**Thailand HRC Industry:** In Q1/2015, domestic HRC Apparent Steel Supply (ASS) was approx. 1,492k tons, down 11.0% QoQ, as shown in Figure 5. HRC domestic production was 545k tons, down 7.0% QoQ, and import volume was 950k tons, down 13.1%. However, export volume was 3k tons, up 25.3% QoQ.

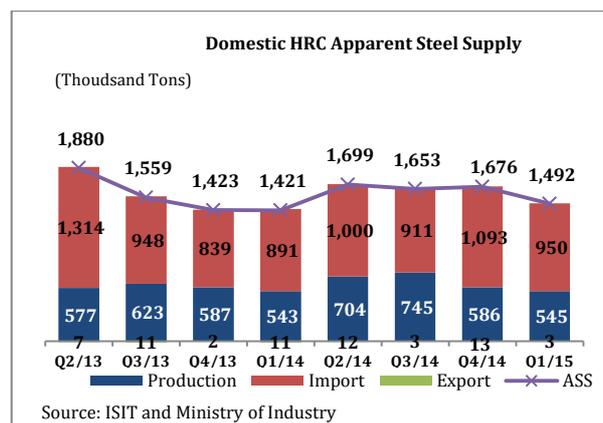


Figure 5: Domestic HRC Apparent Steel Supply

### Outlook on Steel Industry in Q2/2015

**World Steel Industry:** There is still uncertainty in the world economy's recovery. In the U.S., the Federal Reserve System stated that it would maintain its low interest rate to stimulate the economy until the economic indicators show improvement. However, the EU economy continues its recovery from Q1/2015 resulting from Quantitative Easing (QE) policy which helps boost the manufacturing sector, and its steel production in Q2/2015 is expected to continue to increase. For China, steel consumption has been sluggish and is expected to maintain its production level in Q2/2015.

As for prices in Q2/2015, steel prices seem to have bottomed out in Q2/2015 as taken place in the U.S. and Turkey. Iron ore and scrap prices were seen picked up in the same direction as oil prices.

**Thailand HRC Industry:** In Q2/2015, domestic HRC Apparent Steel Supply is expected to slightly increase from 1,492k tons in Q1/2015 to 1,547k tons in Q2/2015, as shown in Table 10. Meanwhile, HRC Apparent Steel Supply in 2015 is projected to be approx. 6,433k tons, adjusted from the last projection of 6,558k tons, 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

Table 1: Financial Highlights in Q1/2015 of the Company, its Subsidiaries and Jointly-Controlled Entities

Unit: million Baht	2015 Q1	2014 Q4	+/- QoQ	2014 Q1	+/- YoY
Group Sales Volume <sup>1)</sup> (k tons)	718	757	-5%	948	-24%
Group Sales Revenue	11,023	14,200	-22%	19,011	-42%
Group Cost of Goods Sold	12,927	14,272	-9%	19,461	-34%
Group Gross Profit (Loss)	(1,904)	(72)	N.A.	(450)	-323%
Group EBITDA <sup>2)</sup>	(1,654)	(133)	N.A.	75	N.A.
Group Net Profit (Loss)	(3,026)	(1,552)	-95%	(1,397)	-117%

<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 or the reversal thereof) = Net Profit + Interest + Tax + Depreciation and Amortisation

### Consolidated

**Q1/2015** The Company and its subsidiaries recorded sales and service revenues Baht 11,023 million, down 22% QoQ and 42% YoY, from a 6% QoQ and 46% YoY decrease in HRC Sales Volume of HRC Business as well as a 35% QoQ and 38% YoY decrease in Slab Sales Volume to 3rd party customers of Upstream Business. Total cost of sales and service was Baht 12,927 million, down 9% QoQ and 34% YoY, following lower Group Sales Volume of 5% QoQ and 24% YoY. Sales revenue ratio of HRC:Slab after eliminating related transactions was 50:50 in Q1/2015 (compared with 41:59 in Q4/2014).

The Company and its subsidiaries recorded gross loss of Baht 1,904 million, EBITDA negative Baht 1,654 million (excluding the provision for loss on decline in value of inventories Baht 445 million and the reversal of provision

for loss under onerous contracts Baht 66 million, Core EBITDA was negative Baht 1,276 million), and net loss Baht 3,026 million or negative EPS Baht 0.09 per share. Operating performance was lower QoQ and YoY mainly from both lower HRC Spread in HRC Business and Slab Spread in Upstream Business, as steel prices have continued to tumble in the world markets. Negative profitability ratios are as shown in a table below.

	Q1/2015	Q4/2014	Q1/2014
NP Margin (%)	(27.4)	(10.9)	(7.4)
ROA* (%)	(15.8)	(8.0)	(6.8)
ROE* (%)	(386.7)	(114.1)	(61.8)
EPS (Baht/Share)	(0.09)	(0.05)	(0.04)

Note: \* Annualised figures for comparison purpose

### HRC Business (the Company)

**Table 2: Performance Highlight of HRC Business**

Unit: USD/ton	2015 Q1	2014 Q4	+/- QoQ	2014 Q1	+/- YoY
Average Selling Price	607	668	-9%	667	-9%
Average Cost of Goods Sold	611	615	-1%	612	-0.1%
HRC Spread <sup>1)</sup>	65	123	-47%	127	-48%
HRC Rolling Margin <sup>2)</sup>	10.8%	18.3%		19.0%	
HRC EBITDA <sup>3)</sup>	(38.6)	(27.1)	-42%	63.8	-161%
Sales Volume (k tons)	278	267	+4%	462	-40%
Production Volume (k tons)	221	257	-14%	397	-44%

<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 USD 15.9 per/ton in Q1/2015, USD 64.1 per/ton in Q4/2014, and reversal of the stock loss provision USD 1.7 per/ton in Q1/2014.

