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

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น  
Leading Innovative and Reliable Steel Company

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## Management Discussion and Analysis for 1H2023

Sahaviriya Steel Industries Public Company Limited (the “Company”) would like to clarify operating results and financial status of the Company and its subsidiaries which now includes the overseas indirect subsidiary, Redcar Bulk Terminal Limited (“RBT”), for 1H2023 period ended 30 June 2023 as follows:

Unit: million Baht	1H2023 <sup>2)</sup>	1H2022	Δ YoY
Sales and service revenues	12,770	19,424	-34%
Cost of sales and service	12,295	18,158	-32%
Gross profit (loss)	476	1,267	-62%
SG&A	470	390	+21%
Consolidated EBITDA <sup>1)</sup>	(288)	28	N.A.
Loss on foreign exchange liabilities under the plan	530	1,005	+47%
Finance costs	897	854	+5%
Net profit (loss)	(1,453)	(1,113)	N.A.

<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

<sup>2)</sup> 1H2023 included the financial statement of RBT while 1H2022 didn't include (RBT has been taken into account of the consolidated financial statement since the financial statement for the period year ended 31 December 2022)

## Operating Performance

### 1. Revenues

The Company and its subsidiaries recorded sales and service revenues Baht 12,770 million (included RBT's sales and service revenues Baht 165 million), dropped by 34% YoY, and HRC sales volume was 457k tons, down 23% YoY, due to the increase in market competition from imported steel. HRC Average Selling Price was Baht 26,115/ton or approx. USD 760/ton, down 18% YoY following the decrease in steel prices in the world market comparing to the same period last year. The total HRC sales volume included SSI Principal Products (SPP) 18% and SSI Innovated Value Products (IVP) 82%.

### 2. Cost of Sales and Services

The Company and its subsidiaries recorded total cost of sales and services Baht 12,295 million (included RBT's cost of sales and services Baht 144 million), including reversal of provision for loss on decline in value of inventories Baht 104 million. The cost of sales and services decreased by 32% YoY from Baht 18,158 million in the same period last year due to the decrease in sales volume.

### 3. SG&A and Finance Costs

The Company and its subsidiaries recorded SG&A Baht 470 million (included RBT's SG&A Baht 61 million), increased from Baht 390 million in the same period last year from the recognition of expenses of an indirect shareholding company. Finance costs of the Company and its subsidiaries increased by 5% from Baht 854 million in the same period of the previous year to Baht 897 million, due to the accrual of deferred interest in accordance with the Plan.

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## 4. Profit

The Company and its subsidiaries recorded gross profit Baht 476 million, decreasing from Baht 1,267 million in the former year. Consolidated EBITDA was minus Baht 288 million, down Baht 28 million in the former year. Net loss was Baht 1,453 million (included RBT's net loss Baht 31 million), dropped from net loss Baht 1,113 million in the former year. The substantial decrease in consolidated EBITDA and net loss were mainly results of 1) the significant decrease in sales volume in the first half of the year due to the increase in domestic market competition from imported steel, 2) the decrease in market prices comparing to the same period last year, and 3) foreign exchange loss on foreign currency dominated liabilities under the Plan, totaling Baht 530 million.

## Financial Position

Unit: million Baht	30 Jun. 23	31 Dec.22	Δ Change
Cash and cash equivalents	263	552	-51%
Inventories	6,332	7,536	-16%
Property, plant and equipment	11,729	11,274	+4%
Other assets	3,297	3,582	-8%
<b>Total Assets</b>	<b>21,621</b>	<b>22,945</b>	<b>-6%</b>
Trade accounts payable	3,793	4,930	-23%
Current contract liabilities	791	659	+20%
Liabilities under rehabilitation plan	33,164	32,464	+2%
Short-term loan from related parties	1,296	1,520	-15%
Other Liabilities	1,638	1,470	+11%
<b>Total Liabilities</b>	<b>40,682</b>	<b>41,043</b>	<b>-1%</b>
Equity attributable to owners of the Company	(19,512)	(18,563)	N.A.
<b>Total Liabilities and Shareholders' Equity</b>	<b>21,621</b>	<b>22,945</b>	<b>-6%</b>

Remark: Include the financial statement of RBT

### 1. Assets

As at 30 June 2023, the Company and its subsidiaries had total assets Baht 21,621 million (included RBT's assets Baht 1,624 million), decreasing by 6% from Baht 22,945 million as at 31 December 2022 due to the decrease in inventory value of HR business from the decline in both prices and volume.

### 2. Liabilities

As at 30 June 2023, the Company and its subsidiaries had total liabilities Baht 40,682 million (included RBT's liabilities Baht 571 million), down from Baht 41,043 million as at 31 December 2022, mainly from the 23% decrease in account payable from Baht 4,930 million to Baht 3,793 million from the decrease in raw material purchase volume following the decline in sale volume.

The Company and its subsidiaries has total liabilities under rehabilitation plan Baht 33,164 million. The liabilities under the Plan comprises of 1) debt under the Plan due within 1 year Baht 1,351 million, slightly decreased from Baht 1,359 million as of 31 December 2022, and 2) debt under the Plan due over 1 year Baht 31,813 million, an increase from Baht 31,104 million at the end of year 2022, due to the aforementioned foreign exchange loss.



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### 3. Equity

As at 30 June 2023, equity attributable to owners of the Company was negative Baht 19,512 million (included RBT's equity Baht 1,053 million), down from negative Baht 18,563 million as at 31 December 2022, mainly as a result of the net loss of the Company.

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