

Team Coverage

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Recommendation:	BUY
Current Price:	RM2.18
Previous Target Price:	RM2.37
Target Price:	RM3.06 ↑
Capital Upside/Downside:	40.4%
Dividend Yield (%):	10.6%
Total Upside/Downside:	50.9%

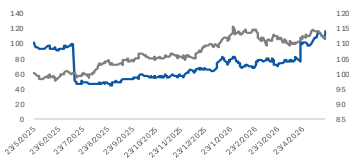
Stock information

Board	MAIN
Sector	Industrial products & services
Bursa/ Bloomberg Code	5916/ SMELTMK
Syariah Compliant	Yes
ESGRating	***
Shares issued (m)	840.0
Market Cap (RM' m)	1,831.2
52-Week Price Range (RM)	2.22-1.12
Beta (x)	1.3
Free float (%)	64.4
3M Average Volume (m)	2.0
3M Average Value (RM' m)	3.9

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 (%)	17.2	28.2	73.7
Relative (%)	17.7	30.9	55.7

Earnings Summary

FYE Dec (RM m)	FY25	FY26F	FY27F
Revenue	1,759.0	1,975.4	2,199.8
PATAMI	82.0	155.2	197.6
CNP	80.4	155.2	197.6
Core EPS (sen)	9.6	18.5	23.5
PE (x)	18.9	9.8	7.7

Source: Company, Apex Securities

Malaysia Smelting Corporation Berhad

Tin Price Tailwinds Sustain Earnings Recovery

- **MSC's 1QFY26 CNP** came in at RM43.0m (+13.1% QoQ, more than fivefold YoY), representing 28% of our full year forecast and 33% of consensus. The results were within our expectations but ahead of consensus.
- **The Group declared a special single-tier dividend of 4.0sen (ex-date 11 June) (1QFY25: Nil).**
- **Earnings growth was mainly driven by (i) firmer tin prices, (ii) stronger mining performance, (iii) improved realised margins from tin intermediate encashment and (iv) continued operational cost savings following the Butterworth smelter closure.**
- **Global tin fundamentals remain supportive amid structural demand growth and ongoing geopolitical supply disruptions, while operational efficiencies and cost savings at Pulau Indah continue to support MSC's earnings recovery and margin expansion.**
- **Maintain BUY with a higher TP of RM3.06, based on 13x FY27F P/E applied to an EPS of 23.5sen.**

Within our expectations, but ahead of consensus. Excluding exceptional items, mainly a net fair value loss on forward currency contracts of RM0.1m, MSC's 1QFY26 core net profit came in at RM43.0m (+13.1% QoQ; more than fivefold YoY). The results accounted for 28% of our full-year forecast and 33% of consensus estimates.

Dividend. The Group declared a special single-tier dividend of 4.0sen (ex-date 11 June) (1QFY25: Nil).

QoQ. 1QFY26 CNP increased 13.3% QoQ, mainly driven by stronger mining earnings, with tin mining PBT more than doubling QoQ to RM55.2m (4QFY25: RM25.4m) following a 28.1% QoQ increase in average tin prices (USD48.8/t vs USD38.1/t in 4QFY25) and improved production grade. This was further supported by lower operating expenses, which declined 8.6% QoQ to RM382.8m (4QFY25: RM418.8m), partly reflecting ongoing cost savings from the Butterworth smelter closure. This more than offset weaker smelting earnings, with segmental PBT declining 50.4% QoQ to RM15.5m (4QFY25: RM31.3m), mainly due to lower sales and encashment of tin intermediates, alongside the absence of tantalum slag sales.

