

Team Coverage

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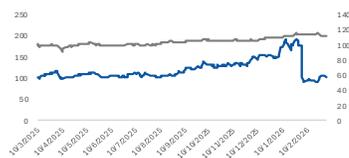
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Recommendation:	BUY
Current Price:	RM 1.90
Previous Target Price:	RM 2.14
Target Price:	RM 2.37 ↑
Capital Upside/Downside:	24.7%
Dividend Yield (%):	9.4%
Total Upside/Downside:	34.1%

Stock information	
Board	MAIN
Sector	Industrial products & services
Bursa / Bloomberg Code	5916 / SMELT.MK
Syariah Compliant	Yes
ESGRating	***
Sharesissued (m)	840.0
Market Cap (RM' m)	1,596.0
52-Week Price Range (RM)	2.18 - 1.075
Beta (x)	1.4
Free float (%)	64.4
3M Average Volume (m)	2.4
3M Average Value (RM' m)	4.4

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 (%)	12.4	21.8	65.9
Relative (%)	14.6	14.4	49.4

Earnings Summary			
FYE Dec (RM m)	FY 25	FY 26 F	FY 27 F
Revenue	1,759.0	1,975.4	2,199.8
PATAMI	82.0	153.1	195.2
CNP	80.4	153.1	195.2
Core EPS (sen)	9.6	18.2	23.2
PE (x)	18.9	9.9	7.8

Source: Company, Apex Securities

MSC Berhad

Cost Savings Amid Tight Tin Supply

- **4QFY25 mining output declined to 525mt (-20.7% QoQ, -19.1% YoY) as a result of RHT's 3-week closure, while smelter ore intake for FY25 declined to 19,097mt (-21% YoY) due to global supply ore constraints, which we expect to improve in FY26.**
- **Butterworth smelter closure is expected to result in monthly cost savings of RM1.5-2m.**
- **We revise our FY26/FY27/28F tin price assumptions upward to USD36.1k/38.3k/40.7k per tonne (from USD35.1k/37.2k/39.4k) to reflect the persistent supply-side tightness.**
- **Consequently, we upgrade our FY26F/FY27F/FY28F earnings by 10.5%/13.4%/16.9% to account for our higher tin price assumptions.**
- **Maintain BUY with a higher TP of RM2.37, based on 13x FY26F P/E applied to an EPS of 18.2sen.**

We left MSC's briefing with the following key takeaways:

4QFY25 mining output impacted by temporary suspension. Mining operations were temporarily halted for c.3 weeks (13 Nov–3 Dec 2025) following environmental concerns involving river discoloration near the mining site. The shutdown affected several mines in the area and led to lower production volumes during the quarter. As a result, RHT tin metal production declined to 525mt (-20.7% QoQ, -19.1% YoY) from 662mt in 3QFY25 and 649mt in 4QFY24, broadly in line with our earlier assumption of a 20–25% production decline. For the full year, however, RHT production declined only marginally by 2.4% YoY to 2,455mt (FY24: 2,516mt) as stronger output in earlier quarters partially mitigated the impact of the temporary suspension.

Tin intermediates inventory normalising. Tin intermediates inventory declined to 1.9k tonnes in 4QFY25 (3QFY25: 2.7k tonnes; 4QFY24: 4.1k tonnes) following continued encashment during the quarter. Management noted that while intermediates will continue to be processed, depletion is expected to moderate going forward as Pulau Indah continues to generate some intermediates during normal smelting operations.

Sand-tailings recovery plant. Looking ahead, MSC has constructed a new processing plant to extract tin from the mine's sandy tailings, aimed at improving recovery efficiency and lifting overall production. The facility is expected to commence operations in Apr 2026 (2QFY26), with management targeting c.3 t/day of incremental output over a 3–6 month ramp-up period. This is consistent with our earlier assumptions following our initial site visit, during which we incorporated higher RHT output in our model, increasing production assumptions from 11t/day to 14t/day.

Butterworth smelter closure to unlock structural cost savings. The legacy Butterworth smelter ceased operations in 3QFY25 and is currently undergoing decommissioning, with all smelting activities consolidated at the Pulau Indah facility. Management expects recurring cost savings of RM1.5m–RM2.0m per month, mainly from lower labour costs, fuel oil consumption, consumables and maintenance expenses. The consolidation also improves operational efficiency as Pulau Indah utilises a single-stage Top Submerged Lance (TSL) smelting process, which offers higher recovery rates and lower operating costs compared with the older multi-stage reverberatory furnace previously used at Butterworth. In addition, labour requirements are significantly lower, with the Pulau Indah smelter requiring c.300 employees versus c.550 previously at Butterworth. As a result, the closure should support margin expansion going forward, with the full benefit expected to be reflected in FY26 following the elimination of duplicated operating costs. This is consistent with our earlier assumptions, as we had already incorporated higher smelting margins in our model following the Butterworth closure.

