

Team Coverage

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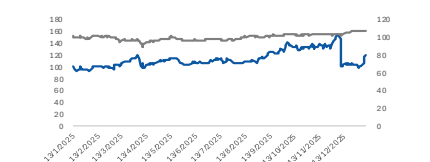
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Recommendation:	BUY
Current Price:	RM 1.88
Previous Target Price:	RM 1.70
Target Price:	RM 2.14
Capital Upside/Downside:	13.8%
Dividend Yield (%):	8.6%
Total Upside/Downside:	22.4%

Stock Information	
Board	MAIN
Sector	Industrial products & services
Bursa / Bloomberg Code	5916 / SMELTMK
Syariah Compliant	Yes
ESGRating	***
Shares issued (m)	840.0
Market Cap (RM' m)	1,579.2
52-Week Price Range (RM)	1.9-1.01
Beta (x)	1.5
Free float (%)	64.3
3M Average Volume (m)	1.6
3M Average Value (RM' m)	2.5

Top 3 Shareholders	(%)
Straits Trading Co Ltd / Singapore	26.8
Straits Trading Amalgamated Reso	16.6
Sword Investments Pvt Ltd	5.1

Share Price Performance



	1M	3M	12M
Absolute (%)	18.2	33.3	66.4
Relative (%)	14.8	28.3	58.1

Earnings Summary			
FYE Dec (RM' m)	FY 24	FY 25F	FY 26F
Revenue	1,691.8	1,480.8	1,969.1
PATAMI	79.4	52.7	138.5
CNP	79.4	52.7	138.5
Core EPS (sen)	9.5	6.3	16.5
PE (x)	19.1	28.8	11.0

Source: Company, Apex Securities

MSC Berhad

Tin supply tightness drives earnings upgrade

- Global tin supply remains disrupted, driven by policy-led production curbs in Indonesia, elevated geopolitical risks in the DRC and a slow, uneven recovery in Myanmar.
- We expect MSC to benefit from higher tin prices despite ongoing tin ore supply disruptions, as total refined tin production is anticipated to remain broadly flat at the company.
- We revise our FY26F/FY27F tin price assumptions upward to USD35.1k/USD37.2k per tonne (from USD34.4k/USD36.3k) to reflect the persistent supply-side tightness.
- Consequently, we upgrade our FY26F/FY27F earnings forecasts by 16.6%/26.6% to account for our higher tin price assumptions.
- Maintain BUY call with a higher target price of RM2.14 based on a 13x FY26F P/E applied to an EPS of 16.5sen.

Supply risk back in focus? Tin supply risks have resurfaced following Indonesia's crackdown on c.1,000 illegal mines in Sumatra, raising concerns over refined tin export availability given Indonesia's position as the world's largest refined tin exporter. This is compounded by elevated disruption risk at the Bisie mine in the Democratic Republic of the Congo, which accounts for c.8% of global tin ore supply amid ongoing security challenges and restrictions on manual mining. Meanwhile, tin ore output in Myanmar, remains constrained by weather, labour and equipment bottlenecks, limiting near-term supply normalisation despite sizeable reserves of c.700kt (c.15% of global total, per USGS). That said, MSC is largely insulated from these disruptions, supported by rising in-house ore contribution from RHT, where output is targeted to ramp up to 15 mt/day by 4QFY26F on improved sand-tailings recovery, alongside previously secured Tasmanian feedstock. Our assumptions remain conservative, with RHT production modelled flat at c.14 mt/day in FY26F, implying that tighter global supply should translate into pricing and margin upside rather than volume risk for MSC.

Robust demand anchors tin market growth. While geopolitical developments influence tin supply dynamics, a contained risk environment in FY26 should support stable global manufacturing activity and semiconductor output, thereby underpinning refined tin demand and MSC's offtake visibility. Demand remains structurally anchored by the electronics industry, which accounts for c.50% of global consumption, driven by semiconductor packaging, printed circuit boards and the ongoing transition toward lead-free solder. According to World Semiconductor Trade Statistics (WSTS), the global semiconductor market grew 18.9% YoY in 1HFY25, with growth forecast at 29%/17% in FY26F/FY27F, providing further support to refined tin demand. Structural demand from EV electrification and photovoltaic installations adds to medium-term demand visibility, although tin price performance remains predominantly supply driven.

