MEDIA RELEASE

MSC posts revenue of RM205.3 million in 1QFY20

- *1QFY20 performance impacted by lower tin prices and trade disruptions due to Covid-19 pandemic*
- *Gradually ramping up production as full operations resume*
- *Focusing on strengthening competitive position to weather uncertainties*

Kuala Lumpur and Singapore, 24 June 2020 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad ("MSC" or "the Group") has today announced its financial results for the first quarter ended 31 March 2020 ("1QFY20").

For the period under review, the Group reported a net loss of RM13.2 million, against a net profit of RM8.6 million in the previous year's corresponding quarter ("1QFY19"). This was mainly due to lower contribution from both the Group's tin smelting and mining segments, impacted by the global trade disruptions due to the Novel Coronavirus ("Covid-19") pandemic.

The Group's tin mining division reported a net profit of RM4.5 million in 1QFY20, as compared to RM9.4 million in 1QFY19. The softer performance was on the back of lower average tin prices and sales volume of tin during the period, primarily attributed to the temporary closure of the Group's operations in the second half of March 2020, following the implementation of the Malaysian Government's Movement Control Order ("MCO") from 18 March 2020 onwards.

The average tin prices at the Kuala Lumpur Tin Market ("KLTM") for 1QFY20 declined by 21% to USD16,656/tonne, as compared to USD21,001/tonne in 1QFY19.

The tin smelting segment was also not spared from the impact of Covid-19 pandemic, as it posted a net loss of RM19.3 million in 1QFY20. This was mainly due to an inventory writedown of RM14.0 million as a result of lower tin prices, disruptions in the supply and demand chain for tin arising from Covid-19 and prolonged trade tensions, as well as lower profit from sale of by-products. Additionally, the shut down of the smelting plant in the second half of March 2020 due to the MCO, has also affected the tin smelting segment's 1QFY20 performance.

Group revenue stood at RM205.3 million in 1QFY20 mainly attributed to less favourable tin prices and lower sales quantity of refined tin during the period.

Commenting on the Group's results, **Dato' Dr. Patrick Yong (杨满堂), Group Chief Executive Officer of MSC** said, "Our business experienced a slowdown in 1QFY20 following the strict containment measures enacted by countries worldwide to curtail the spread of Covid-19 pandemic. During this period, we saw the implementation of border controls and quarantine lockdowns, resulting in a further slowdown in the tin industry's supply and demand chain. This has led to softer tin prices and a build-up in tin inventories, with the interim closure of tin mines around the world."

"MSC had also temporarily halted its mining and smelting operations since the start of the MCO on 18 March 2020. As a result, our production of refined tin was also squeezed for the quarter. Nevertheless, we have been progressively ramping up production with the resumption of operations across the Group, while adhering to the Standard Operating Procedure ("SOP") imposed, in line with the gradual reopening of the Malaysian economy."

“We continue to closely monitor the developments of the pandemic, to fully grasp the effects of Covid-19 and the MCO on the Group. As the situation is still fluid, the scale of the impact remains uncertain at this juncture.”

“Moving forward, we expect the business landscape to remain challenging for the second half of 2020, exacerbated by Covid-19 and the prolonged trade tensions between the US and China. Keeping this in mind, our focus remains on executing the Group’s ongoing initiatives and strengthening our competitive position in the tin industry to brace against these uncertain times.”

“At Pulau Indah, Port Klang, we continue to make progress on the upgrading of the new smelting facility with plans to commence full operations in the near term on track. With the technology upgrade using a more efficient Top Submerged Lance (“TSL”) furnace, we look forward to higher recovery yields with improved operational and cost efficiences, while improving our carbon footprint. Resulting from the rationalisation of our smelting operations, we expect overheads to increase as we run two smelting plants in parallel. This will impact our financial performance until the relocation is complete.”

“Meanwhile, for the Group’s tin mining activities, initiatives to increase overall mining productivity are underway. This includes improving the daily mining output at the Rahman Hydraulic Tin mine in Klian Intan, and exploring new tin deposits. At the same time, we are also exploring potential joint venture mining arrangements to further expand our mining activities.”

As at 31 March 2020, total bank borrowings increased 2% to RM270.6 million, from RM266.2 million as at 31 December 2019, due to the drawdown of short-term trade borrowings for working capital. The Group’s gearing ratio increased marginally to 0.76 times as at 31 March 2020 from 0.72 times as at end-2019.

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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