Malaysia Smelting Corporation Berhad

Early Realisation of Structural Gains Drives 4QFY25

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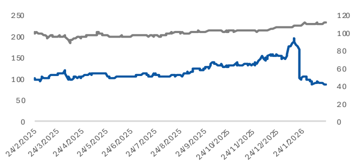
Recommendation:		BUY
Current Price:		RM 1.70
Previous Target Price:		RM 2.14
Target Price:	↔	RM 2.14
Capital Upside/Downside:		25.9%
Dividend Yield (%):		9.5%
Total Upside/Downside:		**35.4%**

Stock information	
Board	MAIN
Sector	Industrial products & services
Bursa / Bloomberg Code	5916 / SMELT MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	840.0
Market Cap (RM' m)	1,428.0
52-Week Price Range (RM)	2.18-1.07
Beta (x)	1.5
Free float (%)	64.4
3M Average Volume (m)	2.4
3M Average Value (RM' m)	4.3

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 (%)	-13.3	21.4	51.1
Relative (%)	-15.1	11.8	36.2

Earnings Summary

FYE Dec (RM m)	FY25	FY26F	FY27F
Revenue	1,759.0	1,969.1	2,126.7
PATAMI	82.0	138.5	172.1
CNP	80.4	138.5	172.1
Core EPS (sen)	9.6	16.5	20.5
PE (x)	18.9	11.0	8.8

Source: Company, Apex Securities

- **MSC's 4QFY25 CNP came in at RM38.0m (+84.0% QoQ, +22.1% YoY) bringing 12MFY25 CNP to RM80.4m (-0.3% YoY). This exceeded expectations, accounting for 153% of our full-year forecast and 143% of consensus estimates.**
- **The Group declared a final single-tier dividend of 4.0sen (ex-date 25 Aug) (4QFY24: 7.0sen), bringing total DPS declared for FY25 to 8.0sen (FY24: 31.0sen).**
- **The surge in CNP was primarily driven by (i) firmer realised tin prices, (ii) stronger sales and encashment of higher-margin tin intermediates, and (iii) structural cost savings following the closure of the Butterworth plant, partially offset by lower mining contribution due to the three-week temporary suspension of operations at RHT.**
- **Global tin fundamentals remain favourable, underpinned by structural demand growth, while improving ore visibility and ongoing efficiency gains at Pulau Indah reinforce margin resilience and earnings sustainability.**
- **Maintain BUY with an unchanged TP of RM2.14, based on 13x FY26F P/E applied to an EPS of 16.5sen.**

Overshoot expectations. Excluding exceptional items (-RM1.9m), MSC's 4QFY25 core net profit stood at RM38.0m (+84.0% QoQ, +22.1% YoY), bringing 12MFY25 CNP to RM80.4m (-0.3% YoY). This exceeded expectations, accounting for 153% of our full-year forecast and 143% of consensus estimates. The outperformance was primarily driven by (i) firmer realised tin prices, (ii) stronger sales and encashment of higher-margin tin intermediates, and (iii) structural cost savings following the closure of the Butterworth plant, partially offset by lower mining contribution due to the three-week temporary suspension of operations at RHT.

Lower Dividend Declared. The Group declared a final single-tier dividend of 4.0sen (ex-date 25 Aug) (4QFY24: 7.0sen) bringing total DPS declared for FY25 to 8.0sen (FY24: 31.0sen).

QoQ. 4QFY25 CNP rose 84.0% QoQ, supported by (i) firmer tin prices (RM158,100/t in 4QFY25 vs RM143,500/t in 3QFY25), (ii) higher sales and encashment of higher-margin tin intermediates, and (iii) cost savings following the closure of the Butterworth plant, despite lower ore intake from suppliers. This drove a turnaround in tin smelting PBT from a loss of RM1.5m to a profit of RM31.3m. However, tin mining PBT declined 22.9% QoQ to RM25.4m (from RM32.9m), reflecting lower tin production volumes following the three-week temporary suspension of operations at the RHT plant.

