

Stabilising prices, cost controls to buoy CSC Steel

PETALING JAYA: CSC Steel Holdings Bhd remains cautiously optimistic about the outlook for the steel sector, driven by improving global dynamics and evolving domestic cost structures.

TA Research said steel prices are showing signs of stabilisation, aided by China's production-rationalisation efforts despite elevated export volumes.

Given recent strength in the ringgit against the US dollar and CSC's continued efforts in cost optimisation through better procurement, the research house has revised downwards assumptions for the

group's cost of raw materials by 2% from this year to 2027.

Incorporating the lower cost assumptions, the research house has lifted its earnings forecasts for CSC from this year through to 2027 by 34%, 34% and 47%, respectively.

It also revised the stock's target price upward to RM1.40 a share, from RM1.23 previously, based on an unchanged price-earnings multiple of nine times next year's earnings. The shares were trading at RM1.29 at the time of writing.

The research house said the group's core

earnings of RM45mil for the first nine months of this year had outperformed its expectation at 89% of full-year projections.

The earnings beat was primarily underpinned by a strong-than-expected expansion in profit before tax margins, which increased 350 basis points year-on-year.

"This margin increase reflects sustained operational efficiencies and tighter cost controls, supported by more optimised raw material utilisation and improved procurement effectiveness. We maintain a 'buy' recommendation on the stock," the research house added.