

Masteel expects turnaround in 2016

- *New revenue contribution from recently commissioned rolling mill expected to boost financial performance going forward*
- *3Q15 results sees significant improvement quarter-on-quarter from 2Q15*

Petaling Jaya, Malaysia, 25 November 2015 - 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) expects to turn around in 2016, as the Group's newly-commissioned rolling mill in Bukit Raja is anticipated to contribute additional revenue of up to RM200 million per annum.

The Group commenced operations of its Bukit Raja rolling mill in October 2015, and targets to produce additional 150,000 metric tonnes (MT) of steel bars in 2016. Together with existing production capacity of 450,000 MT from its Petaling Jaya mill, Masteel's total steel bar capacity in 2016 is expected to reach 600,000 MT.

Meanwhile, the Group announced its financial results for the third quarter ended 30 September 2015 (3Q15), posting revenue of RM301.4 million and net loss of RM24.1 million, compared to 3Q14's revenue of RM362.1 million and net loss of RM6.1 million. The loss in 3Q15 was mainly due to foreign exchange losses amounting to RM18.7 million.

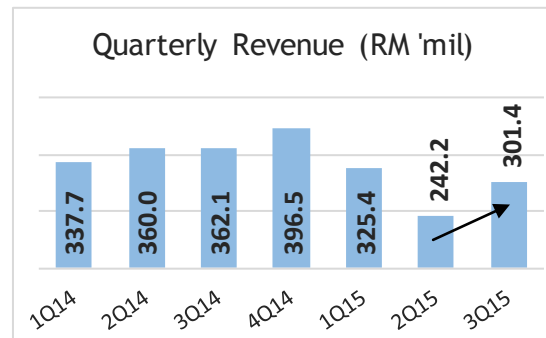
Excluding foreign exchange losses, the Group recorded substantial quarter-on-quarter recovery in 3Q15, with core loss before tax narrowing to RM3.8 million, a marked reduction of RM6.2 million compared to core loss before tax of RM10.0 million in 2Q15.

“While 3Q15 was a challenging time for us due to the unfavourable foreign exchange and competition, we however see the conditions improving going forward as the Ringgit continues to rebound, reflecting our country's strong and stable economic fundamentals.

More importantly, we saw a recovery in our top-line in 3Q15 on strengthened demand for steel bars. We are optimistic that commencement of our new rolling mill will allow the Group to achieve better economies of scale, thus enabling us to produce competitively which would contribute positively to our bottom-line in the coming months.”

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

3Q15 revenue increased RM59.2 million or 24.5% to RM301.4 million, compared to RM242.2 million in 2Q15, in line with increased sales tonnage.



For the nine-month period ended 30 September 2015 (9M15), Masteel slipped into the red with net loss of RM49.0 million on revenue of RM869.0 million, versus RM11.3 million net profit on revenue of RM1.1 billion for the same period last year.

On prospects, Dato' Sri Tai said: "We also expect to see an increasing supply of scrap metal from regional countries such as China, Japan, and Korea in the coming years. With the supply of scrap metal expected to exceed demand, prices would likely come under pressure, thus translating into lower cost of production for our operations in the long run."

The Group's steel milling operations are based on the electric arc furnace, which utilizes scrap metal as its primary raw material.

Meanwhile, the Group is collaborating closely with the relevant regulatory bodies to ensure enforcement of the recently-announced 5% import duty for steel bars (HS 7214), through swift identification and reporting of errant importers. This is expected to curb the rampant imports of substandard steel bars from China.

Additionally, the Construction Industry Development Board (CIDB) Act (Service of Notice) Regulations 2015, which was announced in June 2015, is anticipated to be enforced with effect from January 2016.

The CIDB Act targets errant users of non-Malaysian Standard MS 146 steel bars, with each offence to be fined a minimum of RM50,000.

Dato' Sri Tai said: "Going forward, we are optimistic of resilient sales of steel bars for Klang Valley-based steel millers such as Masteel. Demand would continue to be spurred by the strong lineup of major infrastructure projects coming on stream, especially in the Greater Klang Valley."

Financial Summary (Unaudited Consolidated Results)						
	3Q15 to	3Q14 to		9m15 to	9m14 to	
RM'000	30.09.15	30.09.14	Change	30.09.15	30.09.14	Change
Revenue	301,438	362,099	(16.8%)	869,031	1,059,764	(18.0%)
Pre-tax Profit	(22,449)	3,467	n/m	(44,842)	21,922	n/m
Net Profit to Shareholders	(24,139)	(6,098)	n/m	(49,009)	11,282	n/m
Basic EPS (sen)	(10.04)	(2.73)	n/m	(20.38)	5.06	n/m

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 over 40 years of track record of managing European-made steel mills and industrial plants.

Masteel was awarded the “BestBrands Award 2012-2013 in Manufacturing - Steel”, “BestBrands Signature Award 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.

In 2014, **Masteel** was ranked number 75 in the list of Malaysia’s Top 100 brands compiled by Brand Finance Plc U.K, valuing the Masteel brand at USD26 million (approximately RM98 million).

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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