

No. 002/182-005/2015

Sahaviriya Steel Industries Plc. reports Q4 and year 2014 operating result**Q4/2014 Result**

- Consolidated revenues from sales and services totaled 14,200 million Baht; Group Steel Sales Volume 757 k tons
- Standalone net loss 757 million Baht; Consolidated net loss 1,552 million Baht
- Standalone negative EBITDA 241 million Baht; Consolidated negative EBITDA 133 million Baht

12 Months/2014 Result

- Consolidated revenues from sales and services totaled 65,276 million Baht; Group Steel Sales Volume 3,318 k tons
- Standalone net loss 346 million Baht; Consolidated net loss 4,903 million Baht
- Standalone EBITDA 1,887 million Baht; Consolidated EBITDA 808 million Baht

Sahaviriya Steel Industries Plc. (SSI) reports its fourth quarter and the year 2014 results as follows:

Q4/2014 Result

Standalone Financial Statement – The Company recorded sales and service revenues 5,765 million Baht (down 27% QoQ); HRC Sales Volume 267 k tons (down 25% QoQ and down 37% YoY) with 39% Premium Value Products sales ratio of total HRC Sales Volume; negative EBITDA 241 million Baht; and net loss 757 million Baht (down from positive net profit 36 million Baht in Q3/2014 and 75 million Baht in Q4/2013).

Consolidated Financial Statements – The Company and its subsidiaries recorded sales and service revenues 14,200 million Baht (up 1% QoQ but down 12% YoY). Steel Sales Volume was 757k tons; negative Group EBITDA 133 million Baht; and net loss 1,552 million Baht (operating performance improved YoY due to higher Sales Volume to 3rd party customers in Upstream Business as well as higher Slab Spread).

2014 Results

Standalone Financial Statement – The Company recorded sale and service revenues 32,382 million Baht (29% decrease YoY); HRC Sales Volume 1,468 k tons (down 31% YoY) with 38% Premium Value Products sales ratio of total HRC Sales Volume; EBITDA 1,887 million Baht (down 36% YoY); and net loss 346 million Baht (compared with net profit 270 million Baht in 2013).

Consolidated Financial Statements – The Company and its subsidiaries recorded sales and service revenues 65,276 million Baht (0.2% decrease YoY). Steel Sales Volume was 3,318 k tons, record high annual sales volume; Group EBITDA 808 million Baht (from negative EBITDA 2,888 million Baht in 2013); and net loss 4,903 million Baht (smaller loss 30% YoY, compared with last year).

Performance of Subsidiaries and Jointly-Controlled Entity in Q4/2014:

- *Upstream Business* recorded sales and service revenues 11,644 million Baht (an increase of 3% QoQ and 2%YoY); EBITDA 29 million Baht (down 91% QoQ but up from negative EBITDA 1,887 million Baht in the same period last year) and net loss 843 million Baht (higher loss 67% QoQ but smaller loss 69% YoY).
- *Port Business* recorded total service revenues 79 million Baht (up 1% QoQ but down 2% YoY); and net profit 25 million Baht (up 0.5% QoQ but down 22% YoY).
- *Engineering Business* recorded total sales and service revenues 152 million Baht (down 24% QoQ and down 34% YoY). Sales and service revenues to external customers, apart from the Company and its subsidiaries, were 69% of total. Net loss was 14 million Baht (down 82% QoQ and down 218% YoY).
- *Cold Rolled Coil Business* recorded total sale 3,283 million Baht (a 8% increase QoQ and 21% YoY); and net profit 72 million Baht (up 119% QoQ and 1526% YoY).

Performance of Subsidiaries and Jointly-Controlled Entity in 2014:

- *Upstream Business* recorded sales and service revenues 46,809 million Baht (an increase of 3% YoY); negative EBITDA 1,046 million Baht (smaller loss from negative EBITDA 5,919 million Baht last year) and net loss 4,396 million Baht (smaller loss from net loss 7,259 million Baht last year).
- *Port Business* recorded total service revenues 283 million Baht (down 28% YoY); and net profit 69 million Baht (down 56% YoY).
- *Engineering Business* recorded total sales and service revenues 803 million Baht (down 12% YoY). Sales and service revenues to external customers, apart from the Company and its subsidiaries, were 69% of total. Net loss was 120 million Baht (from net profit 49 million Baht last year).
- *Cold Rolled Coil Business* recorded total sale 12,287 million Baht (6% increase YoY); and net profit 2 million Baht (down 99% YoY).

