



MCS Steel

THAILAND'S QUALITY STEEL LEADER

Thailand's exports surged from \$257bn in 2019 to \$314bn in 2023, rising by 4.4% annually despite the global recession driven by the covid-19 pandemic and associated lockdowns, according to McKinsey. The global management consultancy noted Thailand's "strong manufacturing base".

Indeed, manufacturing contributes around 25% of Thailand's GDP, benefitting from the country's high skills base, location, and pro-industry policies. The sector has been strengthening, according to business information service S&P, which recorded an improvement in its purchasing managers' index for seven of the last eight months of 2024, with an acceleration at the end of the year. Analysts said that new orders have reached the strongest levels for a year and a half, and that the 12-month outlook remains positive, with sentiment above its long-term trend.

MCS Steel epitomises the strengths of Thailand's export-oriented industry. It was established in 1992 "out of necessity" as chairman Naiyuan Chi puts it, to meet growing demand for steel structure products for buildings. Initially focused on small and medium products, the company has grown to become a leading manufacturer of fabricated steel, particularly beams and columns, for structures including power plants, bridges, and high-rise buildings. The company has achieved outstanding success over the past three decades, most notably establishing itself as a leader on the Japanese market, overcoming challenges and emerging stronger.

"Last year we had 40-50% profit MARGIN OR GROWTH?," says Chi. "Before covid, we had record profits, and when the world came to a halt we ran into issues, but we have adapted and we are confident that we going to see even better results in the 2025-30 period. The important thing is to survive the not-so-good times in order to enjoy the good times. The plan is to keep the pace we had achieved before covid, and the focus is to provide value. Our goal is to be better than yesterday, to get better every day."

While based in Thailand, MCS has subsidiaries in Japan and China, with the vast majority – around 90% – of the 50,000 tonnes of steel it produces annually going to the former. The company has long-standing relationships with most of Japan's major construction companies, including Kajima, Shimizu, Takenaka, and Obayashi. It has established itself as the top choice to supply steel for landmark construction projects in Japan including the Azabudai Hills Mori JP Tower, the tallest building in the country, and more than 100 other developments. MCS is the only non-Japanese company certified to sell the highest standard of "S-grade" structural steel in Japan. The high-grade earthquake-resistant steel the Thai company produces is particularly in demand in earthquake-prone Japan.

"We are always considering expansion, improving quality and profit," says Chi. "We are focusing on more sophisticated products and high-value markets. We could easily expand our exports tenfold, but we'd have to change to a different type of more standard product and quality would be lower, whereas we have high-quality products that are difficult for others to manufacture. We are focused on quality over quantity. But that doesn't mean we are not going to expand – we are buying the latest optical robot welding machines from China to increase production, but it is a calculated expansion that aligns with our focus on quality products."

MCS Steel places a strong emphasis on its people – in their training and



professional development, but also enhancing their wellbeing, quality of life, and standard of living. The company has established "MCS Village" near its plants in Ayutthaya in Thailand, providing accommodation for 600 staff members and 800 family members, as well as childcare, a school, and healthcare. This proved invaluable during the covid-19 pandemic, providing support to MCS's team as well as easy access to their workplace. The company also encourages an open, collaborative style of work and management, with team members encouraged to raise and discuss issues.

"We are very proud of our people," says Chi. "All our employees are qualified and educated. We are focused on education; it is very important to give knowledge to the people. We have trained some very good people, and we are proud of that. Our level of expertise is top-notch. We also value hard-working people and have a formula that rewards them, rather than that being decided by the management."

This approach of transparency and openness also embraces clients. A central high-tech "war room" pools information from the company's factories in Thailand, Japan, and China for clients, who can update themselves in real time on the status of orders via more than 300 CCTV cameras installed in the production lines. The MCS Village welcomes client representatives who wish to come and stay on site.

MCS is listed on the Stock Exchange of Thailand (SET), where investors are playing their part in its development. But as Chi emphasises, this is not a company which relies on financial markets. Rather, it is dedicated to its core business of delivering the best-quality structural steel to demanding clients – and its investors are all the better for it.

"There are more than 600 companies on the (SET), and we are among the top 20% profit makers," says Chi. "We have the advantage that we rely on export. We're a cash-rich company, we don't borrow, we don't need money. We always pay dividends and we're a stable company. We're focused on selling steel, not stocks."