YoY. 4QFY25 CNP increased 22.1% YoY, supported by (i) a lower effective tax rate, (ii) a 7.2% YoY increase in smelting revenue driven by higher sales and encashment of higher-margin tin intermediates, (iii) a higher average tin price (RM158,100/t in 4QFY25 vs RM133,700/t in 4QFY24), and (iii) cost savings following the closure of the Butterworth plant. This translated into an 18% YoY improvement in tin smelting PBT (RM31.3m vs RM26.6m). In contrast, tin-mining PBT declined 6.4% YoY to RM25.4m (from RM27.1m), reflecting lower production volumes following the three-week temporary shutdown of the RHT plant.

YTD. 12MFY25 CNP slipped 0.3% YoY, primarily due to supply constraints in 1HFY25 and the three-week closure of the RHT mine. However, performance improved in 2HFY25, supported by a higher average tin price (RM146,100/t in FY25 vs RM138,500/t in FY24) and a more stable supply environment.

Outlook. Global tin fundamentals remain supportive, driven by structural demand from electronics, clean energy, AI and data centres which continues to outpace supply. While output from Myanmar and Indonesia is showing signs of recovery, regulatory and geopolitical risks still pose downside constraints to global tin supply. Against this backdrop, MSC stands to benefit from improved ore visibility and efficiency gains following the consolidation of smelting operations at Pulau Indah. The ongoing closure of the Butterworth plant is expected to deliver structural cost

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savings, lower manpower requirements and improved operational efficiency, alongside a reduced carbon footprint. On the mining side, management is focused on lifting daily output, expanding resources and enhancing recovery rates through modernised processing methods and potential joint ventures. Overall, we see a clear pathway for earnings recovery and margin expansion into FY26–27.

Earnings revision. Although FY25 earnings exceeded expectations, the outperformance was primarily driven by earlier-than-expected realisation of (i) cost savings from the Butterworth plant closure, (ii) firmer tin prices, and (iii) improved operational efficiencies at Pulau Indah plant we had originally assumed would materialise in FY26. As such, we maintain our FY26 and FY27 forecasts as these structural drivers are already factored in into our forecasts. We introduce a FY28 earnings forecast of RM230.1m.

Valuation. We maintain a **BUY** call on MSC with an unchanged target price of **RM2.14** derived from 13x FY26F EPS of 16.5sen. Our view is supported by (i) **lower dependence on third-party feedstock alongside greater flexibility to capture upside from tin price volatility in a structurally tight market,** and (iii) **MSC's strategic standing as the world's largest independent tin smelter.**

Risks. Earnings remain sensitive to tin-price volatility, potential feedstock supply disruptions, and any delays in commissioning the sand-tailings facility, all of which could affect margin recovery.

Results Comparison

FYE Mar (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	YTD (%)	Comments
Revenue	480.7	448.5	*7.2*	529.5	*(9.2)*	1,759.0	1,691.8	*4.0*	*Higher YoY on stronger sales and*
Operating expense (excluding D&A)	(419.8)	(388.9)	*8.0*	(486.1)	*(13.6)*	(1,586.5)	(1,526.6)	*3.9*	*encashment of tin intermediates and*
EBITDA	**59.8**	**58.1**	***2.9***	**42.3**	***41.3***	**167.7**	**158.4**	***5.8***	*higher tin prices.*
Depreciation	(3.9)	(4.0)	*(2.6)*	(3.9)	*(0.5)*	(14.8)	(13.6)	*8.2*	
EBIT/ Operating profit/(loss)	**55.9**	**54.1**	***3.3***	**38.4**	***45.5***	**152.9**	**144.8**	***5.6***	
Net Finance Costs	(4.2)	(3.6)	*15.5*	(3.6)	*17.1*	(16.0)	(12.6)	*27.7*	
Pre-tax profit	**51.9**	**50.0**	***3.9***	**35.3**	***47.1***	**138.3**	**132.0**	***4.8***	
Taxation	(8.9)	(16.9)	*(47.7)*	(9.5)	*(6.8)*	(42.0)	(38.5)	*9.1*	
Profit-after tax	**43.1**	**33.0**	***30.4***	**25.8**	***67.0***	**96.4**	**93.5**	***3.0***	
(-) Minority interest	3.2	2.9	*11.6*	5.4	*(40.7)*	14.4	14.1	*2.1*	
PAT-MI	**39.9**	**30.2**	***32.2***	**20.4**	***95.5***	**82.0**	**79.4**	***3.2***	
Core net profit	**38.0**	**31.1**	***22.1***	**20.7**	***84.0***	**80.4**	**80.7**	***(0.3)***	
Core EPS (sen)	4.5	3.7	*22.1*	2.5	*84.0*	9.6	9.6	*(0.3)*	
EBIT margin (%)	11.6%	12.1%		7.3%		8.7%	8.6%		
EBITDA margin (%)	12.4%	13.0%		8.0%		9.5%	9.4%		
PBT margin (%)	10.8%	11.1%		6.7%		7.9%	7.8%		
Core PATMI margin (%)	7.9%	6.9%		3.9%		4.6%	-2.3%		

