

Hiap Teck records higher earnings as steel prices rise

PETALING JAYA: Steel company Hiap Teck Venture Bhd has posted a huge jump in its net profit to RM65.93mil for its third quarter ended April 30, from RM4.92mil a year ago on the back of rising steel prices.

The group's revenue doubled in the quarter from RM164.59mil to RM329.64mil, attributable to higher sales volume and higher steel prices.

In a filing with Bursa Malaysia, Hiap Teck said its strong performance was also due to the sharp turnaround of its joint-venture (JV) entity, which contributed RM19.81mil to the group for the quarter as compared to RM4.85mil in the same period a year ago.

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The JV entity's improved performance can be attributable to higher steel prices and cost savings arising from the 55MW power plant completed in October 2019.

While the positive outlook for the construction sector is forecast to boost the local apparent steel consumption by 7.5% in 2021, Hiap Teck said the imposition of movement restrictions and extensions will have a negative impact on the performance of the group in the final quarter of the current financial year.

"Nonetheless, the board and management remain confident on the outlook of the group post lockdown, given the strength of steel

prices and the JV entity's continuous investments in plant and equipment to achieve cost efficiencies.

"The JV entity's first 200,000-tonne coke oven plant is expected to be completed by the second half of 2021 in which substantial cost savings can be achieved," it said.

The civil engineering sector is expected to recover in line with the ramp-up of construction activities and the impending rollout of large-scale infrastructure projects while launches of affordable housing projects in the previous years will continue to provide support for activity in the residential sub-sector, according to Hiap Teck.