**Revenues: Q1/2015.** The Company recorded sales and service revenues Baht 5,446 million, down 6% QoQ and 46% YoY. HRC Sales Volume was 278k tons, up 4% QoQ. HRC Sales Volume increased less than expected and dropped 40% YoY, due to high import volume of downstream steel products such as steel pipes and steel purlin which affected HRC consumption. In addition, the global steel prices continued to decline causing customers to prolong their orders in a wait-and-see situation. HRC Average Selling Price in Q1/2015 was Baht 19,749/ton or approx. USD 607/ton, down 9% QoQ and 9% YoY following the world steel prices. Premium Value Products (PVPs) contributed to 41% of total HRC Sales Volume.

**Expenses: Q1/2015,** the Company recorded **Cost of sales and service** Baht 5,707 million, comprising total cost of sales Baht 5,479 million, and the provision for loss on decline in value of inventories Baht 227 million. Cost of sales and service decreased 2% QoQ and 39% YoY mainly from lower HRC Sales Volume. **SG&A** was Baht 262 million; up 6% QoQ and 16% YoY 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 32 million. There was the reversal of provision for loss under onerous contracts Baht 83 million. **Interest Expense** was Baht 414 million; up 3% QoQ from increased in consignment inventory, but down 10% YoY from lower inventory level plus benefit from lower interest rate, including no loss on interest rate swap as occurred in Q1/2014.

**HRC Spread:** Q1/2015, the Company recorded HRC Spread at USD 65/ton or HRC Rolling Margin of 10.8%, down from USD 123/ton in Q4/2014, and down from USD 127/ton in Q1/2014.

**Profits:** Q1/2015, the Company recorded gross loss Baht 261 million, negative HRC EBITDA Baht 350 million (excluding the provision for loss on decline in value of inventories Baht 227 million and the reversal of provision for loss under onerous contracts Baht 83 million, Core EBITDA was negative Baht 206 million), and net loss Baht 865 million; down QoQ from gross loss Baht 45 million, negative HRC EBITDA Baht 241 million, and net loss Baht 757 million. Operating performance also dropped YoY, where gross profit was Baht 853 million, HRC EBITDA was positive Baht 962 million, and net profit was Baht 347 million in Q1/2014. HRC EBITDA/ton in Q1/2015 was negative USD 38.6/ton (including the provision for loss on decline in value of inventories USD 25.1/ton and the reversal of provision for loss under onerous contracts USD 9.2/ton), down from negative HRC EBITDA USD 27.1/ton in Q4/2014 and positive HRC EBITDA 63.8/ton in Q1/2014. The operating performance dropped QoQ and YoY mainly due to high cost whilst HRC Average Selling Price continued to decline which affected HRC Sales Volume of the Company and required the setup in the stock loss provision as earlier explained.

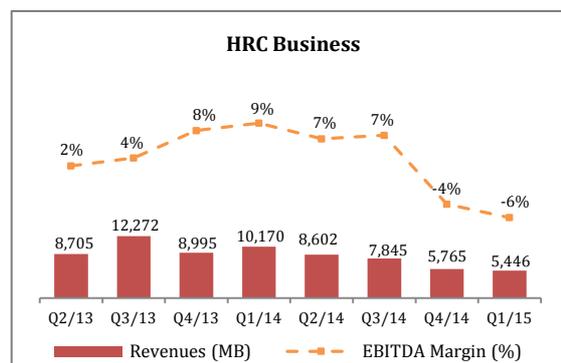


Figure 7: Revenues and EBITDA Margin of HRC Business

### Upstream Business (SSI UK)

Table 3: Performance Highlight of Upstream Business

Unit: USD/ton	2015 Q1	2014 Q4	+/- QoQ	2014 Q1	+/- YoY
Average Selling Price	370	496	-25%	522	-29%
Average Cost of Goods Sold	420	495	-15%	579	-28%
Slab Spread <sup>1)</sup>	118	207	-43%	144	-18%
Slab Margin <sup>2)</sup> (%)	32.0%	41.8%	-	27.5%	-
Sales Volume (k tons)	715	709	+1%	717	-0.2%
Sales Volume to 3 <sup>rd</sup> Party Customers (k tons)	440	490	-10%	486	-9%
Slab Sales Volume to 3 <sup>rd</sup> Party Customers	62%	69%	-	68%	-
Production Volume (k tons)	721	689	+5%	696	+4%

<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:** Q1/2015, SSI UK recorded total sales and service revenues Baht 8,816 million, down 24% QoQ and 30% YoY from 1% QoQ increase in Slab Sales Volume to 715k tons, but a decrease of 0.2% YoY. Slab Average Selling Price was down 25% QoQ and 29% YoY to USD 370/ton. Revenues after elimination of related parties transactions were Baht 5,422 million from 440k tons of Slab Sold to 3rd Party Customers, or approx. 62% of total Slab Sales Volume, which decreased from 490k tons in Q4/2014 due to declining in Slab Average Selling Price causing customers to delay ordering.

