

MANAGEMENT DISCUSSION AND ANALYSIS

	2024 RM'000	2023 RM'000	Change
Consolidated Statement of Profit or Loss			
Revenue	1,661,530	1,914,817	-13%
Loss from operations	(281,472)	(208,145)	-35%
Loss before tax	(84,633)	(334,371)	75%
Loss after tax	(84,905)	(402,414)	79%
Consolidated Statement of Financial Position			
Total assets	2,451,475	2,601,127	- 6%
Deposits, cash and bank balances	144,129	114,558	26%
Total liabilities	1,238,022	1,277,658	-3%
Loans and borrowings	100,060	160,239	-38%
Net assets	989,805	1,100,812	-10%

The Group posted a 13% lower revenue of RM1,662 million for the year 2024 compared with RM1,915 million in the preceding year. This was primarily attributable to lower sales volume and lower selling prices for long steel products in the Steel Division. Consequently, the Group recorded a higher loss from operations of RM281.5 million compared with RM208.1 million in the previous year.

The Group shared a higher loss of RM23.9 million from the associated companies and a joint venture, compared with RM4.4 million loss in the previous year. This was largely attributable to the weaker performance and impairment losses on assets from the retail businesses.

The Group recorded a lower loss before tax of RM84.6 million compared with RM334.4 million in the previous year mainly due to the recognition of RM220.7 million gain arising from sale and leaseback transactions during the year under review. The loss in the previous year had included an impairment loss on goodwill of RM130.4 million, attributed to the Steel Division.

As at 31 December 2024, the Group's total assets was RM2,451 million, which had decreased by 6% from RM2,601 million in the previous year. The Group's total liabilities decreased by 3% to RM1,238 million while the Group borrowings dropped by 38% to RM100.1 million. Overall, the Group's net assets reduced by 10% to RM989.8 million, resulting in net assets per share decreasing by 17 sen to RM1.45 from RM1.62 in the previous year.

REVIEW OF OPERATIONS

Note: "Profit or loss before interests, share of associates, taxation and gain arising from sale and leaseback transactions" is hereinafter referred to as "profit" or "loss".

STEEL		
	2024 RM Million	2023 RM Million
Revenue	1,126	1,431
Segment loss	(264.5)	(195.2)

Long Steel Products (Billets, Steel Bars & Wire Rods)

Our long steel products business is spearheaded by Amsteel Mills Sdn Bhd, which operates two steel plants situated in Bukit Raja in Klang and Banting.

Throughout 2024, the local steel industry faced persistent and significant challenges, shaped by both internal and external factors. Overcapacity within the industry resulted in underutilised production facilities, while a sluggish market environment, characterised by weak demand and delays in mega infrastructure projects, intensified these difficulties.

Regional overcapacity and heightened competition placed significant downward pressure on selling prices. In addition, rising production costs, caused by escalating energy prices and higher raw material costs, further strained the industry's profitability throughout the year.

Amid these challenging conditions, the long steel products segment reported a 21% decline in revenue, decreasing from RM1.4 billion in the previous year to RM1.1 billion. The decline in revenue was primarily attributable to lower sales volume and lower selling prices. Consequently, this segment recorded a higher loss at RM197.4 million (2023: RM122.3 million) for the year under review.

Despite these challenges, we will continue to implement strategic initiatives focused on enhancing operational efficiency, ensuring a reliable supply to our customers, and strengthening our market presence. Additionally, we are actively exploring new opportunities and remain dedicated to fostering sustainable growth for the future.

Flat Steel Product (Hot Rolled Coil)

In view of the extremely challenging steel market conditions locally and globally, the Group has suspended the commercial production of the flat steel plant located in Banting.

BUILDING MATERIALS		
	2024 RM Million	2023 RM Million
Revenue	630.0	635.4
Segment profit	5.0	2.3

The construction sector experienced strong growth in 2023, maintaining positive momentum in 2024, fuelled by the government allocation for development projects and steady economic expansion. This growth has driven increased demand for residential, commercial, and industrial structures, coupled with rising private and public investments in energy and infrastructure projects. The construction sector's contribution to Malaysia's Gross Domestic Product (GDP) reached 17.3% in 2024, reflecting its resilience and post-pandemic recovery. Additionally, sustained demand for data centres and advanced manufacturing facilities continues to propel industry growth.

Nevertheless, fluctuations in core building material prices continue to present challenges. The Division recorded a revenue of RM630.0 million for the financial year 2024, slightly lower than RM635.4 million in the previous year, mainly due to intensified price competition among distributors.

Looking ahead, the construction industry is set for further expansion in 2025, driven by the revival and acceleration of mega infrastructure and renewable energy projects, as well as rising private-sector investments in data centres. The government's allocation for affordable housing, targeted for completion by year-end, further supports industry growth. The Public-Private Partnership Master Plan 2030, unveiled in September 2024, is expected to boost infrastructure development, data centre expansion, and foreign direct investment (FDI), with key projects such as the Penang Light Rail Transit (LRT), the revived Kuala Lumpur-Singapore High-Speed Rail (KL-SG HSR), and Mass Rapid Transit (MRT 3).

Operating in a highly competitive and evolving environment, the Division remains vigilant and responsive to market changes. It continues to strengthen its operations by fostering strategic relationships with principal suppliers, trading partners, key customers, and developers while expanding its distribution network for in-house brands, including sanitary wares, tap fittings, tiles, and ironmongery, to drive revenue growth and enhance margins. To further expand its market presence in the hardware sector, the Division currently operates warehouses in Selangor, Perak, and Melaka, with plans to establish additional facilities in major cities nationwide. Existing proactive measures remain in place to mitigate potential business disruptions, ensuring long-term resilience and sustainable growth for the Division.

LUBRICANTS, PETROLEUM PRODUCTS AND AUTOMOTIVE PRODUCTS		
	2024 RM Million	2023 RM Million
Revenue	120.3	117.5
Segment profit	14.1	12.2

The Division experienced a relatively soft market throughout 2024. This was mainly due to consumers' cautiousness in their spending. Escalating costs of daily necessities had consequently reduced consumers' spending power, thus placing vehicles maintenance expenditure at a lesser priority.

Likewise, our business operations also encountered escalating production and distribution costs. We remain vigilant to these challenges and work closely with suppliers and dealers through collaboration and co-creation to offer an optimal range of products and services that benefit all stakeholders, including end-users.

We are pleased to see encouraging growth in certain regions that had progressively bounced back, exceeding pre-Covid 19 economic levels. As our customers in these markets registered improved business activities, we too benefitted from being their preferred business partners.

Overall, despite ongoing challenges across various areas, the Division maintained stable revenues and income for the year. Moving forward, we will continue to strategise and pursue emerging business opportunities to build a sustainable and resilient base for our business growth.