



MEDIA RELEASE

MSC 1HFY19 net profit more than doubled to RM16.1 million

Kuala Lumpur and Singapore, 8 August 2019 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad (“MSC” or “the Group”) has today announced its financial results for the second quarter (“2QFY19”) and first half for the financial period ended 30 June 2019 (“1HFY19”).

For the six-month financial period ended 30 June 2019, the Group’s net profit more than doubled to RM16.1 million from RM7.0 million in the same period previous year (“1HFY18”). The growth was on the back of improved performance from both tin smelting and tin mining divisions.

According to the Kuala Lumpur Tin Market, average tin prices in 1HFY19 were marginally lower at USD20,332/tonne as compared to USD20,922/tonne in 1HFY18. However, the appreciation of the US Dollar (“USD”) against the RM led to higher average tin prices in RM terms during the period.

The Group’s tin smelting division posted a lower net loss of RM2.9 million in 1HFY19, as compared to a net loss of RM6.0 million in 1HFY18, mainly attributable to lower provision of tin loss.

The Group’s tin mining business recorded a 38% year-on-year (“YoY”) increase in net profit to RM18.7 million from RM13.5 million in 1HFY19, resulting from higher average tin prices in RM terms.

Commenting on the Group's results, Dato' Dr. Patrick Yong (杨满堂), Group Chief Executive Officer of MSC said, "The business environment is expected to be challenging for the remaining half of 2019 with the prolonged and escalating trade war between the US and China affecting major Chinese electronics and smartphone manufacturers, leading to lower demand for tin solders which has affected the tin price. However, we remain focused on executing our ongoing initiatives to better position the Group against these external headwinds while capturing opportunities as they arise."

"The upgrading progress of the Group's new smelting plant in Pulau Indah, Port Klang remains on track for completion in 2020, where the facility will be fully-operational with ISASMELT technology. Currently, initial testing and commissioning works are being performed at the Pulau Indah smelter. As such, we expect to incur increased overheads with a duplication of expenses with the running of two plants concurrently with only the Butterworth smelter generating revenue. Upon full commissioning of the Pulau Indah smelter, the Group's recovery yields are expected to significantly improve with lower manpower and operational costs."

"For our tin mining business, we continue our endeavours to enhance tin mining productivity at our Rahman Hydraulic Tin mine in Klian Intan, Perak, in addition to exploring new tin deposits. Additionally, we look forward to the commencement of mining activities at Sungai Lembing, Pahang, in the second half of 2019, which will contribute to the Group's overall tin production."

For the quarter under review, MSC's net profit grew three-fold to RM7.5 million from RM2.5 million in the previous year's corresponding quarter ("2QFY18"). The tin mining segment drove earnings growth, registering a net profit of RM11.6 million in 2QFY19. Meanwhile, the tin smelting division

reported a net loss of RM4.3 million, impacted by the operating inefficiencies at the Butterworth plant, resulting in lower recovery yields and higher operating expenses for the quarter.

As at 30 June 2019, total bank borrowings increased to RM300.3 million, from RM293.0 million as at 31 December 2018, due to drawdown of short-term borrowings for working capital purposes. The Group's gearing ratio remained unchanged at 0.8 times.

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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