

Masteel delivers strong 3Q13 performance

- *Group net profit rises 37.9% to RM9.7 million on improved manufacturing efficiency*
- *Bags additional RM20 million contract to supply steel bars for KVMRT project*

Petaling Jaya, Malaysia, 28 November 2013 - Integrated steel manufacturer Malaysia Steel Works (KL) Bhd (Masteel, 马来西亚钢厂 (吉隆坡) 有限公司, Bloomberg: MSW MK; Reuters: MSWK.KL) saw net profit for the third quarter ended 30 September 2013 (3Q13) rise 37.9% year-on-year to RM9.7 million from RM7.0 million previously.

Group 3Q13 revenue rose 12.2% to RM351.2 million from RM312.9 million previously, in line with higher sales volume for the quarter.

The quicker profit growth was mainly attributable to continued improvement in operating efficiency at the Group's Klang Valley-based meltshop and rolling mill.

While elated at the Group's favourable 3Q13 results, Masteel Managing Director and Chief Executive Officer Dato' Sri Tai Hean Leng expressed equal confidence in the Group's performance for the rest of the financial year ending 31 December 2013 (FY2013).

"We are witnessing unabated demand for steel products, in line with increased construction activity in the Greater Klang Valley. To this end, Masteel recently secured an additional RM20.0 million steel bar supply contract for the Klang Valley Mass Rapid Transit (KVMRT) project, which will be fully delivered by end-November 2013.

The sizeable KVMRT contract, coupled with other ongoing supply projects, will strengthen our earnings performance in 4Q13, and enable Masteel to conclude FY2013 on a high note."

Dato' Sri Tai Hean Leng (拿督斯里戴贤龙)
Managing Director / Chief Executive Officer, Malaysia Steel Works (KL) Bhd

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MALAYSIA STEEL WORKS (KL) BHD

Masteel has been supplying steel bars for the KVMRT project since November 2012, when it first secured a RM6.7 million supply contract for the project.

As one of the few Klang Valley-based suppliers of construction steel bars, Masteel is situated in close proximity to major construction sites such as the KVMRT. This allows for quicker delivery times and reduced transportation costs on the part of the customers.

Therefore, with many infrastructure projects under the Malaysian Economic Transformation programme, Dato' Sri Tai opined that Masteel stands to benefit significantly from the rolling out of such mega-projects in the coming years. These projects include the subsequent phases of the KVMRT, Tun Razak Exchange, and the KL-Singapore High Speed Rail, among others.

“The large pipeline of mega-projects in the Greater Klang Valley will effectively translate into surging demand for steel. Given this, we anticipate stronger growth in the demand for steel bars going forward; hence, our RM100 million capital expenditure to expand our rolling mill capacity over the next two years,” concluded Dato' Sri Tai.

Masteel is in the midst of expanding its rolling mill in Petaling Jaya, which now sees an annual production capacity of 400,000 metric tonnes (MT), up from 350,000 MT previously. The enlarged mill is expected to reach an annual production capacity of 550,000 MT upon completion in 2015.

Financial Summary (Unaudited Consolidated Results)						
RM'000	3Q13 to 30.9.13	3Q12 to 30.9.12	Change	9m13 to 30.9.13	9m12 to 30.9.12	Change
Revenue	351,181	312,934	12.2%	1,023,480	996,981	2.7%
Pre-tax Profit	10,277	7,552	36.1%	24,910	21,554	15.6%
Net Profit to Shareholders	9,711	7,040	37.9%	23,388	21,150	10.6%
Basic EPS (sen)	4.46	3.34	33.5%	10.75	10.04	7.1%

On a year-to-date cumulative basis, group revenue for the nine months ended 30 September 2013 (9m13) stood at RM1.0 billion, up 2.7% from RM997.0 million in the previous corresponding period.

Meanwhile, group profit before tax in 9m13 grew at a faster pace, rising 15.6% to RM24.9 million from RM21.6 million previously; while 9m13 net profit rose 10.6% to RM23.4 million. This was primarily attributable to greater operating efficiency and favourable raw material prices during the period.

Basic EPS for the period rose 7.1% to 10.75 sen from 10.04 sen previously.

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About Masteel

Malaysia Steel Works (KL) Bhd is listed on the Main Market of Bursa Malaysia Securities Berhad. It is involved in the manufacturing of high-tensile deformed steel bars, mild steel round bars and steel billets.

It exports 30% to 40% of its products and has 68 domestic dealers and several international trading houses as partners in Australia, New Zealand, Indonesia, Singapore, Thailand, Vietnam and The Philippines.

Masteel has vast experience in the operations & maintenance of the latest process technologies and automation systems with over 40 years of track record of managing European-made steel mills and industrial plants.

Masteel is one of the top five integrated steel companies in Malaysia.

Issued for and on behalf of **MALAYSIA STEEL WORKS (KL) BHD** by **Aquilas Advisory (Malaysia) Sdn Bhd**. For media enquiries, please contact:

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