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บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน)  
SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น  
Leading Innovative and Reliable Steel Company

-Translation-

**Management Discussion and Analysis for 1H2022**

Sahaviriya Steel Industries Public Company Limited (the “Company”) would like to clarify operating results and financial status of the Company and its subsidiaries for 1H2022 period ended 30 June 2022 as follows:

Unit: million Baht	1H2022	1H2021	Δ YoY
Sales and service revenues	19,424	16,080	+21%
Cost of sales and service	18,158	13,916	+30%
Gross profit (loss)	1,267	2,164	-41%
SG&A	390	370	+5%
Consolidated EBITDA <sup>1)</sup>	28	1,458	-98%
Loss on foreign exchange liabilities under the plan	1,005	1,109	-9%
Finance costs	854	791	+8%
Net profit (loss)	(1,113)	385	-

<sup>1)</sup> Consolidated EBITDA: EBITDA of the consolidated financial statement which included the provision (or reversal) for loss on decline in value of inventories and provision (or reversal) for loss under onerous contracts = Net Profit + Interest + Tax + Depreciation and Amortization

**Operating Performance**

**1. Revenues**

The Company and its subsidiaries recorded sales and service revenues Baht 19,424 million, up 21% yoy. HRC Sales Volume was 593k tons, dropped by 6% yoy. HRC Average Selling Price was Baht 31,294/ton or approx. USD 925/ton, increased 17% yoy following the global economic situation and steel prices in the world market. The total HRC sales volume included SSI Principal Products (SPP) 21%, Innovated Value Products (IVP) 44%, and Customized Prime Products (CPP) 35%.

**2. Cost of Sales and Services**

The Company and its subsidiaries recorded total cost of sales and services Baht 18,158 million, including net provision for loss on decline in value of inventories Baht 574 million. The cost of sales and services increased 30% yoy from Baht 13,916 million in the same period last year due to the increase in average raw material costs following the world market prices.

**3. SG&A and Finance Costs**

The Company and its subsidiaries recorded SG&A Baht 390 million, slightly up from Baht 370 million in the same period last year. The Company and its subsidiaries recorded finance costs Baht 854 million, up 8% yoy from Baht 791 million in the same period of the previous year due to the accumulation of deferred interest in accordance with the Plan.

**4. Profit**

The Company and its subsidiaries recorded gross profit Baht 1,267 million, decreased from Baht 2,164 million. Consolidated EBITDA dropped 98% from Baht 1,458 million to Baht 28 million. Net loss was Baht 1,113 million, down from net profit Baht 385 million in the former year. The substantial decrease in consolidated EBITDA and net loss were mainly results of 1) the decrease in gross profit due to the high cost of raw material following the world market situation, 2) net provision for loss on



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decline in value of inventories Baht 574 million, 3) foreign exchange loss on foreign-dominated currency liabilities under the Plan, totaling Baht 1,005 million.

### Financial Position

Unit: million Baht	30 Jun. 22	31 Dec.21	Δ Change
Cash and cash equivalents	355	496	-28%
Inventories	11,104	8,021	+38%
Property, plant and equipment	10,404	10,543	-1%
Other assets	4,026	4,219	-5%
<b>Total Assets</b>	<b>25,889</b>	<b>23,279</b>	<b>+11%</b>
Trade accounts payable	6,541	4,845	+35%
Current contract liabilities	829	550	+51%
Liabilities under rehabilitation plan	32,615	32,049	+2%
Provision under guarantee	187	105	+78%
Short-term loan from related parties	1,093	-	-
Other Liabilities	843	801	+5%
<b>Total Liabilities</b>	<b>42,108</b>	<b>38,350</b>	<b>+10%</b>
Equity attributable to owners of the Company	(16,692)	(15,578)	-

#### 1. Assets

As at 30 June 2022, the Company and its subsidiaries had total assets Baht 25,889 million, increased by 11% from Baht 23,279 million as at 31 December 2021 due to the increase in inventory from Baht 8,021 million to Baht 11,104 million.

#### 2. Liabilities

As at 30 June 2022, the Company and its subsidiaries had total liabilities Baht 42,108 million, up 10% from Baht 38,350 million as at 31 December 2021, mainly due to 1) the increase in account payable from Baht 4,845 million to Baht 6,541 million, or increased by 35%, 2) short-term loan from related parties amounting to Baht 1,093 million to be used as working capital of the Company.

The Company and its subsidiaries has total liabilities under rehabilitation plan Baht 32,615 million. The liabilities under the Plan comprises of 1) debt under the Plan due within 1 year Baht 1,390 million, down from Baht 1,420 million 2) debt under the Plan due over 1 year Baht 31,225 million, an increase from Baht 30,629 million at the end of year 2021, due to the aforementioned foreign exchange loss despite the early repayment of debt under the Plan from excess cash.

#### 3. Equity

As at 30 June 2022, equity attributable to owners of the Company was negative Baht 16,692 million, down from negative Baht 15,578 million as at 31 December 2021, as a result of the aforementioned losses of the Group.

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