



MEDIA RELEASE

MSC: Revenue increased by 60% QoQ to RM230.8 million in 3QFY20

- *On the back of higher average tin prices and increased sales quantity of refined tin*
 - *Full commissioning of new Pulau Indah plant on track for 2021*

Kuala Lumpur and Singapore, 30 October 2020 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad (“MSC” or “the Group”) has today announced its financial results for the third quarter (“3QFY20”) and nine months for the financial period ended 30 September 2020 (“9MFY20”).

MSC’s financial performance in 3QFY20 rebounded as compared to the previous quarter which was affected by the temporary closure of operations due to the Movement Control Order (“MCO”). For the quarter under review, MSC’s net profit grew 14-fold to RM12.5 million from RM0.9 million in the previous quarter (“2QFY20”). The better performance was mainly attributed to improved performance of both the Group’s tin mining and smelting divisions as operations normalised in 3QFY20 with a full workforce. Group revenue rose 60% quarter-on-quarter (“QoQ”) to RM230.8 million against RM144.6 million in 2QFY20.

Both the Group’s tin smelting and tin mining operations contributed positively to the financial performance in 3QFY20. The tin smelting business recorded a net profit of RM7.7 million in 3QFY20, as compared to a net loss of RM0.6 million in 2QFY20. Meanwhile, net profit for the tin mining segment increased more than three-fold to RM7.4 million in 3QFY20 from RM2.1 million last quarter, driven by higher average tin prices.

The significant increase was on the back of more favourable average tin prices during the period and increased sales of refined tin. According to the Kuala Lumpur Tin Market (“KLTM”), average tin prices for 3QFY20 increased 11% to USD17,549/tonne, as compared to USD15,848/tonne in 2QFY20.

Commenting on the Group’s results, **Dato’ Dr. Patrick Yong (杨满堂)**, **Group Chief Executive Officer of MSC** said, “Our 3QFY20 results indicate signs of recovery in our operations and financial performance from the temporary disruptions brought about by the strict containment measures. Nonetheless, we remain vigilant against the challenging operating backdrop, with economic activities expected to remain subdued, exacerbated by the ongoing trade tensions between the US and China, as well as the Covid-19 pandemic. Keeping that in mind, our efforts are focused on executing our ongoing rationalization measures to improve efficiencies.”

“At our new smelting facility in Pulau Indah, Port Klang, testing and commissioning works are underway, with commercial production expected to commence in 2021 using the more advanced smelting technology, the Top Submerged Lance (“TSL”) furnace. This will result in significantly higher recovery yields while bringing down the Group’s operational and manpower costs, as well as our carbon footprint. Until then, we will be operating two smelting plants in parallel, with only the smelter in Butterworth, Penang generating revenue. We anticipate our financial performance to improve as we phase out production at the Butterworth facility.”

“For the tin mining operations, our initiatives to increase our overall mining productivity are ongoing. We are working on boosting the daily mining output at our Rahman Hydraulic Tin mine in Klian Intan, while exploring new tin deposits. At the same time, we are also exploring potential joint venture mining arrangements to expand our mining activities.”

For the cumulative nine-month period ended 30 September 2020, MSC's net profit amounted to RM0.2 million, against RM46.6 million in the previous year's corresponding period ("9MFY19"). This is mainly due to weaker average tin prices during the period, with sales of refined tin impacted by the disruptions in the mining and smelting divisions resulting from the government-imposed MCO. Tin prices averaged lower by 13% to USD16,789/tonne in 9MFY20 from USD19,258/tonne in 9MFY19. Additionally, the absence of a reversal of provision for tribute no longer required of RM48.4 million recorded in 9MFY19 further contributed to the difference. Group revenue stood at RM580.8 million in 9MFY20.

As at 30 September 2020, total bank borrowings increased 40% to RM373.7 million, from RM266.2 million as at 31 December 2019, due to the drawdown of short-term trade borrowings for working capital requirements and deferring repayments to take advantage of the moratorium granted by the financial institutions.

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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