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Malaysia Smelting Corp 1Q net profit jumps 88%

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**GRADUATE CERTIFICATE IN
APPLIED PORTFOLIO MANAGEMENT**





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KUALA LUMPUR (May 3): Tin miner and metal producer Malaysia Smelting Corp Bhd (MSC) saw its net profit jump 87.6% to RM8.6 million in the first quarter ended March 31, 2019 (1QFY19) from RM4.58 million a year ago, on higher contributions from both its tin smelting and mining divisions.

This resulted in a higher earnings per share of 2.2 sen for 1QFY19 compared with 1.1 sen for 1QFY18.

Quarterly revenue, however, fell 13.9% to RM307.45 million from RM356.95 million a year ago, due to lower sales volume of refined tin.

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In a statement today, MSC said average tin prices in 1QFY19 remained flat at US\$21,001 per tonne in 1QFY18, but the appreciation of the US dollar against the ringgit led to higher average tin prices in ringgit terms.

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"The tin mining division continued to be the main contributor to the group's earnings. Mining operations at Malaysia's largest tin mine, Rahman Hydraulic Tin, recorded higher daily output of tin-in concentrates since mid-July 2018.

"The improved production output, coupled with a rise in average tin

prices in ringgit terms, led the tin mining division to record a 31% year-on-year increase in net profit to RM9.4 million for 1QFY19," it added.

The tin smelting division, meanwhile, achieved a net profit of RM1.4 million for the quarter compared with a net loss of RM2.1 million in 1QFY18.

MSC said the growth was on the back of higher sales of by-products as well as lower provision of tin loss.

Going forward, MSC group chief executive officer Datuk Dr Patrick Yong said the group is cognisant of the challenging business landscape and will enhance its operational and cost efficiencies in order to remain competitive.

"We continue to make progress on the upgrading of our smelting plant at Pulau Indah, Selangor, as part of our internal rationalisation efforts. At the moment, initial testing and commissioning works are being carried out at the smelter," he said.

He added that the facility is expected to be fully-operational by 2020 with the ISASMELT technology, which is expected to "significantly" improve the group's recovery yields with lower manpower costs.

"Until then, there will be duplication of expenses as we operate two plants concurrently with only the Butterworth smelting plant generating revenue."

As for the group's tin mining operations, Yong said its focus will be on increasing its mining productivity, while exploring new tin deposits to support the smelting operations.

"In Sungai Lembing (Pahang), earthworks and construction of mine facilities are currently underway, as we expect to commence commercial production this year," he added.

As at March 31, 2019, the group's gearing ratio stood at 0.8 times, with total bank borrowings of RM284.7 million.

MSC shares closed unchanged at 98 sen today, valuing it at RM392 million. It saw some 204,500 shares changing hands.



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