Global ore supply constraints remain the key bottleneck. Smelter ore feed intake declined by 21% YoY to 19,097mt in FY25 (FY24: 24,083mt) due to slower recovery in Myanmar, and Indonesia's crackdown on illegal mining activities. The situation was further compounded by

heightened competition for raw materials, particularly from Chinese smelters aggressively sourcing ore globally. In addition, operations were temporarily disrupted by the Petronas gas pipeline fire incident in 2QFY25, which affected smelter operations during the period. Looking ahead, management highlighted that supply conditions could improve modestly in FY26, supported by steady ore shipments from Australia, which currently account for c.20–25% of total feedstock intake, with a committed minimum supply of c.4,000 tonnes annually. Australian supply is considered relatively reliable given the shorter shipping routes and lower exposure to geopolitical and logistics disruptions compared with other sourcing regions.

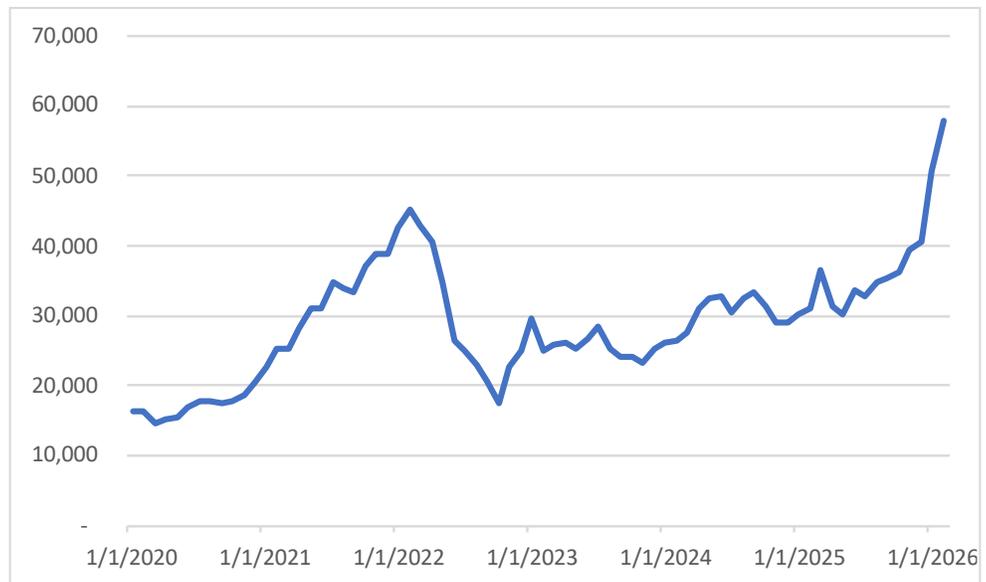
Tin price assumption – revised upward. We raise our tin price assumptions as we previously underestimated the persistence of supply-side disruptions. Global tin supply tightness is expected to persist over the medium term, driven by (i) policy-led production curbs in Indonesia, (ii) elevated geopolitical risks in the DRC, and (iii) a slow and uneven recovery in Myanmar, limiting the scope for supply normalisation and keeping tin prices structurally elevated. Accordingly, we raise our tin price assumptions by 2.9%/3.0%/3.3% to USD36.1k/USD38.3k/USD40.7k per tonne for FY26F/FY27F/FY28F (from USD35.1k/USD37.2k/USD39.4k previously).

Earnings revision. Following the upward revision to our tin price assumptions, we raise our FY26F/FY27F/28F CNP forecasts by 10.5%/13.4%/16.9% to RM153.1m/RM195.2m/RM269.1m (from RM138.5m/RM172.1m/RM230.1m previously). The upgrade reflects MSC’s strong earnings leverage to higher realised tin prices.

Valuation. We maintain a **BUY** call on MSC with a higher target price of RM2.37 (from **RM2.14**) derived from 13x FY26F EPS of 18.2sen. Our positive stance is supported by (i) improving mining output and operational efficiency, (ii) structural cost savings following the Butterworth smelter closure, and (iii) MSC’s strategic position as the world’s largest independent tin smelter, allowing it to benefit from tin price volatility in a structurally tight market.

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/MT



source: Bloomberg, Apex Securities

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	<i>Higher YoY on stronger sales and encashment of tin intermediates and higher tin prices.</i>
Operating expense (excluding D&A)	(419.8)	(388.9)	8.0	(486.1)	(13.6)	(1,586.5)	(1,526.6)	3.9	
EBITDA	59.8	58.1	2.9	42.3	41.3	167.7	158.4	5.8	
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)	
Tin Mining	25.4	27.1	(6.4)	32.9	(22.9)	116.6	110.4	5.6	
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	1,975.4	2,199.8	2,382.8
Gross Profit	243.7	274.8	377.3	450.0	564.0
EBITDA	165.1	172.5	265.9	325.0	428.2
Depreciation & Amortisation	-13.6	-14.8	-15.1	-15.5	-16.1
EBIT	151.5	157.7	250.9	309.5	412.1
Net Finance Income/ (Cost)	-19.2	-20.8	-19.8	-19.8	-19.8
Associates & JV	-0.2	1.4	1.4	1.4	1.4
Pre-tax Profit	132.0	138.3	232.6	291.1	393.8
Tax	-38.5	-42.0	-65.1	-81.5	-110.3
Profit After Tax	93.5	96.4	167.4	209.6	283.5
Minority Interest	14.1	14.4	14.4	14.4	14.4
Net Profit	79.4	82.0	153.1	195.2	269.1
Exceptionals	-1.2	1.5	0.0	0.0	0.0
Core Net Profit	80.7	80.4	153.1	195.2	269.1

