



MEDIA RELEASE

MSC announces 2QFY18 results

- *Strengthening of RM against USD offsets higher tin prices*
- *Recovery yields and cost efficiencies set to improve once Pulau Indah facility is fully operational*

Kuala Lumpur, 10 August 2018 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad (“MSC” or “the Group”) has today announced its financial results for the second quarter ended 30 June 2018 (“2QFY18”).

Commenting on the Group’s 2QFY18 results, Dato’ Dr. Patrick Yong, Chief Executive Officer of MSC said, “Our financial performance continues to be impacted by the inefficiencies of the aged smelting equipment at the Butterworth plant, which resulted in lower recovery yields. Furthermore, our overheads have increased as we progressively move our operations to our new plant, with only one generating revenue.”

According to the Kuala Lumpur Tin Market, tin prices in 1H2018 averaged USD20,922/tonne, 5% higher from USD19,968/tonne in 1H2017. While tin prices were higher in USD terms as compared to last year, this was offset by the strengthening of the Malaysian Ringgit against the USD.

For the quarter under review, Group revenue rose by 6% to RM326.8 million from the previous year’s corresponding quarter (“2QFY17”) of RM307.9 million due to higher sales volume of refined tin. The Group posted a profit before tax (“PBT”) of RM6.3 million for 2QFY18.

For the cumulative six month period ended 30 June 2018 ("1H2018"), Group revenue slightly declined by 4% to RM683.8 million from RM714.5 million reported in the previous half year ("1H2017") due to lower tin prices in Malaysian Ringgit terms.

Meanwhile, Group PBT for 1H2018 stood at RM13.4 million. MSC's tin smelting division reported a pre-tax loss of RM4.9 million for 1H2018 whilst the tin mining operations at Rahman Hydraulic Tin mine, contributed a pre-tax profit of RM18.9 million.

Commenting on the Group's outlook, Dato' Dr. Patrick Yong added, "The increased overheads due to the start up and test run costs of our new smelter in Pulau Indah are expected to continue until next year. Upon the complete relocation of our smelting operations to the new plant, we expect to significantly enhance our recovery yields and reduce our operational and manpower costs."

"For our tin mining segment, we have undertaken efforts to increase mining productivity. Since mid July, we have achieved additional daily output and we expect this to increase further. The impact of this increased productivity will be apparent from the third quarter of 2018 onwards."

"Furthermore, we intend to ride on the positive demand for tin on the back of new discoveries on tin usages. We plan to establish a Research and Development ("R&D") center in Pulau Indah for the study of new downstream applications of tin as part of our strategy to further capitalize on this growth."

As at 30 June 2018, MSC's total borrowings reduced by 9% to RM413.7 million from RM452.8 million as at 31 December 2017 due to repayment of short-term trade financing. Consequently, gearing improved to 1.4 times from 1.6 times as at 31 December 2017.

ABOUT MALAYSIA SMELTING CORPORATION

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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