YoY. 1QFY26 CNP increased more than fivefold YoY, supported by (i) a 52.5% YoY increase in average tin prices (USD48.8/t in vs USD32.0/t in 1QFY25), (ii) stronger tin metal production, which increased 4.7% YoY to 670MT (1QFY25: 640MT) and lifted tin mining PBT to RM55.2m (1QFY25: RM29.3m), and (iii) higher profits from the encashment of tin intermediates amid firmer realised margins, resulting in tin smelting PBT nearly tripling YoY to RM15.7m (1QFY25: RM5.5m). Smelting earnings were further supported by ongoing cost savings and operational efficiencies following the closure of the Butterworth smelter plant and the consolidation of operations at Pulau Indah.

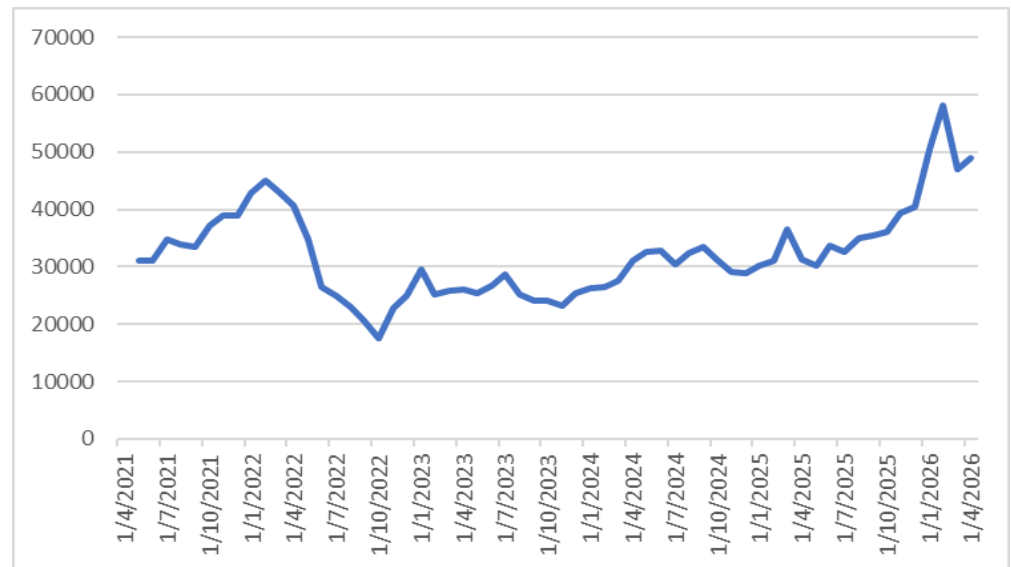
Outlook. Global tin fundamentals remain supportive, underpinned by structural demand from electronics, semiconductors, AI, data centres and clean energy applications, while ongoing geopolitical and regulatory uncertainties continue to constrain global supply. In particular, the ongoing closure of the Strait of Hormuz and disruptions to regional energy infrastructure could further tighten global commodity supply chains and elevate energy costs. Against this backdrop, MSC should continue to benefit from firmer tin prices, improved ore visibility and operational efficiencies following the consolidation of smelting operations at Pulau Indah. The ongoing closure of the Butterworth smelter plant is expected to deliver further structural cost savings and improved operational efficiency. Meanwhile, management remains focused on improving mining productivity, expanding resources and enhancing recovery rates through modernised processing methods and potential joint ventures. Overall, we continue to see a clearer pathway towards earnings recovery and margin expansion over FY26–27.

Earnings revision. We raise our FY26F–FY28F CNP forecasts by 1.4%/1.2%/0.9% to RM155.2m/RM197.6m/RM271.6m (from RM153.1m/RM195.2m/RM269.1m), following housekeeping adjustments after incorporating figures from the FY25 annual report.

Valuation. We maintain our **BUY** call on MSC with a higher TP of **RM3.06** (from RM2.37) after rolling forward our valuation base to FY27F, based on 13x FY27F EPS of 23.5sen (FY26F EPS: 18.2sen). We believe the roll-forward to FY27F is justified by improving earnings visibility following the consolidation of operations at Pulau Indah, continued structural cost savings and supportive medium-term tin fundamentals. Our positive view is further supported by MSC’s strategic positioning as the world’s largest independent tin smelter, alongside lower dependence on third-party feedstock and greater flexibility to capture upside from tin price volatility in a structurally tight market.

