

Malaysia Smelting Corp sees net profit double in FY18, proposes 2 sen dividend

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KUALA LUMPUR (Feb 22): Malaysia Smelting Corp Bhd (MSC) finished the financial year ended Dec 31, 2018 (FY18) on a positive note, more than doubling its net profit to RM34.3 million from RM16.11 million in FY17.

The group attributed the better earnings to improved performance of its tin smelting segment, which returned to profitability in 2018.

"The better performance in 2018 was mainly due to higher profit from sale of by-products, lower tin loss and some one-off income, that is, reversal of impairment losses, gain on disposal of a joint venture and other income," said MSC in a filing with Bursa Malaysia today.

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It returned to the black in the fourth quarter ended Dec 31, 2018 (4QFY18), with a net profit of RM15.59 million compared with a net loss of RM13.18 million a year ago.

It posted an earnings per share of 3.9 sen for 4QFY18 compared with a loss per share of 3.3 sen for 4QFY17.

Quarterly revenue, however, came in 9.7% lower at RM287.7 million compared with RM318.52 million in 4QFY17, mainly due to lower sales quantity of refined tin in the current quarter under review.

MSC also proposed a first and final dividend of 2 sen per share for FY18, which is subject to shareholders' approval at its forthcoming annual general meeting.

Meanwhile, revenue for full FY18 fell 10.8% to RM1.28 billion from RM1.44 billion in FY17, mainly due to lower sales quantity of refined tin and lower average tin prices in ringgit terms last year.

"Lower average tin prices in ringgit terms in 2018 as a result of strengthening of the ringgit versus US dollar, average tin prices in US dollar terms remain at around US\$20,000 per tonne over the two periods under review," said MSC.

On prospects, MSC said 2019 will be a challenging year for businesses due to the ongoing global trade tensions, monetary policy normalisation in the US, volatile commodity prices, and policy uncertainties.

"Despite these challenging market conditions, the group will continue to focus on its operational efficiencies. The group is undertaking efforts to improve on all areas of operations, technology, manpower and logistics.

"Plans to commence full operations in a new plant in Pulau Indah, Selangor, using newer and more efficient technology and a more productive work force are under way. We expect this new plant to be operational in the near term.

"As we progressively move our operations to our new plant, we expect overheads to increase as we run two plants, with only one generating revenue. We expect this to impact our financial performance for the next financial year," it added.

"For our tin mining segment, we have undertaken efforts to increase daily mining output and improve our overall mining productivity. SL Tin Sdn Bhd, an 80%-owned subsidiary, will commence its tin mining activities at Sungai Lembing, Pahang in FY19. This will contribute to additional tin production to the group" said MSC.

It added that the group will also look at potential joint venture mining arrangement with other parties to expand its mining activities, as well as embark on research and development activities to look into extracting tungsten from tin slag.

MSC shares closed 0.5 sen or 0.59% higher at 85 sen today, with 75,000 shares done, for a market value of RM340 million.