**Expenses:** Q1/2015, SSI UK recorded **Cost of sales and service** Baht 10,508 million, comprising total cost of sales Baht 10,291 million and the provision for loss on decline in value of inventories Baht 217 million. Total cost of sales and service decreased 11% QoQ and 24% YoY as the cost of raw material per ton declined following a decrease in raw material prices and blend optimization as well as lower unit conversion cost due to cost reduction projects and the British Pound weakening against the US Dollar by 4% QoQ. Average PCI Injection Rate (Pulverised Coal Injection) increased from 110 kg/thm in Q4/2014 to 135 kg/thm in Q1/2015, the highest record since the start up of PCI in Q3/2013. **SG&A** was Baht 99 million, down 6% QoQ and 4% YoY due to improvement in SG&A expense management. There was the provision for loss under onerous contracts Baht 23 million. **Interest Expense** was Baht 356 million, down 12% QoQ and 3% YoY from a decrease in imported raw materials cost.

**Slab Spread:** Q1/2015, SSI UK recorded Slab Spread at USD 118/ton or Slab Margin of 32.0%, down from USD 207/ton in Q4/2014 and USD 144/ton in Q1/2014.

**Profits:** Q1/2015, SSI UK recorded gross loss Baht 1,693 million, negative EBITDA Baht 1,252 million (excluding the provision for loss on decline in value of inventories Baht 217 million and the provision for loss under onerous contracts Baht 23 million, Core EBITDA was negative Baht 1,012 million), and net loss Baht 2,073 million. Compared with Q4/2014 (where gross loss was Baht 118 million, Slab EBITDA was positive Baht 29 million, and net loss was Baht 843 million), and compared with Q1/2014 (where gross loss was Baht 1,363 million, Slab EBITDA was negative Baht 883 million, and net loss was Baht 1,701 million), operating performance dropped QoQ and YoY, due to a sharp decrease of global steel prices continuing from Q4/2014, resulted in narrower Slab Spread by 43% QoQ and 18% YoY. Consequently, the Company was required to set up the stock loss provision as earlier explained despite a lower unit conversion cost.

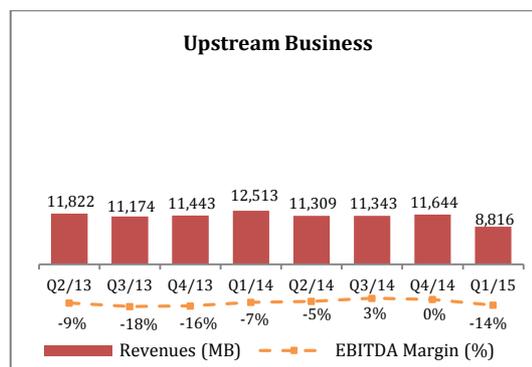


Figure 8: Revenues and EBITDA Margin of Upstream Business

**Port Business (PPC)**

**Revenues:** Q1/2015, PPC recorded total service revenues Baht 61 million, down 23% QoQ and 9% YoY from lower throughput volume and lower revenue from PPC Shore Crane following lower throughput volume of the Company and its subsidiaries by 39% QoQ and 24% YoY due to a significant drop in steel prices causing customers to delay their orders.

**Profits:** Q1/2015, PPC recorded gross profit Baht 26 million, EBITDA Baht 44 million, and net profit Baht 10 million. Compared with Q4/2014, gross profit, EBITDA, and net profit decreased by 37%, 23%, and 60% QoQ respectively. Compared with Q1/2014, gross profit, EBITDA and net profit also decreased by 11%, 1%, and 27% YoY respectively. Operating performance dropped QoQ and YoY due to lower revenues as earlier explained while majority of the costs are fixed costs including cost of sales and services as well as selling and administrative expenses.

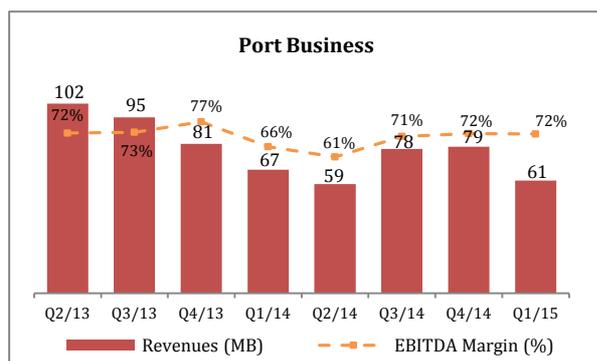


Figure 9: Revenues and EBITDA Margin of Port Business

### Engineering Business (WCE)

**Revenues:** Q1/2015, WCE recorded total sales and service revenues Baht 160 million, up 5% QoQ with following details:

- 1) Maintenance Management Business Baht 52 million, down 13% QoQ due to a decrease in revenues from revamping & overhaul segment and a decrease in manpower on customers' maintenance service contracts of the Company and its subsidiaries.
- 2) Machinery Engineering Business Baht 16 million, down 11% QoQ due to new projects received from customers in the cement industry and state-owned enterprise could not cover the reduced sales of the Company and its subsidiaries.
- 3) Steel Structure and Fabrication Business Baht 14 million, down 14% QoQ as most projects were delivered in Q4/2014 and the start up of a new project from State Railway of Thailand was delayed. The project is expected to start in April 2015.
- 4) Engineering Procurement and Construction Business Baht 77 million, up 35% QoQ due to an increase in revenues recognition based on work completion of the projects carried on since 2014.

