

PRESS RELEASE

Masteel posts RM1.1 billion revenue in 9M14

- *Sees robust steel bar demand domestically*
- *Records profit before tax of RM21.9 million in 9M14*

Petaling Jaya, Malaysia, 27 November 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) posted revenue of RM1.1 billion for the nine months ended 30 September 2014 (9M14), up 3.5% from the previous period on robust steel bar demand from the domestic construction industry.

However, higher production costs resulting from increased electricity tariffs and other costs caused 9M14 profit before tax (PBT) to decrease 12.0% to RM21.9 million, from RM24.9 million previously.

The Group also incurred a one-off deferred tax adjustment of RM8.9 million in the third quarter ended 30 September 2014 (3Q14), which led to 9M14 net profit reducing to RM11.3 million, from RM23.4 million previously.

“Despite the demand uptrend for steel bars, we faced a more challenging operating environment in 3Q14 due to higher electricity tariffs and other costs.

The Group is taking appropriate measures to mitigate the higher utilities cost, such as implementing new processes and technical improvements to improve our production efficiency. For example, the recent commissioning of our new 70 metric tonne (MT) electric arc furnace in 3Q14 will help us to lower production costs and optimize operational efficiency in the long run.

At the same time, we are actively participating in dialogues with relevant authorities through the Malaysian Steel Association to enhance existing business and industry policies, in order to improve the operating environment for domestic steel manufacturers.”

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

Masteel achieved group revenue of RM362.1 million in 3Q14, while PBT stood at RM3.5 million. The Group registered a quarterly net loss of RM6.1 million after incurring the one-off deferred tax adjustment.

Masteel

MALAYSIA STEEL WORKS (KL) BHD

In comparison, Masteel recorded 3Q13 revenue of RM351.2 million, with PBT of RM10.3 million and net profit of RM9.7 million respectively.

On the Group’s prospects, Dato’ Sri Tai commented:

“We anticipate demand for steel bars to be underpinned by robust construction activity, arising from both the public and private sectors. Hence, the construction of our new 300,000 MT steel bar rolling mill, which is on track for completion in early 2015, will bode well with our long term growth prospects.”

Financial Summary (Unaudited Consolidated Results)						
	3Q	3Q		9M	9M	
RM'000	30.09.14	30.09.13	Change	30.09.14	30.09.13	Change
Revenue	362,099	351,181	3.1%	1,059,764	1,023,480	3.5%
Pre-tax Profit	3,467	10,277	(66.3%)	21,922	24,910	(12.0%)
Net Profit to Shareholders	(6,098)	9,711	n/m	11,282	23,388	(51.8%)
Basic EPS (sen)	(2.73)	4.46	n/m	5.06	10.75	(52.9%)

About Masteel

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

It 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 42 years of track record of managing European-made steel mills and industrial plants.

Masteel was awarded the “BestBrands™ Award 2012-2013 & 2013-2014 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:

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