



MEDIA RELEASE

MSC posts revenue of RM350.0 million in 1HFY20

- *1HFY20 performance impacted by lower tin prices and temporary halt to operations*
- *To commence production at new Pulau Indah smelter in 3QFY20*

Kuala Lumpur and Singapore, 7 August 2020 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad (“MSC” or “the Group”) has today announced its financial results for the second quarter (“2QFY20”) and first half for the financial period ended 30 June 2020 (“1HFY20”).

For the quarter under review, MSC posted a net profit of RM0.9 million on the back of RM144.7 million in revenue. The Group’s financial performance was affected by lower contribution from the Group’s tin mining and smelting segments, which were impacted by lower average tin prices and the temporary closure of operations due to the containment measures imposed by the Government of Malaysia in an effort to curb the spread of Novel Coronavirus (“Covid-19”) pandemic.

To comply with the Movement Control Order (“MCO”), MSC temporarily halted its mining and smelting operations in mid March 2020. The smelting and mining operations resumed on a staggered basis on 4 April 2020 and 18 April 2020 respectively, with 50% of operational capacity upon approval by the Ministry of International Trade and Industry (“MITI”). Full operations recommenced on 28 April 2020.

The average tin prices at the Kuala Lumpur Tin Market (“KLTM”) for 2QFY20 declined by 19% to USD15,848/tonne from USD19,662/tonne in 2QFY19.

As a result, the tin mining segment reported a lower net profit of RM2.1 million in 2QFY20, as compared to RM11.6 million in the previous year. Meanwhile, 2QFY20 net loss for the tin smelting segment narrowed to RM0.6 million from net loss of RM4.3 million a year ago.

In 1HFY20, the Group recorded a net loss of RM12.3 million, mainly due to an inventory write down of RM14.0 million recorded in 1QFY20 and the disruptions in both the mining and smelting operations brought about by the MCO. 1HFY20 revenue was RM350.0 million, 41% lower than RM596.5 million in the previous year, impacted by weaker average tin prices and lower sales quantity of refined tin during the period. According to the KLTM, average tin prices in 1HFY20 were 24% lower at USD16,332/tonne as compared to USD20,332/tonne in 1HFY19.

Commenting on the Group's results, **Dato' Dr. Patrick Yong (杨满堂), Group Chief Executive Officer of MSC** said, "The 2QFY20 financial results reflect the full impact of Covid-19 with temporary plant shutdowns for half of the quarter, further reducing the Group's production severely. Our performance was also impacted by the disruption to the tin industry's supply and demand chain as governments imposed border controls and quarantine lockdowns. Nonetheless, as governments around the world gradually reopen their economies, we remain cautious on the developments and continue to focus on strengthening our core operations and capabilities to withstand against external headwinds."

"Our rationalization efforts continued to gain momentum as we edge closer to the commencement of commercial production of refined tin at our new smelting facility at Pulau Indah, Port Klang in 3QFY20. The Pulau Indah plant houses the more advanced smelting technology using the Top Submerged Lance ("TSL") furnace, resulting in significantly higher extractive yields with improved operational and cost efficiencies, while reducing our carbon

footprint. Until smooth operations are achieved at the Pulau Indah facility, we will be operating two smelting plants concurrently resulting in duplication in expenses. We expect our financial performance to improve as we phase out production at our current smelter at Butterworth, Penang.”

“As for our tin mining activities, we continue our initiatives to increase overall mining productivity. At the Rahman Hydraulic Tin mine in Klian Intan, efforts are underway to boost the daily mining output, in addition to exploring new tin deposits. Meanwhile, we are also exploring potential joint venture mining arrangements to enhance our mining activities.”

As at 30 June 2020, total bank borrowings increased 28% to RM342.0 million, from RM266.2 million as at 31 December 2019, due to the drawdown of short-term trade borrowings for 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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