**Profits:** Q1/2015, WCE recorded gross profit Baht 7 million; negative EBITDA Baht 2 million; and net loss Baht 5 million. Compared with Q4/2014, gross profit increased by 4% whilst negative EBITDA and net loss was smaller 85% and 64% QoQ respectively. Compared with Q1/2014, gross profit, negative EBITDA, and net loss worsened 80%, 121% and 397% YoY respectively. A major reason poor performance in Q1/2015 was that there was a loss-making project of Steel and Fabrication Business carried from last year. However, WCE has already recorded the allowance for the project's cost overrun.

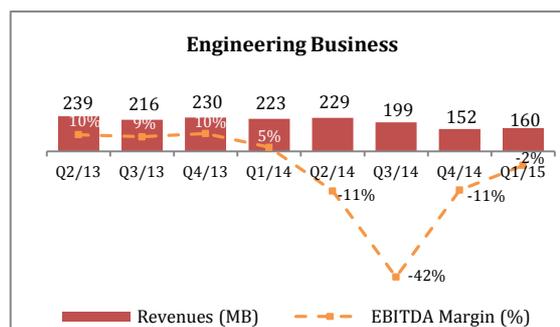


Figure 10: Revenues and EBITDA Margin of Engineering Business

### CRC Business (TCRSS)

**Revenues:** Q1/2015, TCRSS recorded total sales Baht 3,031 million, down 8% QoQ, following a decrease in CRC Sales Volume by 7% QoQ due to increasing volume of imported CRC and a decrease in CRC Average Selling Price by 1% QoQ due to weakening global steel prices. Compared with Q1/2014, total sales were up 8% YoY resulted from an increase in CRC Sales Volume by 11% following the recovery of domestic apparent steel consumption. However, CRC Average Selling Price was down by 3% so that domestic steel suppliers could stay competitive against CRC import from China, Korea, Taiwan and India, as main competitors in the general steel market segment.

**Profits:** Q1/2015, TCRSS recorded gross profit Baht 49 million, EBITDA Baht 120 million; and net loss Baht 34 million, decreasing QoQ by 74%, 56% and 147% respectively mainly due to revenues decrease. Compared with Q1/2014, gross profit, EBITDA and net loss improved by 326%, 1057% and 69% respectively, resulted from an increase in CRC Sales Volume from the recovery of domestic apparent steel consumption as earlier explained.

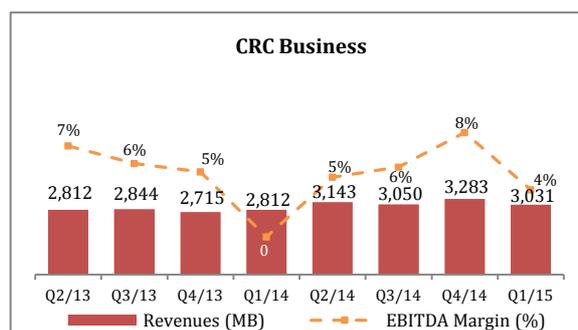


Figure 11: Revenues and EBITDA Margin of CRC Business

## 6. Consolidated Financial Status

### Consolidated Financial Position as at the End of Q1/2015

#### Trade and Notes Receivable- Net

As at 31 March 2015, trade and notes receivable netted Baht 5,274 million, down 1% from the end of 2014, following lower sales and service revenues in both Upstream Business and HRC Business.

#### Inventory

As at 31 March 2015, inventory netted Baht 12,788 million, down 6% from the end of 2014, as a result of lower raw materials cost and purchase volume of raw materials.

#### Current Ratio

As of 31 March 2015, current ratio was 0.32x; slightly decreasing from 0.33x at the end of 2014 mainly from the falling inventories and loan reclassification of the Group.

#### Liabilities and Liquidity Management

As at 31 March 2015, the Company and its subsidiaries had total liabilities Baht 73,598 million, up 2% from 31 December 2014, mainly due to an increase in accrued expenses in Upstream Business.

The Company and its subsidiaries had total interest-bearing debts Baht 51,970 million whilst net debt was Baht 51,887 million. These debts consisted of short-term borrowings and current portion of long-term interest-bearing debts Baht 51,817 million and long-term interest-bearing debts Baht 152 million.

**Table 4: Inventories Classification as at the End of Quarter**

Unit: million Baht	31 Mar 2015	31 Dec 2014	% Chg.
Raw Materials (Slab, iron ore, coking coal, & coke)	3,059	4,330	-29%
Raw Materials in Transit (Slab)	6,688	4,628	+45%
Finished Goods and Work-in-process (HRC & HRC-P/O)	1,950	3,161	-38%
Tools and Spare Parts	2,469	2,446	+1%
Less: Provision for loss on decline in value of inventories	(1,378)	(937)	-47%
<b>Net Inventories</b>	<b>12,788</b>	<b>13,629</b>	<b>-6%</b>

**Table 5: Financial Ratios**

Financial Ratios	31 Mar 2015	31 Dec 2014
Current Ratio (x)	0.32	0.33
Interest-Bearing Debt to Equity Ratio (x)	21.60	9.62

As at 31 March 2015, long-term loan granted from financial institution to the Group in the amount of Baht 21,000 million was classified as a current liability. The stated loan will be classified back from current liability to long-term liability in Q2/2015 as the Group has obtained the waivers of breaches of loan rescheduling and covenant ratios from financial institutions in April 2015.