Tin price assumption – revised upward. We increase our tin price assumptions as we previously underestimated the persistence of supply-side disruptions. Global tin supply tightness is expected to persist over the medium term, driven by (i) **policy-led production curbs in Indonesia**, (ii) **elevated geopolitical risks in the DRC** and (iii) **a slow, uneven recovery in Myanmar**, limiting the scope for supply normalisation and keeping tin prices structurally elevated. Accordingly, we raise our tin price assumptions by 2.0%/2.5% to USD35.1k/USD37.2k per tonne for FY26F/FY27F (from USD34.4k/USD36.3k previously).

Earnings revision. Following the upward revision to our tin price assumptions, we raise our FY26F/FY27F CNP forecasts by 16.6%/26.6%, from RM118.8m/RM135.9m to RM138.5m/RM172.1m, respectively. The upgrade reflects higher realised tin prices, with higher earnings sensitivity at the mining business through better operating leverage at RHT, alongside margin improvement from increased in-house ore contribution at the smelting segment.

Valuation. We maintain a **BUY** call on MSC with a higher target price of **RM2.14** (from RM1.70), derived from a 13x (previously 12x) FY26F EPS of 16.5sen. We believe the higher ascribed PE

valuation is warranted by (i) **stronger earnings visibility from rising in-house ore supply**, (ii) **reduced reliance on external feedstock and enhanced ability to monetise price volatility in a supply-constrained tin market**, and (iii) **MSC’s position as the world’s largest independent tin smelter**.

Risks. Tin price volatility, feedstock supply disruption, and commissioning delays at the sand-tailings plant may weigh on earnings and margin recovery.

Figure 1. LME Tin price trend in USD



source: Bloomberg, Apex Securities

Company Update

Monday, 12 Jan, 2026

BURSA RISE+
Brought to you by Bursa Malaysia
Supported by Capital Market Development Fund



Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1,435.7	1,691.8	1,480.8	1,969.1	2,126.7
Gross Profit	221.6	243.7	206.5	359.1	417.0
EBITDA	158.8	165.1	127.3	249.4	297.4
Depreciation & Amortisation	-12.9	-13.6	-14.4	-14.9	-15.5
EBIT	145.9	151.5	112.9	234.5	281.8
Net Finance Income/ (Cost)	-17.9	-19.2	-18.6	-19.3	-19.3
Associates & JV	0.7	-0.2	-0.2	-0.2	-0.2
Pre-tax Profit	128.6	132.0	94.1	214.9	262.3
Tax	-31.4	-38.5	-27.3	-62.3	-76.1
Profit After Tax	97.2	93.5	66.8	152.6	186.2
Minority Interest	12.2	14.1	14.1	14.1	14.1
Net Profit	85.1	79.4	52.7	138.5	172.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	85.1	79.4	52.7	138.5	172.1

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	9.5	9.5	6.3	16.5	20.5
P/E (x)	17.9	19.1	28.8	11.0	8.8
P/B (x)	3.5	3.5	3.5	3.5	3.4
EV/EBITDA (x)	9.0	8.2	10.2	5.3	4.7
DPS (sen)	14.0	31.0	7.8	16.2	20.1
Dividend Yield (%)	7.7%	17.1%	4.3%	8.9%	11.1%
EBITDA margin (%)	11.1%	9.8%	8.6%	12.7%	14.0%
EBIT margin (%)	10.2%	9.0%	7.6%	11.9%	13.3%
PBT margin (%)	9.0%	7.8%	6.4%	10.9%	12.3%
PAT margin (%)	6.8%	5.5%	4.5%	7.8%	8.8%
NP margin (%)	5.9%	4.7%	3.6%	7.0%	8.1%
CNP margin (%)	5.9%	4.7%	3.6%	7.0%	8.1%
ROE (%)	10.4%	10.2%	6.8%	17.5%	21.2%
ROA (%)	6.1%	5.8%	3.9%	10.0%	12.1%
Gearing (%)	44.1%	47.9%	47.8%	46.8%	45.8%
Net gearing (%)	11.7%	20.6%	28.5%	25.7%	16.3%