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	9.6	9.6	18.2	23.2	32.0
P/E (x)	18.9	18.9	9.9	7.8	5.6
P/B (x)	3.5	3.4	3.3	3.2	3.2
EV/EBITDA (x)	8.2	7.9	4.9	4.2	3.1
DPS (sen)	31.0	7.5	17.9	22.8	31.4
Dividend Yield (%)	17.1%	4.1%	9.9%	12.6%	17.3%
EBITDA margin (%)	9.8%	9.8%	13.5%	14.8%	18.0%
EBIT margin (%)	9.0%	9.0%	12.7%	14.1%	17.3%
PBT margin (%)	7.8%	7.9%	11.8%	13.2%	16.5%
PAT margin (%)	5.5%	5.5%	8.5%	9.5%	11.9%
NP margin (%)	4.7%	4.7%	7.7%	8.9%	11.3%
CNP margin (%)	4.8%	4.6%	7.7%	8.9%	11.3%
ROE (%)	10.4%	10.0%	18.5%	23.1%	31.1%
ROA (%)	5.9%	5.3%	10.6%	13.3%	18.1%
Gearing (%)	47.9%	47.5%	45.9%	44.9%	43.9%
Net gearing (%)	20.6%	19.3%	25.8%	18.7%	19.9%

Valuations

	FY26F
Core EPS (RM)	0.182
P/E multiple (x)	13.0
Fair value (RM)	2.37
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.37

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	211.8	226.1	166.4	222.0	208.5
Receivables	38.1	88.5	88.1	89.2	90.1
Inventories	615.8	678.6	656.7	623.2	647.8
Other current assets	14.8	15.0	15.0	15.0	15.0
Total Current Assets	880.7	1,008.2	926.2	949.4	961.3
Fixed Assets	261.9	272.0	280.2	288.7	297.5
Intangibles	142.3	141.8	141.8	141.8	141.8
Other non-current assets	79.0	89.1	89.1	89.1	89.1
Total Non-Current Assets	483.2	502.9	511.0	519.6	528.3
Short-term debt	343.5	366.1	366.1	366.1	366.1
Payables	124.6	233.7	133.1	146.6	147.5
Other current liabilities	20.9	12.4	12.4	12.4	12.4
Total Current Liabilities	489.0	612.2	511.7	525.1	526.0
Long-term debt	27.8	14.4	14.4	14.4	14.4
Other non-current liabilities	71.5	82.5	82.5	82.5	82.5
Total Non-Current Liabilities	99.3	96.9	96.9	96.9	96.9
Shareholder's equity	775.5	801.9	828.6	846.9	866.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	775.5	801.9	828.6	846.9	866.7

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	132.0	138.3	232.6	291.1	393.8
Depreciation & amortisation	13.6	14.8	15.1	15.5	16.1
Changes in working capital	147.4	146.8	-78.2	45.9	-24.6
Others	-209.1	-217.2	-65.1	-81.5	-110.3
Operating cash flow	83.9	82.7	104.3	271.0	275.0
Capex	-19.0	-23.7	-23.2	-24.1	-24.8
Others	21.8	6.4	0.0	0.0	0.0
Investing cash flow	2.9	-17.3	-23.2	-24.1	-24.8
Dividends paid	-130.2	-63.0	-150.0	-191.3	-263.8
Others	-8.6	11.9	9.2	0.0	0.0
Financing cash flow	-138.8	-51.1	-140.8	-191.3	-263.8
Net cash flow	-52.1	14.3	-59.7	55.6	-13.6
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	226.1	166.4	222.0
Ending cash	211.8	226.1	166.4	222.0	208.5

Figure 2. MSC Top Submerge Lance (TSL) Furnace used for smelting of tin ore.



Source: Apex Securities

Figure 3. MSC rotary furnace used for smelting tin ore.



Source: Apex Securities

Figure 4. Finished tin ingots stacked for delivery.



Source: Apex Securities

Figure 5. Refined tin ingots bearing Malaysia Smelting Corporation Berhad's brand "Straits Refined Tin", ready for export.



Source: Apex Securities

Figure 6. Daily smelting operations and refined tin output at Pulau Indah facility.



Source: Apex Securities

Figure 7. Residual tin concentrate from sand-tailings recovery plant (RHT sample).



Source: Apex Securities

Figure 8. Tin concentrate from subsidiary company, Rahman Hydraulic Tin Sdn Bhd.



Source: Apex Securities

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 1,953,271m3 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

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(a) nil.