Total shareholders' equity decreased 56% to Baht 2,407 million as a result of the Group's operating loss as at 31 March 2015. Therefore, interest-bearing debt to equity ratio went up to 21.60x from 9.62x as at 31 December 2014.

**Cash Flow**

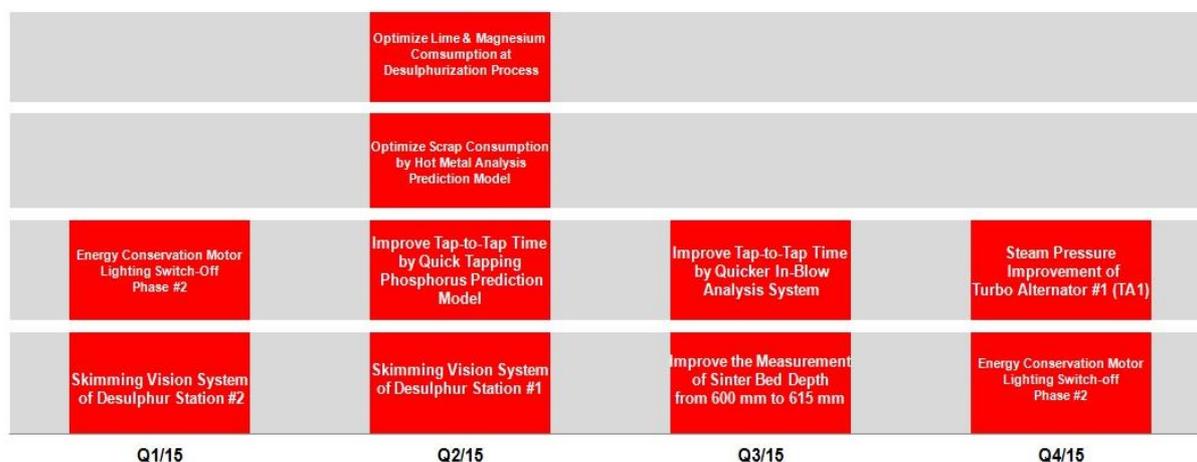
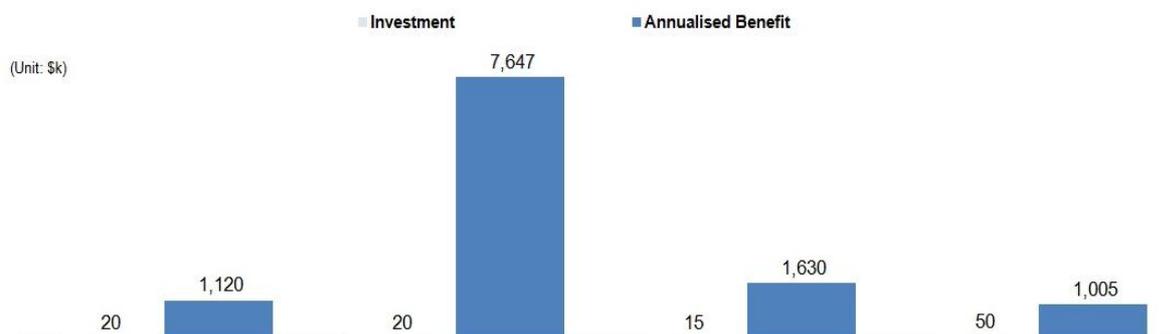
As at 31 March 2015, the Company and its subsidiaries' ending cash was Baht 83 million; a decrease from net cash and cash equivalents of Baht 351 million at the end of 2014, as detailed in Table 14, consisting of:

- Net cash received from operating activities of Baht 509 million consisting of (1) cash outflows from operation Baht 1,252 million, and (2) cash inflows from net change in working capital of Baht 1,760 million mainly resulted from a reduction in inventories.
- Net cash received from investing activities of Baht 138 million was mainly from (1) cash outflows from additional investments in fixed assets and intangible assets of Baht 131 million (2) cash inflows from dividends received from jointly-controlled entity in the amount of Baht 70 million (3) cash inflows from currency translation differences of Baht 197 million, and (4) cash inflows from other activities of Baht 2 million.
- Net cash used in financing activities was Baht 917 million; mainly consisting of cash paid for finance costs, repayment on short-term and long-term loans, and cash received from short-term loans from related parties.

