Malaysia Smelting Corporation Berhad

MEDIA RELEASE

MSC's 1HFY21 net profit rose to RM25.0 million on the back of higher tin prices

- *1HFY21 revenue jumped 72% YoY due to higher average tin prices*
- *Temporary halt to operations impacted 2QFY21 tin production*
- *On track for full commissioning of Pulau Indah plant by end-2021/early-2022*

Kuala Lumpur and Singapore, 6 August 2021 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad ("MSC" or "the Group") has today announced its financial results for the second quarter ("2QFY21") and first half for the financial period ended 30 June 2021 ("1HFY21").

For 1HFY21, the Group reported a net profit of RM25.0 million, as compared to a net loss of RM12.3 million in the previous year's corresponding period ("1HFY20"). The earnings turnaround was mainly driven by higher average tin prices, which were 65% higher at RM111,450 per metric tonne ("MT") in 1HFY21, from RM67,696/MT in 1HFY20 as well as an increase in tin production quantity.

The Group's tin mining segment generated a net profit of RM36.2 million in 1HFY21, representing a 5-fold jump from RM6.6 million in 1HFY20, while MSC's tin smelting arm reported a lower net loss of RM2.8 million in 1HFY21, against a net loss of RM19.9 million in 1HFY20, as 1QFY21 was boosted by a reversal of inventories written down of RM24.0 million.

In tandem with the rise in tin prices and higher sales volume of refined tin, Group revenue in 1HFY21 grew 72% year-on-year ("YoY") to RM603.0 million from RM350.0 million in the previous year.

The Full Movement Control Order ("FMCO") enforced by the Malaysian Government from 1 June 2021 led to interruptions in the Group's operations. Despite that, MSC delivered a net profit of RM2.9 million on the back of revenue of RM327.1 million in 2QFY21.

During the quarter, the tin mining segment contributed a net profit of RM16.6 million (2QFY20: RM2.1 million), on the back of higher average tin prices and tin production quantity. Meanwhile, the tin smelting arm posted a net loss of RM13.1 million as the Group continued to incur operating costs with lower production output during the quarter. At the same time, the inefficiency of the ageing furnaces at the Butterworth plant led to lower furnace days and lower recovery of tin. Following the interruptions brought about by the FMCO 3.0, the Group has issued a notice of force majeure to its customers as the disruption in smelting operation has affected the Group's scheduled delivery of tin metal.

Commenting on the Group's performance, **Dato' Dr. Patrick Yong, Group Chief Executive Officer of MSC** said, "MSC has benefitted from the strong rise in tin prices which have now rallied to a 10-year high. Over the near term, tin prices are expected to continue to remain strong due to growing tin demand driven by its main use as solder in semiconductors, electronics, home appliances, solar photovoltaics, and even in lithium-ion batteries."

"To enhance our competitive advantage as a global tin metal producer, MSC will continue to focus on strengthening our business fundamentals in terms of increasing production output and strengthening efficiencies across our tin mining and smelting divisions."

"Our progress at the new Pulau Indah smelter is still on track for full commissioning by end-2021/early-2022, as we gradually ramp up production to 100%. The Top Submerged Lance ("TSL") furnace at the Pulau Indah facility will enhance our cost and operational efficiencies, with higher extractive yields and smaller ecological footprint."

"As for our tin mining activities, we remain focused on enhancing the overall mining productivity at the Rahman Hydraulic Tin mine in Klian Intan, in the state of Perak in addition to exploring new tin deposits. We are also exploring potential joint venture arrangements to enhance our mining activities."

"Barring any unforeseen circumstances, we remain cautiously optimistic on the Group's financial performance in the remaining quarters of the year as we have started to gradually ramp up our operations in line with the lifting of the workforce capacity restrictions."

MSC has also recently embarked on a private placement exercise of 20.0 million new shares, representing 5% of MSC's total number of issued shares. The exercise was completed on 2 August 2021, and managed to raise RM38.0 million, which will mainly be utilized for repayment of bank borrowings and working capital.

ABOUT MALAYSIA SMELTING CORPORATION BERHAD

The MSC Group is currently one of the world's leading integrated producers of tin metal and tin based products and a global leader in custom tin smelting since 1887. MSC which is a subsidiary of The Straits Trading Company Limited of Singapore is listed both on the Main Market of Bursa Malaysia and the Main Board of Singapore Exchange.

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Released on behalf of Malaysia Smelting Corporation Berhad by Capital Front Investor Relations.

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