Source: Company, Apex Securities

Revenue breakdown

FYE Mar (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	YTD (%)	Comments
Segment Revenue									
Tin Smelting	480.7	448.5	*7.2*	529.5	*(9.2)*	1,759.0	1,691.8	*4.0*	
Tin Mining	77.5	84.0	*(7.7)*	88.0	*(11.9)*	327.0	319.2	*2.4*	
Others	-	-	-	-	-	-	-	-	
Adjustment	(77.5)	(84.0)	*(7.7)*	(88.0)	*(11.9)*	(327.0)	(319.2)	*2.4*	
Total	**480.7**	**448.5**	***7.2***	**529.5**	***(9.2)***	**1,759.0**	**1,691.8**	***4.0***	
Profit before tax (PBT)									
Tin Smelting	31.3	26.6	*18.0*	(1.5)	*nm*	26.0	32.3	*(19.6)*	*QoQ and YoY jump reflects smelting*
Tin Mining	25.4	27.1	*(6.4)*	32.9	*(22.9)*	116.6	110.4	*5.6*	*recovery and stronger margins*
Others	(0.0)	(0.5)	*(91.8)*	0.3	*nm*	0.7	(0.9)	*nm*	
Adjustment	(4.7)	(3.1)	*50.4*	3.6	*nm*	(5.1)	(9.9)	*(49.0)*	
Total	**51.9**	**50.0**	***3.9***	**35.3**	***47.1***	**138.3**	**132.0**	***4.8***	
PBT Margin	6.5%	5.9%		-0.3%		1.5%	1.9%		
Tin Smelting	32.7%	32.2%		37.4%		35.7%	34.6%		
Tin Mining	0.0%	0.0%		0.0%		0.0%	0.0%		
Others	6.1%	3.7%		-4.1%		1.5%	3.1%		

