

News

## Malaysia Smelting Corp Net Profit Jumps 8 Fold To RM118.1 Million

By **Editor** - February 18, 2022



Tin miner and metal producer, Malaysia Smelting Corporation Berhad reported a sterling set of financial results for its fourth quarter and full-year ended 31 December 2021. The group's net profit soared almost 8-fold to an all-time high of RM118.1 million from RM15.2 million in the prior year.

The higher earnings were lifted by favourable average tin prices, which grew 82% to RM130,575 per metric tonne from RM71,559 per MT in FY20. Group revenue increased 32% to RM1,076.6 million in FY21 from RM813.4 million.

The Group's tin mining division was the main earnings driver as net profit jumped more than 5 times to RM109.4 million in FY21, as compared to RM20.6 million in FY20. The growth was on the back of high tin prices, as well as increased tin production during the year.

Meanwhile, the tin smelting division reported lower production of refined tin in FY21 due to the operational disruption following the Full Movement Control Order 3.0 enforced from 1 June 2021 and the subsequent force majeure that commenced from 7 June 2021 until 20 December 2021. This was offset by a reversal of inventories written down amounting to RM24 million in 1QFY21 and higher margins from the sales of refined tin derived from its tin intermediates. As a result, the tin smelting division reported an FY21 net profit of RM12.1 million, from RM3.2 million a year ago.

For 4QFY21, MSC recorded a net profit of RM64.1 million on the back of revenue of RM255.1 million. During the quarter, the tin mining segment posted a net profit of RM44.1 million, representing an almost a 7-fold increase from RM6.7 million in the previous year's corresponding quarter ("4QFY20"), mainly attributed to the high tin prices. For MSC's tin smelting division, net profit stood at RM10.0 million, against a net profit of RM15.4 million in 4QFY20, primarily due to an absence of a reversal of inventories written down of RM21.1 million which was recorded in 4QFY20. The tin smelting division also benefited from higher profit margins from the sales of refined tin derived from its tin intermediates.

Commenting on the Group's performance, Dato' Dr. Patrick Yong, Group Chief Executive Officer of MSC said, "Although 2021 was a year of continued challenges globally, MSC stayed resilient and delivered a stellar financial performance for the year. The tin supply deficit is forecasted to continue, which will sustain tin prices in the short to medium term. At the same time, tin demand remains robust in line with the global growth of electric vehicles, photovoltaic installations, and consumer electronics, among others. Its Pulau Indah smelting facility has reached 75% capacity and expects full production in 2022. The full commissioning of the Pulau Indah plant is expected to improve extractive yields, lower manpower costs as well our carbon footprint.

MSC has proposed a first and final single-tier dividend of 7 sen per share, translating to a dividend payout of 25% of FY21 net profit. This dividend is subject to shareholders' approval at the Group's forthcoming Annual General Meeting.