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Sharp rise in tin price lifts MSC 3QFY21 net profit by more than double

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KUALA LUMPUR (Nov 12): Malaysia Smelting Corp Bhd (MSC) announced that its net profit for the third quarter ended Sept 30, 2021 (3QFY21) more than doubled or 130.8% to RM28.94 million from RM12.54 million, mainly benefitting from the higher average tin price during the quarter.

According to MSC, average tin price soared 92.5% to RM141,915 per tonne for 3QFY21 compared with RM73,708 in the same period a year ago.

Its quarterly earnings per share grew to seven sen, from 3.1 sen in the previous corresponding quarter, its filing with Bursa Malaysia showed on Friday.

Quarterly revenue, however, dipped 5.35% to RM218.48 million from RM230.83 million as its refined tin production and tin concentrates production quantity were lower compared with a year ago due to the gradual restart of smelting and mining operations during Phase 2 of the National Recovery Plan.

For the nine months ended Sept 30, 2021 (9MFY21), MSC's net profit spiked to RM53.99 million from RM244,000 only a year ago, while revenue jumped 41.5% to RM821.5 million from RM580.78 million.

The average tin price climbed 74.2% to RM121,458 per tonne in 9MFY21 compared with RM69,717 in the same period last year.

On prospects, the tin smelter said tin price has recently reached a record high, and that the current global landscape promoting environmental and sustainability initiatives, photovoltaic installations, electric vehicles (EVs) and growth in electronics bode well for the demand of tin.

While tin demand continues to grow rapidly, MSC noted the global supply may continue to struggle to keep pace, due to interrupted production downstream because of the uncertain path of the Covid-19 pandemic.

Notwithstanding that, MSC said it remains cautious, and will continue to focus on its operational efficiencies and on improving all areas of operations, technology, manpower and logistics.

"The operation in the Pulau Indah plant, using the newer and more efficient technology and a more productive workforce, is expected to be fully commissioned by late 2021/early 2022.

"With the utilisation of the ISASMELT furnace, the group expects higher operational efficiency, lower operational and manpower costs, while improving carbon footprint," it added.

For the group's tin mining segment, MSC said efforts to increase daily mining output and improve overall mining productivity have been undertaken, with the group also exploring potential joint ventures and initiatives to expand its mining activities.

In a separate statement, MSC group chief executive officer Datuk Dr Patrick Yong said the group delivered a strong performance despite the constraints arising from the Full Movement Control Order, with tin being the best-performing base metal in 2021 as prices hit a record high, following the tin supply deficit and robust consumption.

As such, Yong noted MSC is a direct beneficiary of favourable tin prices and this trend is expected to persist in the near term in line with rising tin demand in various sectors including consumer electronics, photovoltaic as well as for EVs.

"We [also] continue to strengthen our fundamentals and capabilities to remain competitive as a global tin metal producer.

"As we move ahead, we will focus on increasing production output and improving efficiencies across the group, while staying vigilant of the Covid-19 developments to maintain business continuity with strict adherence to standard operating procedures," he added.

On Friday, shares of MSC settled six sen or 2.12% higher at RM2.89, bringing its market capitalisation to RM1.21 billion.

Edited by Kathy Fong

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