

MEDIA RELEASE

MSC's 3QFY19 net profit jumped more than two-fold to RM30.6 million

- *One-off provision writeback of RM48.4 million lifted 3QFY19 earnings*
- *Writedown of inventories of RM17.3 million impacted tin smelting segment's performance in 3QFY19*

Kuala Lumpur and Singapore, 11 November 2019 – Tin miner and metal producer, Malaysia Smelting Corporation Berhad ("MSC" or "the Group") has today announced its third quarter ("3QFY19") and nine month financial results today for the financial period ended 30 September 2019 ("9MFY19").

For the quarter under review, the Group's net profit more than doubled to RM30.6 million from RM11.7 million in the previous year's corresponding quarter ("3QFY18").

The tin mining segment recorded a five-fold jump in 3QFY19 net profit to RM40.0 million, as compared to RM7.2 million in 3QFY18. This was mainly attributable to a one-off provision writeback for tribute payments no longer required, amounting to RM48.4 million.

Meanwhile, the Group's 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. According to the Kuala Lumpur Tin Market, average tin prices in 3QFY19 were 11% lower at USD17,112/tonne as compared to USD19,297/tonne in 3QFY18. As a result, the tin smelting segment reported a net loss of RM9.0 million in 3QFY19. The absence of certain one-off income recorded in 3QFY18, such as reversal of

impairment losses, gain on disposal of a joint venture, lead sales and other income, further impacted the tin smelting segment's performance in 3QFY19.

Group revenue stood at RM204.3 million due to lower sales volume of refined tin in 3QFY19.

Commenting on the Group's results, Dato' Dr. Patrick Yong (杨满堂), Group Chief Executive Officer of MSC said, "We are pleased with the solid performance of the Group in 3QFY19, boosted by the one-off provision writeback in the tin mining segment. Despite posting stronger earnings during the period, we remain cognizant of the challenging operating landscape and continue to build our core competencies to navigate through these uncertain times."

"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 on-going plans as we strengthen our position in the tin industry."

"At the Group's Pulau Indah smelting facility in Port Klang, initial testing and commissioning works are underway. We expect the smelter to commence full operations in 2020 using the more efficient ISASMELT furnace. 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."

“For our tin mining segment, our focus is to improve our overall mining productivity. This includes efforts to increase the daily mining output at our Rahman Hydraulic Tin mine in Klian Intan, Perak, and exploring new tin deposits. Meanwhile, we expect the tin mining activities at Sungai Lembing, Pahang, to start contributing in the near term. At the same time, we are also exploring potential joint venture mining arrangements to expand our tin mining activities.”

For the cumulative nine month period ended 30 September 2019, MSC’s net profit increased more than two-fold to RM46.6 million from RM18.7 million in the previous year, mainly due to the one-off provision write-back for tribute payments of RM48.4 million in the tin mining segment’s performance. Group revenue amounted to RM800.8 million in 9MFY19.

As at 30 September 2019, total bank borrowings increased to RM297.9 million, from RM293.0 million as at 31 December 2018, due to drawdown of short-term borrowings for working capital purposes. The Group’s gearing ratio remained at 0.8 times as at 30 September 2019.

ABOUT MALAYSIA SMELTING CORPORATION BERHAD

The MSC Group is currently one of the world's leading integrated producers of tin metal and tin based products and a global leader in custom tin smelting since 1887. MSC which is a subsidiary of The Straits Trading Company Limited of Singapore is listed both on the Main Market of Bursa Malaysia and the Main Board of Singapore Exchange.

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Released on behalf of Malaysia Smelting Corporation Berhad by Capital Front Investor Relations.

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