Mr. Win Viriyaprapaikit, Group CEO and President of Sahaviriya Steel Industries Plc. (SSI), stated that "In the 4th quarter, while we are pleased with our core performance having delivered positive Baht 918 million Core EBITDA, we are facing with turbulent global headwinds. Recent sharp drop in oil price and accelerated devaluation of the Russian Ruble had put tremendous pressure on the global steel market, causing steel prices to drop by 30% in a period of just a few months. We had to prudently set a stock-loss provision of Baht 1,052 million, resulting in a disappointing negative Baht 133 million EBITDA result.

Upstream Business We achieved the highest-ever 41.8% Slab Margin, thanks to the combination of raw material price decrease and our effort in raw material blend optimization. PCI Injection Rate reached highest-ever 110kg/ton average for the quarter, giving us good cost saving. 3rd Parties Slab Sales Volume is robust at 69% of total. Core EBITDA was highest-ever positive Baht 517 million; but taking a Baht 488 million stock-loss provision, final EBITDA was positive Baht 29 million.

HRC Business Thai domestic HRC demand remained soft as expected throughout the latter part of 2014, our HRC Sales Volume dropped 25% QoQ. Nevertheless, we managed to maintain a satisfactory \$123/ton HRC Spread, resulting in a positive Baht 323 million Core EBITDA. Similar to the Upstream Business, taking a Baht 564 million stock-loss provision, final EBITDA was negative Baht 241 million.

As for the full year 2014, we successfully turned the business around from a negative EBITDA Baht 2,888 million in 2013 to a positive EBITDA Baht 808 million in 2014. Thanks to the hard work and creativity of our people, we have launched and delivered numerous initiatives to save cost, increase productivity and yield, and improve quality.

Our mission and strategy remains the same – Innovation and Integration. We continue to reduce cost and strengthen the competitiveness of our manufacturing base through integration and sharing of good practices, operational excellence and human resource talents. We continue to pursue quick-win initiatives, targeting short lead-time projects that deliver quick robust returns. We continue to innovate our Premium Value Products that will add value to our customers.

The near-term market outlook remains uncertain. While North American market demand remains strong, steel buyers' confidence is globally low as global steel market is still correcting and trying to find a bottom. Chinese steel export continues to exceed 10 million tons monthly rate. Russian/Ukraine situation is still very fluid, as is Greece situation. But we have been through turbulence before, being prudent and managing risk well are the keys to survival. The brighter spot is Thailand domestic demand, which had passed the trough in Q4 and is trending up as government economic initiatives start to kick in. Raw material costs are still trending down as the over-supply situation there continues, but as steel prices had antecedently taken a sharp drop, the spreads we see currently in Q1 are lower than normal and will only recover when the steel market returns to equilibrium."

For more information, please visit <http://www.ssi-steel.com/en/investor-relations/ir-home.php>

About SSI

Sahaviriya Steel Industries PLC or SSI is the ASEAN's largest fully-integrated flat steel producer with 4 million tons annual capacity of hot rolled steel sheet in coils (HRC). SSI endeavors to supply premium-grade steel sheets to cater for the region's growing demand in various sectors such as automobile, energy, transportation and construction sectors. In the upstream side, SSI has acquired SSI Teesside, a 3.6 million tons per annum fully-integrated iron-steel making plant located in Redcar in the northeast of UK, through a wholly-owned subsidiary Sahaviriya Steel Industry UK Limited ("SSI UK"). SSI Teesside supplies premium-grade steel slabs to feed the growing demands from SSI, as well as other rolling mills around the world. In the downstream side, SSI has investments in joint-venture downstream plants: Thai Cold Rolled Steel Sheet PLC ("TCRSS") - Thailand's first and largest cold roll mill, and Thai Coated Steel Sheet Co., Ltd., ("TCS") - Southeast Asia's first and largest electro-galvanizing line. All SSI's plants in Thailand are located on a world-class coastal industrial site in Bangsaphan, Prachuap Khirikhan Province, 400km south of Bangkok on the western peninsula of Thailand, a site efficiently integrated with a privately-owned deep-sea port (Prachuap Port Co., Ltd., or PPC), which allows import of raw materials and export of finished products on a large scale. SSI extends its engineering capabilities into its fully-owned subsidiary, West Coast Engineering Co., Ltd., or WCE, which specializes in engineering, maintenance, spare parts production, fabrication, erection and commissioning service. Our people's passion and energy is captured in the Company's vision statement - "innovate premium value steel products and services for customers; generate consistent profit and sustainable value for stakeholders." For more information, please visit <http://www.ssi-steel.com>

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