



MEDIA RELEASE

MSC FY2018 net profit more than doubled to RM34.3 million

- *Gearing improved to 0.8 times as at 31 December 2018*
- *Proposed dividend of 2 sen per share*

Kuala Lumpur and Singapore, 22 February 2019 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad (“MSC” or “the Group”) has today announced its financial results for the fourth quarter (“4QFY18”) and full year ended 31 December 2018 (“FY2018”).

For the year under review, the Group’s net profit more than doubled to RM34.3 million in FY2018 from RM16.1 million in FY2017. The increase was on the back of improved performance of the Group’s tin smelting segment.

In FY2018, the tin smelting segment posted a turnaround with a net profit of RM10.2 million from a RM18.8 million net loss in FY2017. The improvement is attributable to higher profit from sale of by-products, lower tin loss, and one-off income such as reversal of impairment losses, gain on disposal of a joint venture, and other income.

According to the Kuala Lumpur Tin Market (“KLTM”), tin prices in 2018 averaged marginally higher at USD20,067/tonne, as compared to USD20,036/tonne in 2017. However, the strengthening of the RM against the US Dollar (“USD”) had offset the increase in tin prices, leading to lower average tin prices in RM during the year.

In the tin mining segment, the Group successfully increased the daily mining output from mid-July 2018 onwards. However, resulting from lower tin prices, net profit from the Group's tin mining segment decreased by 27% to RM25.3 million in FY2018.

Meanwhile, Group revenue for FY2018 stood at RM1.3 billion, as compared to RM 1.4 billion in FY2017. This was mainly due to lower sales volume of refined tin and lower tin prices during the year.

Commenting on the Group's results, Dato' Dr. Patrick Yong (杨满堂), Chief Executive Officer of MSC said, "We are pleased with the Group's FY2018 financial performance, as our profitability increased more than two-fold. Notwithstanding this, we are still cautious about the challenging business environment and will continue to execute our internal rationalization initiatives in order to enhance our operational efficiencies across both the tin smelting and mining segments."

"Our plan to upgrade our smelting plant at the new location is progressing well with the commencement of initial testing at the new Pulau Indah smelter. We expect our increased overheads and test run costs to continue for the next two years with the running of both smelting plants concurrently, with only one generating revenue. With the eventual complete phase-out of production at the Butterworth plant and full commissioning of the Pulau Indah smelter, we are confident that the Group's recovery yields and cost efficiencies will be improved significantly."

On the future outlook of the tin mining segment, MSC continues to perform exploration activities to identify new tin deposits to support the Group's future supply of tin. Tin mining activities at a new location in Sungai Lembing,

Pahang will commence in FY2019 and this will contribute additional tin production to the Group.

For the quarter under review, MSC recorded a net profit of RM15.6 million, a substantial improvement from RM13.2 million net loss in the previous year's corresponding quarter ("4QFY17"). The improved performance was on the back of higher profit from sale of by-products and reversal of over-provision of tin loss in the tin smelting segment during the quarter. Meanwhile, Group revenue stood at RM287.7 million for 4QFY18.

As at 31 December 2018, total borrowings reduced by 35% to RM293.0 million, from RM452.8 million as at 31 December 2017, due to repayment of bankers acceptances. As a result, the Group's gearing improved to 0.8 times from 1.6 times as at 31 December 2017.

MSC has proposed a first and final single-tier dividend of 2 sen per share, representing a dividend payout of 23% of FY2018 net profit. This dividend is subject to shareholders' approval at the Group's forthcoming Annual General Meeting.

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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