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## MSC posts better earnings from higher tin price

By [NST Business](#) - February 19, 2021 @ 6:43pm



Malaysia Smelting Corporation Bhd (MSCB) reported a net profit of RM15.5 million fourth quarter (4Q) financial year ended 31 December 2020 (FY20) as compared to a net loss of RM16.0 million in the same quarter last year.

KUALA LUMPUR: Malaysia Smelting Corporation Bhd (MSCB) reported a net profit of RM15.5 million fourth quarter (4Q) financial year ended 31 December 2020 (FY20) as compared to a net loss of RM16.0 million in the same quarter last year.

The earnings turnaround was buoyed by higher average tin prices and improved sales of refined tin during the quarter.

Group revenue grew 27 per cent year-on-year (YoY) to RM232.6 million from RM182.7 million in 4Q FY19. Average tin prices increased 11 per cent YoY to RM76,870 per tonne in 4Q FY20, according to Kuala Lumpur Tin Market (KLTM).

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For the full year, group revenue stood at RM813.4 million in FY20, against RM983.6 million in the previous year, mainly dragged by weaker average tin prices and lower sales quantity of refined tin due to the Covid-19 pandemic and its resultant containment measures.

Tin prices averaged 8 per cent lower to RM71,559 per tonne in 2020 from RM77,024 in 2019, according to KLTM.

Amid a challenging backdrop, MSCB's tin smelting division returned to the black in FY20 as it posted a net profit of RM3.4 million from a net loss of

<https://www.nst.com.my/business/2021/02/667179/msc-posts-better-earnings-higher-tin-price>

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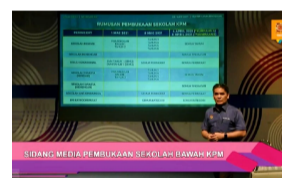
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MSCB reported a net profit of RM30.8 million in FY19, lifted by the reversal of inventories written down amounting to RM7.1 million.

Meanwhile, the tin mining operations recorded a net profit of RM21.2 million in FY20, against RM66.7 million in FY19, primarily attributable to lower average tin prices and the absence of a reversal of provision for tribute no longer required of RM48.4 million that was recorded in FY19.

MSC's net profit amounted to RM15.7 million in FY20, as compared to RM30.7 million in the previous year.

Group chief executive officer Datuk Dr Patrick Yong said

2020 was a year of unprecedented challenges as businesses endeavored to adapt to evolving market conditions,

following the outbreak of Covid-19 pandemic and the temporary disruptions to operations.

"Despite these external headwinds, MSC's underlying core

operations remain resilient as we continue to execute our ongoing rationalisation initiatives to enhance efficiencies across the group.

"Our plan to fully commission the new smelting facility in Pulau Indah is on track for late 2021 or early 2022. The new smelter is anticipated to significantly increase our production capacity by 50 per cent to 60,000 tonnes per

year using top submerged lance (TSL) furnace, with

lower operational costs and carbon footprint.

"At the moment, testing and commissioning works are being carried out to ensure smooth operations before taking over entirely the smelting activities from the old Butterworth

plant," he said in a statement today.

Patrick said MSCB tin mining division, the company remain focused on enhancing overall mining productivity.

"At our Rahman Hydraulic Tin mine in Klian Intan, we are

exploring new tin deposits in addition to introducing new technologies to increase our daily mining output.

"Over in Sungai Lembing, mining activities have commenced during the year with minimal average production.

"To further expand our mining activities, we are also exploring potential joint venture arrangements," he said.

Looking ahead, Patrick said the company is positive on the outlook driven by its rationalisation efforts and the interest in the tin industry.

For 2021, MSCB is seeing tin consumption recover with LME 3-month tin price soaring to seven-year highs of S\$23,443 per tonne in February 2021 as supply strives to meet demand.

Various factors, such as increasing sales of electronic

devices due to work-from-home arrangements as well as growth of electric vehicles, have boosted demand for tin.

"This bodes well for MSC with high tin prices benefiting our tin mining and smelting divisions. The commissioning of



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the Pulau Indah smelter is timely as we are well positioned to capitalise on the rising tin demand," he said.

MSCB has proposed a first and final single-tier dividend of 1 sen per share, representing a dividend payout of 26 per cent of FY20 net profit subject to shareholders approval in the upcoming annual general meeting.

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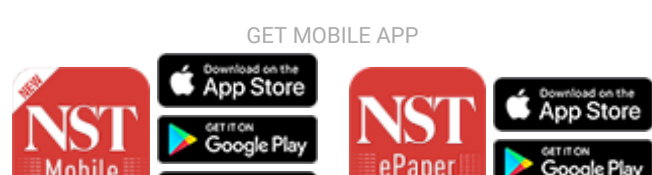
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