**7. Ongoing Projects**

**Upstream Business's Quick-win Projects**

SSI UK has an investment plan in Quick-win projects, a series of small projects which require small amount or zero capital expenditure with short delivery, but contribute high return and quick payback. These investment projects aim to improve the business's competitiveness and profitability. There are 10 near-term Quick-win projects planned in 2015 requiring capital expenditure approximately USD 0.11 million. Expected benefits are approx. USD 11.40 million per annum, as detailed below:



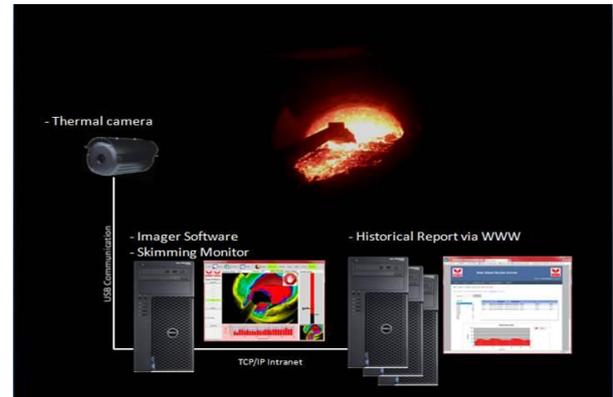
An example of the Quick-win Projects delivered in Q1/2015:

### ***Skimming Vision System at Desulphur Station # 2***

A critical and costly factor in the desulphur station is sulphur removal in hot metal and subsequent skimming or removal of sulphur bearing slag from the hot metal ladle. From historical data, it has been identified that iron loss from the skimming process is due to manual operation and visual estimation by the operator.

The installation of the thermal image camera will enhance operator visualization and accuracy of skimming process which will lead to the yield improvement.

The investment is USD 0.06 million. The system was fully installed and commissioned at the end of January 2015. The project has paid back in less than 1 month.



This picture shows the skimming process.

## **8. Recent Development**

### ***Key Development in Manufacturing in Q1/2015***

#### ***SSI's Efficacy Maintenance***

In Q1/2015, the Company was able to achieve the maintenance optimization management by controlling the optimum maintenance cost to be in line with the production position as well as performing any necessary maintenance support for continuous production. The key actions for this project are:

1. Use condition base maintenance, especially the predictive maintenance as well as closely monitor and evaluate the machine.
2. Review the efficiency of maintenance cost by having maintenance supervisor monitor it weekly.

In Q1/2015, the maintenance cost decreased to 327 Baht/ton from 384 Baht/ton in Q4/2014.

#### ***Recent Development of WCE***

At the end of Q1/2015, WCE had a backlog order for all businesses of Baht 182 million to be delivered within the first half of this year including 1) Maintenance Management Business Baht 35 million; 2) Machinery Engineering Business Baht 15 million; 3) Steel Structure and Fabrication Business Baht 42 million, and 4) Engineering Procurement and Construction Business Baht 89 million.

#### ***Change of Time Calculation from T5 Math Model to Neural Network.***

For normal single furnace production, the bottle neck is found at the furnace where each slab has to reach an appropriate temperature level. To increase productivity of a single furnace, it is necessary to reduce the time in furnace of slab while keeping an appropriate temperature level and eliminating disruption of production process. The Neural Network's principal was used to create a new model for calculation of duration in furnace. The new model is more precise in time calculation than the old T5 Math Model, and could enhance higher productivity from 174.1 tons/hr to 200.8 tons/hr resulted in reduced conversion cost by approx. 9%.

During Q1/2015, WCE received new orders amounting Baht 86 million, including 1) Maintenance Management Business Baht 36 million; 2) Machinery Engineering Business Baht 17 million; 3) Steel Structure and Fabrication Business Baht 8 million; and 4) Engineering Procurement and Construction Business Baht 25 million.

### **Good Corporate Governance and Corporate Social Responsibility**

- 1) On 9 January 2015, SSI handed over English book sets, supported by Books for Thailand Foundation (BFT), to 44 school libraries in Bangsaphan in order to cultivate a love of reading to students and improve their English language skills.
- 2) On 18 February 2015, Her Royal Highness Princess Ubolratana Rajakanya Sirivadhana Barnavadi graciously visited the booth of SSI in the occasion of presiding over an opening of TO BE NUMBER ONE FRIEND CORNER and followed up on the progress of TO BE NUMBER ONE Project in Prachuap Khiri Khan. Moreover, Her Royal Highness Princess graciously granted a golden badge to SSI, as the Company has joined forces in setting up TO BE NUMBER ONE CLUB against drug problems, with 200 SSI staff members. In addition, SSI presented a donation to support TO BE NUMBER ONE Project, at Prachuap Witthayalai School, Prachuap Khiri Khan.
- 3) On 6 March 2015, the Committee of “Sahaviriya Fund for Bangsaphan Educational Development Project,” consisting of academic advisors from the Office of the Basic Education commission of Thailand (OBEC), the Office of Prachuap Khiri Khan Primary Educational Service Area Zone 1, and SSI, as a representative of Sahaviriya Group, together monitored and assessed 3 generations of schools who had received scholarships from the project, including Ban Suan Luang School, Ban Don Sa-Nga School, Bangsaphan Kindergarten School and Bangsaphan School.
- 4) On 11 March 2015, Sub. Lt. Songtham Chantaprasit, R. T. N., Managing Director of Bangkok Port and Acting Director General of Port Authority of Thailand, led a group of 84 executives and staff from the Port Authority of Thailand to attend a presentation on “Environment, Occupational Health and Safety Management of SSI at SSI Bangsaphan Steelworks, Prachuap Khiri Khan.
- 5) On 27 March 2015, group members of Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute (TEI) arranged activities to learn and exchange ideas on the topics of social and community development and environmental management as well as visited the SSI Bangsaphan Steelworks. The Public & Community Relations team welcomed the group members and explained hot-rolled coil production process, including exchanging knowledge on the topics.
- 6) SSI staff arranged SSI Volunteering Project under “25th Anniversary of SSI, 250 Goodness, A Thousand Hearts of SSI Arsa”. In Q1/2015, total of 2 activities were arranged with the participation of 103 SSI staff members, 8 residents, in total of 111 people with 888 volunteering service hours in the following areas:
  - On 10 February 2015, fixing children playthings and building a public rest-house at BanThong Mongkol School in Moo 6, Thongmongkok Subdistrict.
  - During 5 - 20 March 2015, building sport field at Bangsaphan School in Kaobost Temple in Moo1, Kamnerd Noppakhun Subdistrict.