Risks. Key downside risks include tin price volatility, feedstock supply disruptions and delays in commissioning the sand-tailings facility, which could affect margin recovery and operational performance.

Figure 1: LME Tin price trend in USD/MT



source: Bloomberg, Apex Securities

Result Note

Monday, 25 May, 2026

BURSA RISE+

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Supported by Capital Market Development Fund

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	YTD (%)	Comments
Revenue	457.0	369.8	23.6	480.7	(4.9)	457.0	369.8	23.6	Lower QoQ due to reduced tin intermediate encashment; YoY growth supported by firmer tin prices
Operating expense (excluding D&A)	(382.8)	(335.3)	14.2	(419.8)	(8.8)	(382.8)	(372.0)	2.9	
EBITDA	75.1	33.2	126.5	59.8	25.6	75.1	33.2	126.5	
Depreciation	(4.0)	(3.5)	13.9	(3.9)	3.5	(4.0)	33.2	nm	
EBIT/ Operating profit/(loss)	71.1	29.6	139.9	55.9	27.2	71.1	7.7	821.2	
Net Finance Costs	(5.8)	(3.3)	75.9	(4.2)	38.3	(5.8)	(9.2)	(36.7)	
Pre-tax profit	66.1	26.7	148.0	51.9	27.3	66.1	26.7	148.0	Driven by stronger mining earnings and improved realised margins
Taxation	(15.8)	(18.1)	(13.0)	(8.9)	77.9	(15.8)	(18.1)	(13.0)	
Profit-after tax	50.4	8.6	488.9	43.1	16.9	50.4	8.6	488.9	
(-) Minority interest	7.4	0.8	794.2	3.2	131.9	7.4	0.8	794.2	
PAT-MI	42.9	7.7	456.1	39.9	7.7	42.9	7.7	456.1	
Core net profit	43.0	7.8	453.7	38.0	13.1	43.0	7.8	453.7	
Core EPS (sen)	5.1	0.9	453.7	4.5	13.1	5.1	0.9	453.7	
EBIT margin (%)	15.6%	8.0%		11.6%		15.6%	2.1%		Expanded on lower operating cost base and better product mix
EBITDA margin (%)	16.4%	9.0%		12.4%		16.4%	9.0%		
PBT margin (%)	14.5%	7.2%		10.8%		14.5%	7.2%		
Core PATMI margin (%)	9.4%	2.1%		7.9%		9.4%	-4.9%		

Source: Company, Apex Securities

Revenue breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	YTD (%)	Comments
Segment Revenue									
Tin Smelting	457.0	369.8	23.6	480.7	(4.9)	457.0	369.8	23.6	Supported by firmer tin prices and improved production grade
Tin Mining	117.0	79.3	47.5	77.5	50.9	117.0	79.3	47.5	
Others	-	-	-	-	-	-	-	-	
Adjustment	(117.0)	(79.3)	47.5	(77.5)	50.9	(117.0)	(79.3)	47.5	
Total	457.0	369.8	23.6	480.7	(4.9)	457.0	369.8	23.6	
Profit before tax (PBT)									
Tin Smelting	15.5	5.7	170.1	31.3	(50.4)	15.5	5.7	170.1	
Tin Mining	55.2	29.3	88.1	25.4	117.7	55.2	29.3	88.1	
Others	0.6	0.2	200.5	(0.0)	nm	0.6	0.2	200.5	
Adjustment	(5.3)	(8.7)	(39.1)	(4.7)	12.0	(5.3)	(8.7)	(39.1)	
Total	66.1	26.7	148.0	51.9	27.3	66.1	26.7	148.0	
PBT Margin	3.4%	1.6%		6.5%		3.4%	1.6%		
Tin Smelting	47.2%	37.0%		32.7%		47.2%	37.0%		
Tin Mining	0.0%	0.0%		0.0%		0.0%	0.0%		
Others	4.5%	10.9%		6.1%		4.5%	10.9%		

