

Malaysia Smelting Corp records losses in 1Q amid virus-driven trade disruptions

Syahirah Syed Jaafar / theedgemarkets.com
June 24, 2020 23:03 pm +08



KUALA LUMPUR (June 24): Lower tin prices and lower sales dragged Malaysia Smelting Corporation Bhd (MSC) into the red with a net loss of RM13.19 million for its first quarter ended March 31, 2020, compared with a net profit of RM8.6 million in the previous corresponding quarter.

Revenue fell 33% to RM205.31 million versus RM307.45 million a year ago.

The lower earnings were mainly due to lower contribution from both the group's tin smelting and mining segments, which were impacted by the global trade disruptions due to the Covid-19 pandemic, the tin miner and metal producer said in a statement filed to Bursa Malaysia today.

Its tin mining segment's net profit more than halved to RM4.5 million from RM9.4 million previously, amid lower average tin prices — down 21% on average to US\$16,656 per tonne from US\$21,001 previously — and lower sales volume. The tin smelting segment, meanwhile, posted a net loss of RM19.3 million, due mainly to an inventory write-down of RM14.0 million. Additionally, its earnings were hit by prolonged trade tensions and lower profit from sale of by-products.

“MSC had also temporarily halted its mining and smelting operations since the start of the MCO (movement control order). As a result, our production of refined tin was also squeezed for the quarter. Nevertheless, we have been progressively ramping up production with the resumption of operations across the group, while adhering to the standard operating procedure imposed, in line with the gradual reopening of the Malaysian economy,” said MSC group chief executive officer Datuk Dr Patrick Yong.

“We continue to closely monitor the developments of the pandemic, to fully grasp the effects of Covid-19 and the MCO on the group. As the situation is still fluid, the scale of the impact remains uncertain at this juncture,” Yong said, adding the group expects the business landscape to remain challenging for the second half of 2020.

“At Pulau Indah, Port Klang, we continue to make progress on the upgrading of the new smelting facility with plans to commence full operations in the near term on track,” he said. “Resulting from the

rationalisation of our smelting operations, we expect overheads to increase as we run two smelting plants in parallel. This will impact our financial performance until the relocation is complete.”

Meanwhile, the group is exploring potential joint venture mining arrangements to further expand its mining activities, he added.

Shares of Malaysia Smelting Corp settled one sen or 0.69% higher at 73 sen today, for a market capitalisation of RM290 million.

Subscribe to Editor's Picks
& Mid-day email alert

We deliver news to your
inbox daily

Email Address:

SUBSCRIBE

RELATED NEWS

11 May 2016

Malaysia Smelting Corp jumps 5.42% on firm 1Q net profit

21 September 2018

Scientex, Malaysia Smelting Corp, Eco World International, Pos Malaysia, AWC, Wong Engineering, Dufu, Selangor Properties, SCGM and Pan Malaysia.

8 May 2018

Malaysia Smelting Corp 1Q net profit down 64% on stronger ringgit

15 November 2018

Gas Malaysia, Malaysia Smelting Corp, GHL, Advancecon, S P Setia, IGB, Batu Kawan, KLK, Tatt Giap, Star Media, JAKS and Amway