

Team Coverage

(603) 7890 8888

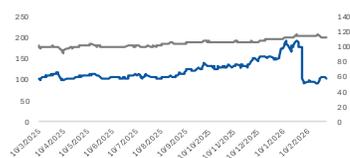
research_dept@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.86
Previous Target Price:	RM 2.37
Target Price:	RM 2.37
Capital Upside/Downside:	27.4%
Dividend Yield (%):	9.6%
Total Upside/Downside:	37.0%

Stock information	
Board	MAIN
Sector	Industrial products & services
Bursa / Bloomberg Code	5916 / SMELTMK
Syariah Compliant	Yes
ESGRating	***
Sharesissued(m)	840.0
Market Cap (RM' m)	1,562.4
52-Week Price Range (RM)	2.18-11.075
Beta (x)	1.3
Freefloat (%)	64.4
3M Average Volume (m)	2.5
3M Average Value (RM' m)	4.7

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

Share Price Performance



	1M	3M	12M
Absolute (%)	-3.6	14.8	45.9
Relative (%)	-3.4	12.9	28.9

Earnings Summary			
FYE Dec (RM m)	FY 2 5	FY 2 6 F	FY 2 7 F
Revenue	1,759.0	1,975.4	2,199.8
PATAM I	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

RHT Rotary Furnace to Strengthen Upstream Integration

- **MSC commenced construction of a RM10m rotary furnace at its Rahman Hydraulic Tin (RHT) mine with completion targeted by 3QFY26 and processing capacity of c.10 tonnes per day, enabling on-site conversion of tin ore into crude tin prior to refining at Pulau Indah.**
- **The introduction of on-site smelting is expected to reduce c.400km ore transportation, lowering haulage volume and logistics costs, while enhancing mining segment efficiency through improved upstream integration.**
- **We maintain our earnings forecasts pending clearer visibility on cost savings and utilisation rates with benefits expected to be margin-accretive over the medium term.**
- **Maintain BUY with an unchanged TP of RM2.37, based on 13x FY26F P/E applied to an EPS of 18.2sen.**

RM10m Rotary Furnace at RHT. Malaysia Smelting Corporation Berhad (MSC) has commenced construction of a RM10.0m rotary furnace at its Rahman Hydraulic Tin (RHT) mine in Klian Intan, Perak with completion targeted by 3QFY26 and a planned processing capacity of c.10 tonnes per day. The facility will enable MSC to convert tin ore into crude tin metal directly at the mine site prior to downstream refining at its Pulau Indah smelting facility, marking a strategic move to enhance upstream integration at Malaysia's largest open-cast tin mine.

Our Take. We view the development positively as it enhances MSC's upstream integration and improves operational efficiency at the RHT mine. Currently, tin ore from RHT is transported c.400km to Pulau Indah for processing. With the introduction of on-site smelting, MSC will instead transport crude tin metal which is lighter and more concentrated, thereby reducing haulage volume, logistics costs and overall transportation complexity. In addition, on-site processing enables improved impurity management at source, shortening processing lead times and enhancing operational flexibility. More importantly, the rotary furnace allows MSC to capture additional value within its mining segment, supporting margin improvement through upstream processing. However, the planned capacity of c.10 tonnes per day (c.3,600 tonnes annually) is modest relative to MSC's existing annual smelting capacity of c.40,000 tonnes, indicating that the initiative primarily serves as a cost optimisation and margin enhancement measure rather than a meaningful volume growth driver.

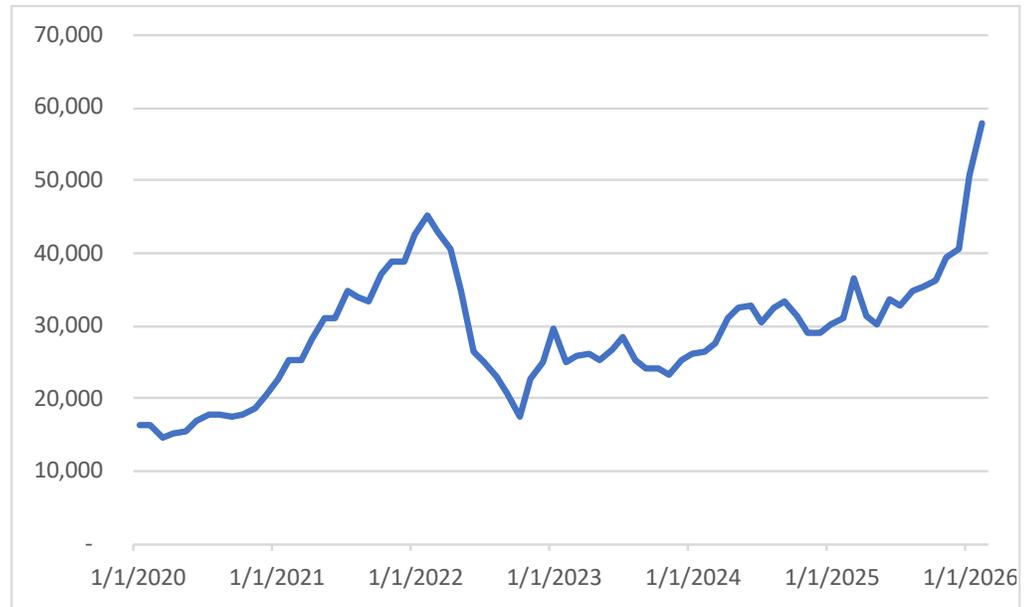
Outlook. Following completion in 3QFY26, crude tin produced at RHT will continue to be transported to Pulau Indah for final refining into high-purity tin products for delivery to London Metal Exchange (LME) warehouses and industrial customers, particularly within the electrical and electronics (E&E) segment. The initiative is expected to improve mining segment cost efficiency, reduce dependency on long-distance transportation, and strengthen operational resilience amid potential supply chain disruptions. The development also complements MSC's broader operational optimisation strategy following the Butterworth smelter closure, further enhancing cost efficiency across the Group's integrated tin production value chain.

Earnings revision. We make no changes to our earnings forecasts at this juncture pending further management updates on operational cost savings and utilisation rates. While the introduction of the rotary furnace is expected to enhance mining segment efficiency and reduce logistics costs, the financial impact is likely to be modest in the near term given the relatively small processing capacity and expected commissioning only by 3QFY26. Nonetheless, we view the development as strategically positive and margin-accretive over the medium term.

Valuation. We maintain a **BUY** call on MSC with an unchanged target price of **RM2.37**, based on 13x FY26F EPS of 18.2sen. Our positive stance is supported by (i) improved mining efficiency following the RHT rotary furnace development, (ii) structural cost savings from the Butterworth smelter closure, and (iii) MSC's position as the world's largest independent tin smelter, benefiting from structurally tight tin supply.

Risks. Key downside risks include tin price volatility, geopolitical tensions and war-related disruptions that may affect global tin supply chains, feedstock availability, and logistics costs.

Figure 1. LME Tin price trend in USD/MT



Source: Bloomberg, 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

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 FY25
Water	★★★	Water consumption rose 4.2% yoy to 1,953,271m ³ in FY25
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 FY25

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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report. Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

This report has been prepared by Apex Securities Berhad pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. *This research report can also be found in MyBursa platform or via the link: [Market Research and Analysis - MyBURSA](#)*

As of **Monday, 30 Mar, 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.