Source: Company, Apex Securities

Result Note

Monday, 25 May, 2026

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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	2,382.9
Gross Profit	243.7	244.7	377.3	450.0	564.0
EBITDA	165.1	172.5	268.9	328.2	431.6
Depreciation & Amortisation	-13.6	-14.8	-15.1	-15.5	-16.1
EBIT	151.5	157.7	253.9	312.7	415.5
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	235.5	294.4	397.2
Tax	-38.5	-42.0	-66.0	-82.4	-111.2
Profit After Tax	93.5	96.4	169.6	212.0	286.0
Minority Interest	14.1	14.4	14.4	14.4	14.4
Net Profit	79.4	82.0	155.2	197.6	271.6
Exceptionals	-1.2	1.5	0.0	0.0	0.0
Core Net Profit	80.7	80.4	155.2	197.6	271.6

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	9.6	9.6	18.5	23.5	32.3
P/E (x)	18.9	18.9	9.8	7.7	5.6
P/B (x)	3.5	3.4	3.4	3.3	3.2
EV/EBITDA (x)	8.2	7.9	4.8	4.1	3.1
DPS (sen)	31.0	7.5	18.1	23.0	31.7
Dividend Yield (%)	17.1%	4.1%	10.0%	12.7%	17.5%
EBITDA margin (%)	9.8%	9.8%	13.6%	14.9%	18.1%
EBIT margin (%)	9.0%	9.0%	12.9%	14.2%	17.4%
PBT margin (%)	7.8%	7.9%	11.9%	13.4%	16.7%
PAT margin (%)	5.5%	5.5%	8.6%	9.6%	12.0%
NP margin (%)	4.7%	4.7%	7.9%	9.0%	11.4%
CNP margin (%)	4.8%	4.6%	7.9%	9.0%	11.4%
ROE (%)	10.4%	10.0%	18.9%	23.6%	31.7%
ROA (%)	5.9%	5.3%	10.9%	13.5%	18.3%
Gearing (%)	47.9%	47.5%	46.4%	45.4%	44.4%
Net gearing (%)	20.6%	19.3%	27.3%	20.0%	21.1%

Valuations	FY27F
Core EPS (RM)	0.235
P/E multiple (x)	13.0
Fair value (RM)	3.06
ESG premium/discount	0.0%
Implied Fair Value (RM)	3.06

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	211.8	226.1	157.2	212.9	199.3
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	917.0	940.2	952.2
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	819.4	837.8	857.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	775.5	801.9	819.4	837.8	857.6

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	132.0	138.3	235.5	294.4	397.2
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	-66.0	-82.4	-111.2
Operating cash flow	83.9	82.7	106.4	273.3	277.5
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	-152.1	-193.6	-266.2
Others	-8.6	11.9	0.0	0.0	0.0
Financing cash flow	-138.8	-51.1	-152.1	-193.6	-266.2
Net cash flow	-52.1	14.3	-68.9	55.7	-13.5
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	157.2	212.9
Ending cash	211.8	226.1	157.2	212.9	199.3

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and 2 emissions declined 23% YoY to 91,600 tCO ₂ e in FY2025, supported by operational efficiencies and Pulau Indah consolidation.
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★★	Total energy consumption declined 8% YoY to 43.2m kWh in FY2025
Water	★★★	Water consumption declined 7% YoY across all operating sites in FY2025
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★	Female Board representation stood at 42.9% in FY2025
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	★★★★★	Allocated RM188k towards industry-academia collaboration initiatives in FY2025, alongside continued employee welfare, health and community engagement programmes.
Management	★★	Majority independent Board supported by dedicated ESG Committee and formal risk oversight frameworks.
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.