



Leader Steel Holdings expects profit to jump by double digits



Leader Steel Holdings Bhd expects its revenue and profit for financial year 2016 to improve by strong double-digit percentage over 2015 due to higher steel prices and stronger demand from the construction, renovation and furniture industries.

Group Managing Director Datin Tan Pak Say told StarBiz that the pricing of steel pipes was now around RM3,000 per tonne, about 25% higher than in early January. She said steel pipe prices had increased due to the stringent conditions regulating the entry of imported steel products.

Raw steel output dips in Great Lakes region

Raw steel production in the Great Lakes region dipped slightly to 664,000 tons last week, a 2,000 ton decrease from the previous week.

Capacity utilisation nationwide increased again to 71.4 percent, the second straight week it's been above the 70 percent threshold after being mired under it for 12 straight weeks. That rate is still well below the 90 percent many analysts consider healthy for the industry.

Overall U.S. steel output rose by 20,000 tons last week to 1.694 million tons, an increase of 1.19 percent, according to an American Iron and Steel Institute estimate.

Nationally, steel output so far this year continues to trail the sluggish 2015 pace by about 706,000 tons. In 2015, during the worst import crisis in more than a decade, steel output in the United States declined by 10.5 percent from the year before, according to the World Steel Association.

“Since late 2013, imported steel products need to have product certificate licensing and certificate of approval to sell in the country.

“As a result, there is less competition from low-quality steel products from overseas. “The anti-dumping duties introduced in early 2015 for hot-rolled and cold-rolled coil from China is also beginning to produce results,” she added.

Tan said that since January, the group had seen orders from the construction, renovation and furniture industries increased by more than 15%.

“Our new production line installed at the Sungai Bakap plant late last year has helped us to cope with the new orders by raising output by more than 10%,” she said. For the nine months of the financial year ended Sept 30, 2016, Leader Steel had returned to the

black with a net profit of RM5.2mil on the back of a RM120mil revenue, compared with a net loss of RM2.5mil and a revenue of RM121mil previously.

Last year, the group posted a net loss of RM872,000 on the back of a RM32.5mil turnover. Moving forward, the group expects the trend in orders to maintain in 2017.

“The prices of steel should maintain also. We can expect a strong double-digit percentage growth for the group in 2017.

“We plan to increase our production capacity by about 20% for 2017 to produce more variety of steel products in different sizes,” she added. On its business operations in Sarawak, Tan said the plant there had recently obtained SIRIM certification for its steel products sold in East Malaysia.

“The certification will help the group to broaden its customer base in East Malaysia,” she said. On the trading segment which contributes about 20% of the group's revenue, Tan said Leader Steel's manganese products were sold largely in China. “The price of manganese has risen by more than 50% since early this year,” she added.

GmbH awards SMS Group to revamp Electric Arc Furnance

Georgsmarienhütte GmbH (GMH), Germany, had awarded SMS group the order to revamp the direct-current electric arc furnace (DC EAF) supplied by SMS in 1994 and modified in 2005, also by SMS.

On the basis of a study performed by SMS group, modifications were made to the arrangement of the secondary conductor of the EAF's pin-type bottom electrode. This measure had the purpose to shift and thereby weaken the effect of the hotspot, which typically occurs in DC furnaces. The new arrangement extends the lifetime of the furnace's refractory lining, increases productivity and lowers the operating costs. The SMS group supply scope comprised the engineering, manufacture and installation of the equipment as well as monitoring of commissioning.

The electric arc furnace has a tapping



weight of 140 tons, an installed power of 130 MVA and is equipped with the pin-type bottom electrode patented by SMS group. The revamp took place during the shutdown in summer 2016.

The SMS group is a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. Its 14,000 employees generate sales of over EUR 3.3 bn.