

Masteel bucks steel industry trend with double-digit net profit growth

- *FY2013 group net profit rises 18.2% to RM28.8 million*
- *FY2014 prospects enhanced by resilient steel bar demand from robust construction activity in the domestic market*

Petaling Jaya, Malaysia, 27 February 2014 - 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) bucked industry trends by posting 18.2% increase in net profit to RM28.8 million in the financial year ended 31 December 2013 (FY2013), from RM24.3 million previously.

At the topline level, Masteel noted revenue growth of 4.8% to a record RM1,375.4 million in FY2013, from RM1,312.2 million previously. This comes on the back of continued demand for steel bars from a robust domestic construction industry.

Masteel Managing Director and Chief Executive Officer Dato' Sri Tai Hean Leng attributed the Group's healthy performance to favourable pricing, which was further complemented by improved manufacturing efficiency.

“While we have charted a good year in FY2013 with four consecutive quarters of profitable performance, we are setting our sights on continuing our growth pace in FY2014. On that note, we remain optimistic of the Group's prospects in light of resilient steel demand from the domestic construction industry.

A key indicator stems from the construction sector's order book strength, which is benefitting from the huge amounts of infrastructure and residential projects awarded over the last two years.

This is particularly true of the Klang Valley, in which we operate and have established a strong distribution network. We stand in good stead to capture a significant portion of steel demand.”

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

Masteel

MALAYSIA STEEL WORKS (KL) BHD

For the fourth quarter ended 31 December 2013 (4Q13), net profit leaped 97.8% to RM5.4 million, from RM2.7 million previously. The significant improvement was due to better manufacturing efficiency and favourable pricing.

4Q13 group revenue grew 11.7% to RM352.0 million from RM315.2 million previously, benefitting from higher steel bar demand and improved selling prices.

“The Group’s prospects for FY2014 remains promising, as we stand to benefit from persistent demand for steel bars, especially in Klang Valley where construction activity is rapidly expanding,” Dato’ Sri Tai commented.

Data by the Department of Statistics Malaysia indicated that construction activity in Malaysia remained strong, with total value of construction work done in 2013 increasing 12.3% to RM90.9 billion, from RM80.9 billion previously.

Even more notably, construction activity in Kuala Lumpur and Selangor alone grew at a significantly faster pace, rising 23.2% to register RM36.3 billion in value of construction work done, from RM29.4 billion previously.

“We stand to benefit from our exclusivity as one of the few steel bar suppliers in Klang Valley. We not only find ourselves in the epicentre of construction activity, but also granted the competitive advantage of timely delivery and lower transportation costs for our clients,” he concluded.

Financial Summary (Unaudited Consolidated Results)						
RM'000	4Q13 to 31.12.13	4Q12 to 31.12.12	Change	FY13 to 31.12.13	FY12 to 31.12.12	Change
Revenue	351,960	315,209	11.7%	1,375,440	1,312,189	4.8%
Pre-tax Profit	5,882	2,882	104.1%	30,732	24,902	23.4%
Net Profit to Shareholders	5,401	2,730	97.8%	28,789	24,346	18.2%
Basic EPS (sen)	2.48	1.29	92.2%	13.20	11.51	14.7%

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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 20% to 30% 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.

Masteel was awarded the “Best Brands Awards 2012-2013 in Manufacturing - Steel” and **Masteel’s** MD/CEO, Dato’ Sri Tai Hean Leng was awarded the “Brand Personality Awards 2012-2013” by The BrandLaureate.

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

Ms. Julia Pong	julia@aquilas.com.my	T: 03-2711 1391 / 012-390 9258
Mr. Tay Tze Yi	tayty@aquilas.com.my	T: 03-2711 1391 / 016-338 0555