



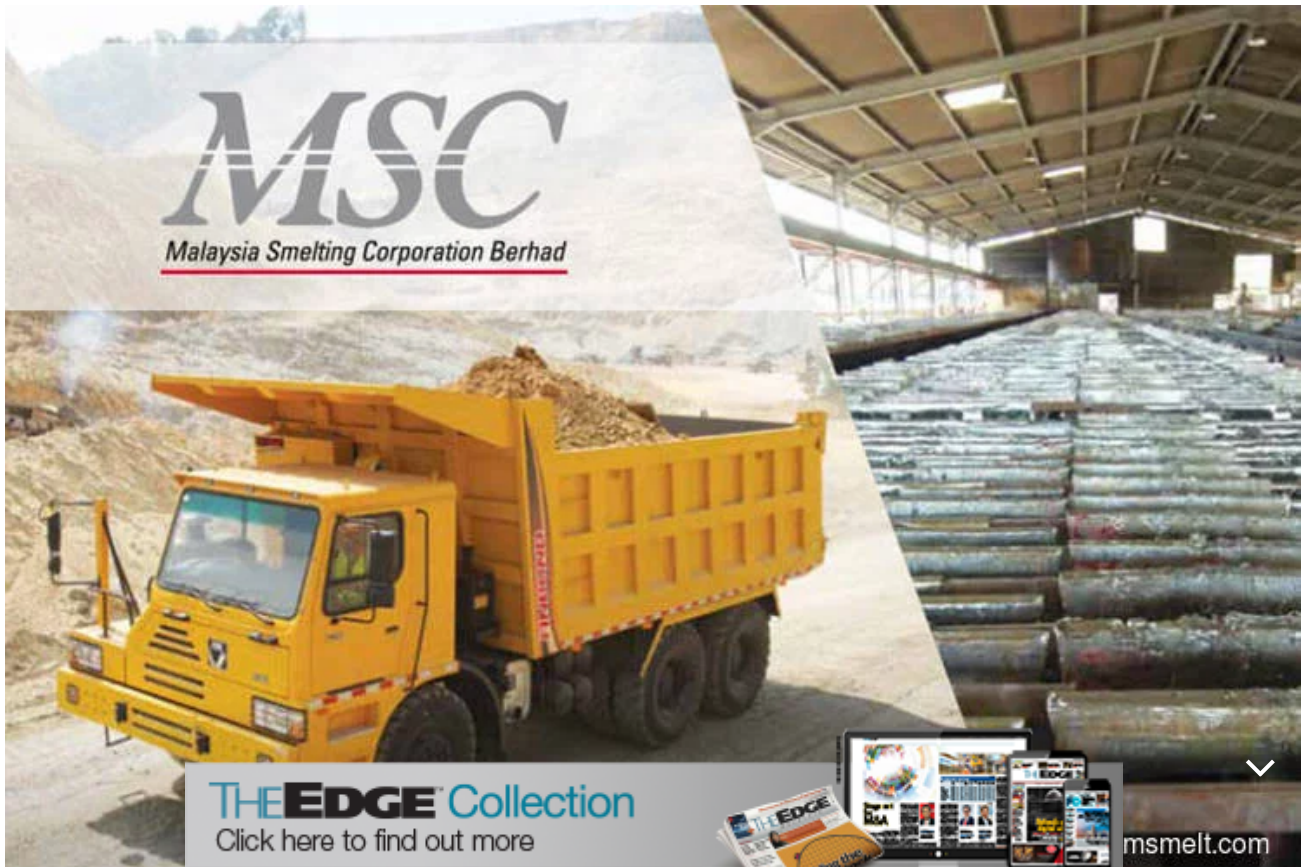
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# Malaysia Smelting Corp's 3Q net profit jumps on one-off provision, but revenue down by a third

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KUALA LUMPUR (Nov 11): Malaysia Smelting Corp Bhd's (MSC) third quarter net profit nearly tripled to RM30.55 million or 7.6 sen per share, from RM11.66 million or 2.6 sen per share a year earlier, thanks to a one-off provision writeback of RM48.4 million for tribute payments no longer required.

Revenue for the quarter ended Sept 30, 2019 fell 34% to RM204.31 million, from RM309.43 million previously, due to a lower sales volume of refined tin, the tin miner and metal producer said in a statement.

MSC said its tin smelting business was impacted by an inventory writedown to net realizable value of RM17.3 million, due to slower global tin demand and less favourable tin prices during the quarter.

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Citing Kuala Lumpur Tin Market data, the group said average tin prices during the quarter were 11%



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lower at US\$17,112 per tonne as compared with US\$19,297 a year earlier.

As a result, the group said its tin smelting segment reported a net loss of RM9 million during the quarter.

Nevertheless, improved quarterly earnings boosted the net profit for the cumulative nine-month period.

Net profit for the nine months rose 2.5 times to RM46.64 million versus RM18.7 million in the previous corresponding quarter, while revenue fell 19% to RM800.84 million from RM993.2 million.

MSC chief executive officer Datuk Dr Patrick Yong said that with the prolonged trade tensions between the US and China, the industry outlook is expected to remain challenging for the rest of the year.

"We see softer demand for tin solder, resulting in a build-up in tin inventories which could lead to a decline in tin prices. Nonetheless, we remain focused on executing our ongoing plans as we strengthen our position in the tin industry," he said.

Yong added that initial testing and commissioning works are underway for the group's Pulau Indah smelting facility in Port Klang, with commencement expected in 2020.

"With this technology upgrade, we look forward to higher recovery yields with lower operational and manpower costs. Until then, our financial performance will continue to be impacted by the running of two smelting plants in parallel, with only the Butterworth smelter generating revenue," he said.

Additionally, the group is also exploring potential joint venture mining arrangements to expand its tin mining activities.

MSC's share price closed 0.5 sen or 0.58% lower at 85.5 sen, for a market capitalisation of RM1.1 billion.

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