

Masteel triples 3Q20 profit before tax to RM6.0 million

- *Buoyed by 54.3% revenue jump to RM417.5 million*

Petaling Jaya, Malaysia, 20 November 2020 - Integrated steel manufacturer **Malaysia Steel Works (KL) Bhd (Masteel1**, 马来西亚钢厂（吉隆坡）有限公司, Bloomberg: MSW MK; Reuters: MSWK.KL) tripled its profit before tax (PBT) to RM6.0 million in the third quarter ended 30 September 2020 (3Q20) from RM2.1 million a year ago, buoyed by a 54.3% jump in revenue to RM417.5 million from RM270.6 million previously.

The vast improvement in financial performance was mainly attributed to higher sales volume and selling price in line with the recovery of global demand for steel, as well as lower operating expenses.

The Group's net profit stood at RM3.8 million in 3Q20, lower than RM10.1 million last year due to larger deferred tax of RM8.1 million recognized in the previous year's corresponding quarter.

Compared to the preceding quarter ended 30 June 2020 (2Q20), Masteel posted a convincing turnaround after incurring a net loss of RM22.5 million in the preceding quarter. The return to profitability was due to improved margins from the better utilisation of the new plant and equipment and lower operating expenses in 3Q20, as well as the preceding quarter's operational disruptions caused by the implementation of the Movement Control Order (MCO).

Stronger demand for steel products on a quarter-on-quarter basis resulted in 3Q20 revenue more than doubling from RM195.6 million in 2Q20.

“Our commendable 3Q20 outperformance underscores two primary points. Firstly, we were able to rapidly return our operations to normalcy after the disruptive period of the MCO. More than just demonstrating the management's extensive experience, it is also testament to the superior technology of our integrated plant that facilitated the quick rebound.

Secondly, with our operations now running full speed ahead, Masteel is therefore well-poised to meet the anticipated demand for steel products in the construction sector, particularly as Malaysia gears up to carry out various infrastructure megaprojects as indicated in the expansionary Budget 2021.”

***Dato' Sri Tai Hean Leng (“拿督斯里戴贤龙”),
Managing Director and CEO of Malaysia Steel Works (KL) Bhd***

Masteel

MALAYSIA STEEL WORKS (KL) BHD

The recently-announced Budget 2021 had projected for the Malaysian construction sector to grow by 13.9% to be valued at RM61.3 billion in 2021. The Government had reiterated its commitment to implementing key transport infrastructure projects, including the Mass Rapid Transit 3, Phase 1 of the Kang Valley Double-Tracking Projects, the Rapid Transit System Link from Johor Bahru to Singapore, and Pan Borneo Highway.

The implementation of these public transport infrastructure in the near term is expected to further drive demand for Masteel's steel products.

Dato' Sri Tai concluded: "Masteel's two manufacturing facilities are ideally based in Petaling Jaya and Bukit Raja in Selangor, hence enabling us to support the requirements of projects from Klang Valley to Johor and across the East Coast of Peninsular Malaysia in a timely manner.

The construction sector has typically been among the primary movers of the Malaysian economy, because of its vast multiplier effects in spurring the growth of the entire ecosystem. We look forward to reprising our role in supporting this key industry, and even more so as Malaysia's development aspirations gather momentum in the years to come."

For the cumulative nine-month period ended 30 September 2020, Masteel posted 19.6% better revenue of RM1.0 billion versus RM845.5 million in the corresponding period a year ago.

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 exports its steel products to Australia, New Zealand, Papua New Guinea, Indonesia, Singapore, Vietnam, Philippines and China.

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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