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**1,691.8**	**1,759.0**	**1,969.1**	**2,126.7**	**2,333.4**
Gross Profit	**243.7**	**172.5**	**359.1**	**417.0**	**509.9**
EBITDA	**165.1**	**167.7**	**249.4**	**297.4**	**379.7**
Depreciation & Amortisation	-13.6	-14.8	-14.9	-15.5	-16.2
EBIT	**151.5**	**152.9**	**234.5**	**281.8**	**363.5**
Net Finance Income/ (Cost)	-19.2	-16.0	-19.3	-19.3	-19.3
Associates & JV	-0.2	1.5	-0.2	-0.2	-0.2
Pre-tax Profit	**132.0**	**138.4**	**214.9**	**262.3**	**343.9**
Tax	-38.5	-42.0	-62.3	-76.1	-99.7
Profit After Tax	**93.5**	**96.4**	**152.6**	**186.2**	**244.2**
Minority Interest	14.1	14.4	14.1	14.1	14.1
Net Profit	**79.4**	**82.0**	**138.5**	**172.1**	**230.1**
Exceptionals	0.0	1.6	0.0	0.0	0.0
Core Net Profit	**79.4**	**80.4**	**138.5**	**172.1**	**230.1**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	9.5	9.6	16.5	20.5	27.4
P/E (x)	19.1	18.9	11.0	8.8	6.6
P/B (x)	3.5	3.5	3.5	3.4	3.3
EV/EBITDA (x)	8.2	7.7	5.3	4.7	3.6
DPS (sen)	31.0	7.8	16.2	20.1	26.8
Dividend Yield (%)	17.1%	4.3%	8.9%	11.1%	14.8%
EBITDA margin (%)	9.8%	9.5%	12.7%	14.0%	16.3%
EBIT margin (%)	9.0%	8.7%	11.9%	13.3%	15.6%
PBT margin (%)	7.8%	7.9%	10.9%	12.3%	14.7%
PAT margin (%)	5.5%	5.5%	7.8%	8.8%	10.5%
NP margin (%)	4.7%	4.7%	7.0%	8.1%	9.9%
CNP margin (%)	4.7%	4.6%	7.0%	8.1%	9.9%
ROE (%)	10.2%	10.4%	17.5%	21.2%	27.7%
ROA (%)	5.8%	6.0%	10.0%	12.1%	16.0%
Gearing (%)	47.9%	47.8%	46.8%	45.8%	44.8%
Net gearing (%)	20.6%	28.5%	25.7%	16.3%	19.9%

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)	FY24	FY25	FY26F	FY27F	FY28F
Cash	211.8	150.0	167.2	239.0	205.9
Receivables	38.1	38.1	39.7	40.5	41.5
Inventories	615.8	645.9	661.6	608.9	649.4
Other current assets	14.8	14.8	14.8	14.8	14.8
Total Current Assets	**880.7**	**848.8**	**883.4**	**903.3**	**911.7**
Fixed Assets	261.9	272.4	283.4	294.9	306.9
Intangibles	142.3	142.3	142.3	142.3	142.3
Other non-current assets	79.0	79.0	79.0	79.0	79.0
Total Non-Current Assets	**483.2**	**493.7**	**504.7**	**516.2**	**528.2**
Short-term debt	343.5	343.5	343.5	343.5	343.5
Payables	124.6	102.3	131.0	144.9	146.5
Other current liabilities	20.9	10.0	10.0	10.0	10.0
Total Current Liabilities	**489.0**	**455.7**	**484.5**	**498.3**	**500.0**
Long-term debt	27.8	27.8	27.8	27.8	27.8
Other non-current liabilities	71.5	82.5	82.5	82.5	82.5
Total Non-Current Liabilities	**99.3**	**110.2**	**110.2**	**110.2**	**110.2**
Shareholder's equity	775.5	776.5	793.4	810.9	829.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**775.5**	**776.5**	**793.4**	**810.9**	**829.6**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**132.0**	**94.1**	**214.9**	**262.3**	**343.9**
Depreciation & amortisation	13.6	14.4	14.9	15.5	16.2
Changes in working capital	147.4	-52.3	11.4	65.8	-39.8
Others	-209.1	-27.3	-62.3	-76.1	-99.7
Operating cash flow	**83.9**	**28.9**	**178.9**	**267.5**	**220.5**
Capex	-19.0	-24.9	-26.0	-27.0	-28.1
Others	21.8	0.0	0.0	0.0	0.0
Investing cash flow	**2.9**	**-24.9**	**-26.0**	**-27.0**	**-28.1**
Dividends paid	-130.2	-65.9	-135.7	-168.7	-225.5
Others	-8.6	0.0	0.0	0.0	0.0
Financing cash flow	**-138.8**	**-65.9**	**-135.7**	**-168.7**	**-225.5**
Net cash flow	**-52.1**	**-61.9**	**17.2**	**71.8**	**-33.1**
Forex	-0.3	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	264.2	211.8	150.0	167.2	239.0
Ending cash	**211.8**	**150.0**	**167.2**	**239.0**	**205.9**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions reduced by 8% to 117,212.7 tCO_2e in FY2024; flaring emissions also declined to 36,312.6 tCO_2e.
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 1,953,271m3 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

As of **Tuesday, 24 Feb, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.