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

บริษัทเหล็กชั้นนำด้านนวัตกรรมและความเชื่อมั่น  
Leading Innovative and Reliable Steel Company

-Translation-

**Management Discussion and Analysis for 1H2024**

Sahaviriya Steel Industries Public Company Limited (the "Company") would like to clarify operating results and financial status of the Company and its subsidiaries for 1H2024 period ended 30 June 2024 as follows:

Unit: million Baht	1H2024	1H2023	Δ YoY
Sales and service revenues	13,369	12,770	+5%
Cost of sales and service	13,241	12,295	+8%
Gross profit (loss)	128	476	-73%
SG&A	494	470	+5%
Consolidated EBITDA <sup>1)</sup>	(1,113)	(288)	N.A.
Finance costs	1,080	897	+20%
Gain (Loss) on exchange rate (Trade)	(1,153)	(530)	N.A.
Net profit (loss) attributable to owners of the Company	(2,489)	(1,453)	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, provision (or reversal) for loss under onerous contracts, and gain (loss) from non-operating item = Net Profit + Interest + Tax + Depreciation and Amortization

**Summary of Operations**

In the first half of 2024, the Company and its subsidiaries generated sales and service revenues of Baht 13,369 million (+5% YoY) from the increase in total sales from 457k tons in 1H2023 to 514k tons during the same period this year despite facing challenges from imported goods and reduced seasonal demand during the rainy season, as well as continuously declining selling prices leading to delayed orders while waiting for the situation to stabilize. The average selling price of Hot Rolled Coils (HRC) in 1H2024 was Baht24,226/ton, or approximately USD665/ton (-11% YoY), in line with global market prices. Hence, the Company continues to focus on the sale of Innovative Value Products (IVP), with the sales ratio of IVP in the first half of 2024 accounting for 67%, while SSI Principal Products (SPP) represented 33% of total sales, as well as emphasize on managing costs to maintain an appropriate metal spread and driving sales to replace imported goods.

The Company and its subsidiaries reported a gross profit of Baht 128 million (-73% YoY), with a consolidated EBITDA of negative Baht 1,113 million. After deducting interest expenses (both paid portion and accrued portion) of 1,079 million baht, depreciation and amortization costs of 298 million baht, and income tax expenses of 0.4 million baht, a net loss attributable to the Company was 2,489 million baht. The primary reasons for these results, aside from the mentioned market conditions and prices, included a non-cash item of unrealized exchange losses on foreign currency dominated liabilities under the Plan amounting to Baht 1,153 million. If considering the Operating EBITDA which excludes the unrealized exchange losses from rehabilitation plan liabilities, the Company and its subsidiaries reported an Operating EBITDA of 40 million baht for the first half of 2024.



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**Financial Position**

Unit: million Baht	30 Jun. 24	31 Dec.23	Δ Change
Cash and cash equivalents	194	393	-51%
Inventories	6,775	7,395	-8%
Property, plant and equipment	11,411	11,552	-1%
Other assets	3,599	3,292	+9%
<b>Total Assets</b>	<b>21,979</b>	<b>22,632</b>	<b>-3%</b>
Trade accounts payable	5,413	5,725	-5%
Liabilities under rehabilitation plan	31,319	29,160	+7%
Short-term loan from related parties	844	931	-9%
Other Liabilities	1,566	1,647	-5%
<b>Total Liabilities</b>	<b>39,898</b>	<b>38,052</b>	<b>+5%</b>
Equity attributable to owners of the Company	(18,350)	(15,861)	N.A.
<b>Total liabilities and shareholders' equity</b>	<b>21,979</b>	<b>22,632</b>	<b>-3%</b>

**Assets**

The Company and its subsidiaries had total assets of Baht 21,797 million, a slight decrease from Baht 22,632 million as of 31 December 2023. This decline was attributed to a decrease in the value of inventory due to continuously falling prices and careful management of raw material inventory during the price uncertainty.

**Liabilities**

The Company and its subsidiaries had total liabilities of Baht 39,898 million, an increase from Baht 38,052 million as of 31 December 2023. Liabilities under the rehabilitation plan amount to Baht 31,319 million divided into: 1) liabilities under the rehabilitation plan due within one year, totaling Baht 755 million and 2) liabilities under the rehabilitation plan due over one year, totaling Baht 30,565 million. The Company recorded an increase in liabilities under the rehabilitation plan primarily due to the expiration of the moratorium on principal repayments in June 2024 and the resumption of debt repayments in July 2024 in accordance with the Plan, along with the unrealized exchange losses from rehabilitation plan liabilities and accrued interest as mentioned above.

**Shareholders' Equity**

The Company and its subsidiaries had negative shareholders' equity of Baht 18,350 million, which was an increase from negative Baht 15,419 million at the end of year 2023, resulting from the Company's net loss.