

TRANSCRIPT OF THE INTERVIEW WITH

Mr. Ryuzo Ogino
President
G Steel Public Company Limited

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UNITED WORLD: As a Japanese businessman operating in Thailand, how would you personally describe the current business climate in the country?

MR. RYUZO OGINO: I have spent 4 years in Thailand. In 2006, we had a coup d'etat. This year, we had some political argument among the parties. Nonetheless, the economy continues to be strong. Compared to the other countries in Asia, the Thai Baht continues to be strong against the Dollar. For instance, I understand the value of the South Korean Won has been dropping.

UNITED WORLD: Thailand is also positioning itself as a manufacturing hub in the region. The steel industry makes up the backbone of the manufacturing sector. How would you assess the contribution of the steel industry to the development of Thailand?

MR. RYUZO OGINO: In terms of the steel industry (especially in Southeast Asia), the Japanese companies dedicated to steel products have been looking for opportunities to invest in Southeast Asia. More and more Japanese automakers are looking to Thailand for investment opportunities than in any other countries in South East Asia. This will be a good opportunity for us to supply our products to this fast-growing automotive and auto-part industry as well as the related gas cylinder manufacturing segment. One of our major roles is contribution to the country's infrastructure development and construction sector. And although we export our products, we believe that with the growth of the industries here, we will have a lot more opportunity to sell our products on the domestic market. Our policy is to sell 80% locally and 20% exports because we want to first satisfy the needs of the local market.

UNITED WORLD: How many Japanese car makers are there in Thailand?

MR. RYUZO OGINO: Since 2004, when I first came here, there have already been several Japanese car makers that have decided to build the eco-friendly cars at around 650 thousand units a year. There are about 10 car manufacturing groups of companies now in Thailand and altogether with part manufacturers, they have invested several billion dollars within the past 4 years.

UNITED WORLD: There are a lot of countries including Russia, China and India that require a lot of steel, how is this affecting the steel sector in Thailand?

MR. RYUZO OGINO: Looking at the short term, the market is always fluctuating, sometimes we see the market dropping a little bit– but that is only temporary. When you look at the medium and long-term, the market is

growing. In 2008, the total demand for crude steel is going to be 1.3 billion tons worldwide. The supply side cannot catch up such demand. So, there is always some gap. Normally, when we talk about the blast furnace for crude steel plant, the capacity is 3 to 4 million tons. For a new plant that would produce 3 million tons from greenfield expansion, the investment is going to be more than USD2 billion and not so many people can do this kind of investment. You would need financial backing, but since we already have the plant, we think that we can expand our production capacity easier than the other new comers. In Thailand there are 3 hot-rolled coil producers: G Steel and G J Steel who use scraps to produce our own slabs and hot-rolled steel while the other mill who produces the hot-rolled coil based on imported slabs as they do not have any steel making facility.. Altogether as a group, G Steel and G J Steel, we produce around 2.5 or 3 million tons. We are now expanding our facilities and by the end of next year, we will have around 4.5 to 5 million tons of production capacity. So the market is growing but we think that the increase of 1.5 million tons is easy for this market to absorb. Thailand has always been a net importer of steel and we aim to increase the capacity to substitute import with local production.

UNITED WORLD: G Steel is the largest HRC (hot rolled coil) producer in Thailand and has received a prestigious award from the Prime Minister. How would you position the company not only in Thailand but in the global steel industry?

MR. RYUZO OGINO: As a group, G Steel supplies 60% of the domestic market, not considering imports, so we are the largest. The Group has 2 companies – G Steel and GJ Steel (Global Junction Steel) and 2 steel brands. After the completion of the consolidation, we will become the largest in South East Asia. Before this, both companies were producing similar products and concepts in the production units. We differed only in small details. The union between the two companies came around September 2006. Now GJS is concentrating more on thinner gauge while we are concentrating on medium gauges.

UNITED WORLD: How did G Steel come to acquire G J Steel?

MR. RYUZO OGINO: About 2 years ago NSM at that time, now G J Steel, was in debt. G Steel bought some shares last year and we got involved in management advisory, and they followed our recommendations accordingly and helped them improve their operations. This year we are holding 49.67 and the financial results have improved a lot.

UNITED WORLD: When will you start consolidation?

MR. RYUZO OGINO: In June this year, we started the consolidation of the two companies. So the consolidation results will be significantly seen starting from the 3rd quarter of this year,

UNITED WORLD: Are you currently looking for partners or investors?

MR. RYUZO OGINO: We saw the opportunity to set up another blast furnace close to the sea. As mentioned since we are starting from the green field, to set up a 3 million ton smelter would require at least USD 2 billion investments and that is why we are looking for partners. G Steel is talking with investors from China, India, Japan, Russia, USA, etc. In the meantime, we are concentrating on the expansion project which is currently ongoing.

UNITED WORLD: As president of G Steel, where would you like to see the company 5 years from now?

MR. RYUZO OGINO: We currently have a lot of things that we would need to do. One is to expand the production capacity of the existing plant. Two, is to conduct a careful study on how we would be able to go downstream either by going greenfield or by acquiring a company. Our aim is vertical integration. In 3 or 5 years time, we would like to increase or improve the quality of our products, increase our production volume as well as expand our product lines. We would also like to create more synergy between G Steel and GJS. We now have started to exchange management level people between the two companies. Lastly, we would like to maintain good corporate governance, keeping the company clean and transparent. I believe that if we do it correctly we can succeed.

UNITED WORLD: How have you come to work for G Steel ?

MR. RYUZO OGINO: I worked with a Japanese trading firm for 35 years and then I moved to an automotive component construction company, where I spent 4 years. During my last year in that company, Mr. Somsak Leeswadtrakul, whom I have known for about 15 – 18 years invited me to join.

UNITED WORLD: Why is the company named G Steel?

MR. RYUZO OGINO: G means Global, Green, Growth. It is also to avoid confusion of its previous abbreviation “SSM” among SSI and NSM, these 3 company abbreviations in the same industry sound so much alike.

UNITED WORLD: How has the management evolved from when Mr. Somsak created the company in 1995 to what it is now?

MR. RYUZO OGINO: At that time, 1995 up to 2003, the members of the board of directors included his friends, some were his relatives. Now, the only family member in the

board of directors is his wife. The 3 of us are also the only directors that are part of the management of the company. We have 12 independent directors to check our operations. We have always valued transparency as something very important in a company. Even in the way that we conduct our shareholders meeting, we try our best to answer any and all questions from even the smallest shareholder. This is so that we let all shareholders know what we are doing and I think that it is a very good company policy. One thing that we are also very proud of is that our chairman of the board is now chairman of the SEC.

UNITED WORLD: What message would you like to leave to the readers of USA Today?

MR. RYUZO OGINO: First, is that although there are times when it is a bit shaky in Thailand, it is not very big issue. I invite investors to trust the growth of the country and grow up together with the Thai economy. For G Steel, now we are doing very well. People can view our website and look at our financial statements comparing them with the same period last year and the year before. But in spite of all these achievements, there is still room for improvement and we can still better our performance. I invite people to come to Asia, visit Thailand and see the real performance of our company.

UNITED WORLD: Thank you very much for your comments.

Pls do us a favor to put a brief background of G Steel and Dr. Somsak as follows:

"G Steel Public Company Limited, Thai hot-rolled flat steel producer, is a listed company on Stock Exchange of Thailand. It was founded in 1995 by Dr. Somsak Leeswadtrakul, currently the company's director and CEO, who is Thailand's steel industry pioneer and renowned business tycoon and has also run several other businesses, such as construction and hotel."

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