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

#### **Anti – dumping Measure**

- For the case of *Anti-dumping Measure on HRC whose origins are from 14 countries*, Department of Foreign Trade (“DFT”) had announced the Notification for investigation of the Sunset Review and imposed the provisional AD duty for one year in the Royal Gazette being effective from 23 May 14 to 22 May 15. Later, DFT opened a hearing meeting on 5 Jan 2015 in order to collect data to support definitive AD measure consideration which is expected to be finalized within May 2015.

#### **Safeguard Measure**

- The Company and TCRSS have not filed additional petition for Safeguard Measure during Q1/2015.

### *Development on Capital Structure*

- As at 31 March 2015, the Company had total outstanding of Convertible Debentures No. 1/2012 (“Convertible Debentures”) of 279 units amounting to the outstanding value of Baht 279,000 whose maturity date will be on 23 May 2015. However, as the stated date falls on the holiday of the Stock Exchange of Thailand, the Company has set the last exercise date to convert Convertible Debentures into ordinary shares on the last business day before the maturity date which is 22 May 2015. The Company has also set the date for the last interest payment and the principal repayment of Convertible Debentures to all Convertible Debentures holders who do not exercise their final conversion rights on the affirmed date to be on 25 May 2015.
- The 26<sup>th</sup> Annual General Meeting of Shareholders held on 20 April 2015 has resolved to approve an increase of the Company’s registered capital from Baht 34,263,663,124 to Baht 50,263,663,124 by issuing 16,000,000,000 newly issued ordinary shares with the par value of Baht 1 per share to persons under the Private Placement, who are not a connected person of the Company. The Capital increase will be finished within one year since the annual general meeting of shareholders’ approval resolution.

### Appendix

**Table 6: World Crude Steel Production**

Unit: million tons	2015	2014	+/-	2014	+/-
Region	Q1	Q4	QoQ	Q1	YoY
EU	43.38	41.61	+4%	43.79	-1%
North America	28.19	30.15	-6%	29.49	-4%
South America	11.08	11.34	-2%	10.81	+3%
China	200.02	198.91	+1%	201.05	-1%
Asia (ex. China)	71.01	72.46	-2%	70.87	+0.2%
Others	45.10	46.51	-3%	47.00	-4%
<b>Total</b>	<b>398.77</b>	<b>400.98</b>	<b>-1%</b>	<b>403.02</b>	<b>-1%</b>

Source: World Steel Association

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

Unit: USD/ton	Q1/2014 Actual	Q2/2014 Actual	Q3/2014 Actual	Q4/2014 Actual	Q1/2015 Actual	Q2/2015 Estimate
Coking Coal (FOB Australia)	106-133	108-113	108-113	107-112	95-110	85-93
Iron Ore (CFR China)	106-136	90-120	79-99	67-84	52-72	48-60
Slab (CFR East Asia import)	530-555	515-540	495-520	405-490	323-385	315-330
HRC (FOB China)	518-525	504-523	422-508	412-488	368-458	361-375
Scrap (FOB Rotterdam)	317-368	332-349	328-386	273-322	213-307	229-239

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

Production Volume (in million units)	2015 Q1	2014 Q4	% QoQ	2014 Q1	% YoY
Car Production <sup>1)</sup>	0.52	0.47	+11%	0.52	+1%
Refrigerator Production <sup>1)</sup>	0.94	0.96	-2%	0.94	-0.1%
Air Conditioner Production <sup>2)</sup>	3.78	2.71	+39%	3.84	-1%

Source: <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 Q1	2014 Q4	% QoQ	2014 Q1	% YoY
Domestic Production	544,661	585,711	-7%	543,396	+0.2%
Import	950,252	1,093,043	-13%	891,066	+7%
Export	3,094	2,469	+25%	13,486	-77%
<b>Total</b>	<b>1,491,819</b>	<b>1,676,285</b>	<b>-11%</b>	<b>1,420,976</b>	<b>+5%</b>

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

**Table 10: HRC Apparent Steel Supply (Estimate for 2015)**

Unit: tons	2014 Actual	Q1/2015 Actual	Q2/2015 Estimate	Q3/2015 Estimate	Q4/2015 Estimate	2015 Estimate	% YoY
Domestic Production	2,578,170	544,661	600,000	720,000	720,000	2,584,661	+0.3%
Import	3,895,809	950,252	950,000	980,000	980,000	3,860,252	-1%
Export	24,591	3,094	3,000	3,000	3,000	12,094	-51%
<b>Total</b>	<b>6,449,388</b>	<b>1,491,819</b>	<b>1,547,000</b>	<b>1,697,000</b>	<b>1,697,000</b>	<b>6,432,819</b>	<b>-0.3%</b>

