



## ANNOUNCEMENTS

12 July 2001

### NatSteel Updates Half-Year Outlook And Implements Cost Cutting Measures



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SINGAPORE - 12 July 2001 - NatSteel announced today that due to the continued weakness in the domestic construction sector and restructuring measures being taken, the Group will post a loss for the half year ended 30 June, 2001. The Group's Singapore steel operations, in particular, have been impacted by lower selling prices and by electricity tariffs some 35% higher than the corresponding period last year.

The Group has taken decisive steps to address the pressure on margins through efforts to reduce costs and improve operational efficiencies. Having undertaken an intensive review of its Singapore steel operations, the Group has today implemented a restructuring exercise to reduce its steel-making capacity in its Singapore plant by 35%. This is aimed at reducing both fixed and variable costs and allows the Group to take advantage of cheaper imported semi-finished steel to cater to its Singapore market requirements.

The reduction in plant capacity has necessitated a retrenchment exercise affecting 125 of NatSteel's Singapore steel plant's 650 employees. This leaner plant configuration is a necessary step in the Group's effort to remain competitive in a difficult trading environment. In addition to the mandatory compensation entitlements of those affected by the retrenchment exercise the Group has paid additional ex-gratia payments totalling approximately S\$600,000.

The Group is also conducting a thorough review to further rationalise its non-core operations

The write-down of steel production assets and other rationalisation measures for non-core businesses are expected to result in a financial provision in the region of S\$130 million. This provision will be fully reflected in the half-year results to be announced in August 2001.

Mr Ang Kong Hua, President of NatSteel, commented:

"The measures we have outlined today enable us to position ourselves both to cope with continuing weak market conditions in the region, as well as reap the benefits of an upswing when the trading environment improves.

"NatSteel remains in a strong financial position and we have leading positions in many of the markets in which we compete. We will continue to explore other opportunities to further improve and strengthen our competitive position both in Singapore and overseas."

## **The NatSteel Group**

*(SGX: NatSteel, Bloomberg: NATS SP Equity and Reuters: NATS.SI)*

*NatSteel is a multi-industry manufacturing group headquartered in Singapore. The Group has three businesses : Steel, Industrial (comprising Construction Products, Chemicals and Engineering) and Electronics.*

*In the Steel business, the group has a regional network of mini-mills in Singapore, Malaysia, China, the Philippines and Vietnam, and an investment in a Brazilian integrated mill. Singapore serves as the hub providing R&D, engineering, logistics, sourcing and other support services.*

*In its Industrial business, the group is one of the key players in the cement, concrete, precast concrete, premix mortar and related building products in Singapore. Other activities in this division include specialty and environmental chemicals, engineering products and services.*

*Listed NatSteel Broadway is the key company in the Electronics business.*

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