Valuations	FY26F
Core EPS (RM)	0.165
P/E multiple (x)	13.0
Fair value (RM)	2.14
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.14

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	264.2	211.8	150.0	167.2	239.0
Receivables	43.7	38.1	38.1	39.7	40.5
Inventories	595.2	615.8	645.9	661.6	608.9
Other current assets	5.4	14.8	14.8	14.8	14.8
Total Current Assets	908.5	880.7	848.8	883.4	903.3
Fixed Assets	250.1	261.9	272.4	283.4	294.9
Intangibles	142.4	142.3	142.3	142.3	142.3
Other non-current assets	90.6	79.0	79.0	79.0	79.0
Total Non-Current Assets	483.1	483.2	493.7	504.7	516.2
Short-term debt	317.9	343.5	343.5	343.5	343.5
Payables	127.7	124.6	102.3	131.0	144.9
Other current liabilities	7.0	20.9	10.0	10.0	10.0
Total Current Liabilities	452.5	489.0	455.7	484.5	498.3
Long-term debt	42.2	27.8	27.8	27.8	27.8
Other non-current liabilities	80.4	71.5	82.5	82.5	82.5
Total Non-Current Liabilities	122.6	99.3	110.2	110.2	110.2
Shareholder's equity	816.5	775.5	776.5	793.4	810.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	816.5	775.5	776.5	793.4	810.9

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	128.6	132.0	94.1	214.9	262.3
Depreciation & amortisation	12.9	13.6	14.4	14.9	15.5
Changes in working capital	203.7	147.4	-52.3	11.4	65.8
Others	-177.4	-209.1	-27.3	-62.3	-76.1
Operating cash flow	167.8	83.9	28.9	178.9	267.5
Capex	-15.3	-19.0	-24.9	-26.0	-27.0
Others	6.9	21.8	0.0	0.0	0.0
Investing cash flow	-8.4	2.9	-24.9	-26.0	-27.0
Dividends paid	-58.8	-130.2	-65.9	-135.7	-168.7
Others	13.4	-8.6	0.0	0.0	0.0
Financing cash flow	-45.4	-138.8	-65.9	-135.7	-168.7
Net cash flow	114.1	-52.1	-61.9	17.2	71.8
Forex	-1.1	-0.3	0.0	0.0	0.0
Others	-1.0	0.0	0.0	0.0	0.0
Beginning cash	151.2	264.2	211.8	150.0	167.2
Ending cash	264.2	211.8	150.0	167.2	239.0

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions reduced by 8% to 117,212.7 tCO ₂ e in FY2024; flaring emissions also declined to 36,312.6 tCO ₂ e.
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★★	Energy consumption increases by 7.2% in FY24
Water	★★★	Water consumption rose 4.2% yoy to 1,953,271m ³ in FY24
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★	91.7% of average employees age below 40, 30.5% of female directors on the Board
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★★	Formal grievance mechanism in place; strong zero-incident policies and health & safety oversight
Labour Practices	★★★	Fully compliant with labour standards; no violations in FY24

Governance

CSR Strategy	★★★★	Invested RM215k in community initiatives scholarships, internships, school awards, health clinics, sports, cultural events benefiting 116 individuals.
Management	★★	Average board members age @51, 28.6%, 2/9 female board composition
Stakeholders	★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.**HOLD:** Total returns* are expected to be within +10% to – 10% within the next 12 months.**SELL:** Total returns* are expected to be below -10% within the next 12 months.**TRADING BUY:** Total returns* are expected to exceed 10% within the next 3 months.**TRADING SELL:** Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.