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

**Table 11: Summary of Consolidated Financial Results****Consolidated**

Unit: million Baht	2015 Q1	2014 Q4	+/- QoQ	2014 Q1	+/- YoY
Sales and service revenues	11,023	14,200	-22%	19,011	-42%
Cost of sales and service	12,927	14,272	-9%	19,461	-34%
Gross profit (loss)	(1,904)	(72)	N.A.	(450)	-323%
SG&A	384	416	-8%	356	+8%
Provision for loss under onerous contracts (reversal)	(66)	457	-115%	(88)	+25%
Gain on sales of investments in jointly-controlled entity	-	-		-	
EBITDA	(1,654)	(133)	N.A.	75	N.A.
Interest expense	778	815	-5%	832	-6%
Depreciation and amortisation	593	611	-3%	639	-7%
Income tax (reversal)	1	(7)	+111%	2	-66%
Realised FX gain (loss)	(105)	5	N.A.	32	-431%
Unrealised FX gain (loss)	32	(21)	+251%	11	+196%
Net profit (loss)	(3,026)	(1,552)	-95%	(1,397)	-117%
EPS (Baht)	(0.09)	(0.05)	-95%	(0.04)	-117%

**Table 12: Financial Results by Business**

Unit: million Baht	2015 Q1	2014 Q4	+/- QoQ	2014 Q1	+/- YoY
<b><u>Sales and Service Revenues</u><sup>1)</sup></b>					
<b>Consolidated</b>	<b>11,023</b>	<b>14,200</b>	<b>-22%</b>	<b>19,011</b>	<b>-42%</b>
HRC Business	5,446	5,765	-6%	10,170	-46%
Upstream Business	5,422	8,293	-35%	8,689	-38%
Port Business	36	36	-1%	33	+8%
Engineering Business	119	104	+14%	128	-7%
<b><u>EBITDA</u><sup>1)</sup></b>					
<b>Consolidated</b>	<b>(1,654)</b>	<b>(133)</b>	<b>N.A.</b>	<b>75</b>	<b>N.A.</b>
HRC Business	(350)	(241)	-45%	962	-136%
Upstream Business	(1,252)	29	N.A.	(883)	-42%
Port Business	44	57	-23%	44	-1%
Engineering Business	(2)	(16)	+85%	11	-121%
Elimination of Related Parties Transaction	(93)	38	-	(59)	-
<b><u>Net Profit (Loss)</u><sup>1)</sup></b>					
<b>Consolidated</b> <sup>2)</sup>	<b>(3,026)</b>	<b>(1,552)</b>	<b>-95%</b>	<b>(1,397)</b>	<b>-117%</b>
HRC Business	(865)	(757)	-14%	347	-349%
Upstream Business	(2,073)	(843)	-146%	(1,701)	-22%
Port Business	10	25	-60%	13	-27%
Engineering Business	(5)	(14)	+64%	2	-397%
Elimination of Related Parties Transaction	(101)	17	-	(62)	-
Non-controlling Interest	8	19	-	3	-

<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 31 Mar 15	As of 31 Dec 14	+/-
<b>Assets</b>			
Accounts Receivable	5,274	5,312	-1%
Inventories	12,788	13,629	-6%
Other Current Assets	4,579	4,068	+13%
<b>Total Current Assets</b>	<b>22,641</b>	<b>23,009</b>	<b>-2%</b>
Property, Plant and Equipment	49,628	50,513	-2%
Investments in jointly-controlled entities	3,384	3,419	-1%
Other Non-Current Assets	350	353	-1%
<b>Total Assets</b>	<b>76,004</b>	<b>77,293</b>	<b>-2%</b>
<b>Liabilities and Equity</b>			
S/T Debt and Current Portion of L/T Interest-Bearing Debts	51,817	52,373	-1%
Accounts Payable	10,667	10,852	-2%
Other Current Liabilities	8,955	6,452	+39%
<b>Total Current Liabilities</b>	<b>71,439</b>	<b>69,677</b>	<b>+3%</b>
L/T Interest-Bearing Debts	152	143	+7%
Other Non Current Liabilities	2,006	2,013	-0.4%
<b>Total Liabilities</b>	<b>73,598</b>	<b>71,833</b>	<b>+2%</b>
Equity Attributable to Owners of the Company	1,601	4,660	-66%
Non-controlling Interests	806	800	+1%
<b>Total Equity</b>	<b>2,407</b>	<b>5,460</b>	<b>-56%</b>
<b>Total Liabilities and Equity</b>	<b>76,004</b>	<b>77,293</b>	<b>-2%</b>

Table 14: Condensed Statement of Cash Flow

Unit: million Baht	Jan-Mar 2015
<b>Net cash from operating activities</b>	<b>509</b>
Dividends received from jointly-controlled entity	70
Purchases of property, plant and equipment	(129)
Currency translation differences	197
Other investments	0
<b>Net cash from investing activities</b>	<b>138</b>
Net Proceeds from issuance of ordinary shares	0
Finance costs paid	(563)
Repayment on bank overdrafts and short-term loans from financial institutions	(328)
Proceeds from (paid to) short-term loan from related parties	(37)
Repayment on long-term loans	(4)
Cash paid for buyback convertible debentures	0
Cash received from (paid for) other financing activities	16
<b>Net cash from financing activities</b>	<b>(917)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(270)</b>
Cash and cash equivalents at 1 January 2015	351
Effect of exchange rate changes on balance held in foreign currency	2
<b>Cash and cash equivalents at 31 March 2015</b>	<b>83</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>

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