

**Team Coverage**

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 2.22
Previous Target Price:	RM 3.06
Target Price:	RM 3.06
Capital Upside/Downside:	37.8%
Dividend Yield (%)	10.4%
<b>Total Upside/Downside:</b>	<b>48.2%</b>

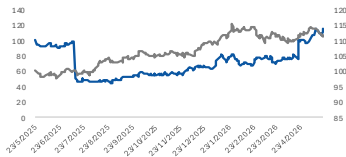
**Stock information**

Board	MAIN
Sector	Industrial products & services
Bursa / Bloomberg Code	5916 / SMELTMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	840.0
Market Cap (RM' m)	1,864.8
52-Week Price Range (RM)	2.33-1.12
Beta (x)	1.2
Free float (%)	63.2
3M Average Volume (m)	1.9
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**



	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	13.8	16.8	89.7
Relative (%)	17.5	18.5	70.0

**Earnings Summary**

<b>FYE Dec (RM m)</b>	<b>FY 25</b>	<b>FY 26 F</b>	<b>FY 27 F</b>
Revenue	1,759.0	1,975.4	2,199.8
PATAM I	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

## More Than a Smelter

- The tailings scavenging plant remains on track for 3QFY26 commissioning and is expected to increase mining output by 40-50%, supporting higher self-generated feedstock.
- Management targets ore feed intake of c.21,000 tonnes in FY26, supporting a gradual recovery in smelting utilisation.
- The RM10m mini-smelter project remains on track for 3QFY26 completion, further strengthening operational integration.
- We maintain our FY26F-FY28F earnings forecasts, BUY call and TP of RM3.06, based on 13x FY27F EPS of 23.5 sen.

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

**Tailings scavenging plant to drive higher mining output.** The tailing's scavenging plant has been successfully commissioned and is currently undergoing final optimisation ahead of commercial operations, which are expected to commence in 3QFY26. Upon full ramp-up, the facility is expected to increase mining output from c.10 tonnes per day to 14-15 tonnes per day, implying a potential 40-50% increase in production. Given the relatively low incremental labour and energy requirements, we expect the majority of the additional output to flow through to earnings. We view this positively as it accelerates MSC's strategy of increasing self-generated feedstock while enhancing the profitability and sustainability of its mining operations.

**Feed intake outlook improving despite market tightness.** Management expects ore feed intake to increase to c.21,000 tonnes in FY26 from c.19,000 tonnes in FY25, supported by stronger engagement with artisanal miners, direct sourcing initiatives and renewed commitments from trading partners. While competition for ore feed remains intense amid ongoing supply disruptions in Myanmar and aggressive sourcing activity from Chinese buyers, the anticipated increase in feed availability should support a gradual recovery in smelting throughput and improve utilisation rates over the medium term.

**Mini-smelter project enhances integration and utilisation.** The RM10m mini-smelter project at the Rahman Hydraulic Tin (RHT) mine remains on track for completion in 3QFY26. The facility will enable ore concentrate to be converted into crude tin metal at the mine site before being transported to Pulau Indah for final refining. Besides improving logistics efficiency and reducing transportation requirements, management estimates the project could effectively release c.10 tonnes per day of smelting capacity at Pulau Indah. We view this positively as it strengthens vertical integration, enhances utilisation of existing infrastructure and provides greater flexibility to accommodate future increases in feedstock volumes.

**Tin intermediates becoming less relevant to earnings quality.** Tin intermediates inventory has declined to 1,291 tonnes from historical levels of c.6,000 tonnes as previously accumulated material continues to be monetised. We believe concerns surrounding the eventual depletion of tin intermediates are overstated, as the reduction primarily reflects improved processing efficiency and faster profit recognition rather than a structural deterioration in earnings quality. Going forward, earnings growth should increasingly be driven by higher mining output and stronger feed availability rather than inventory-related gains.

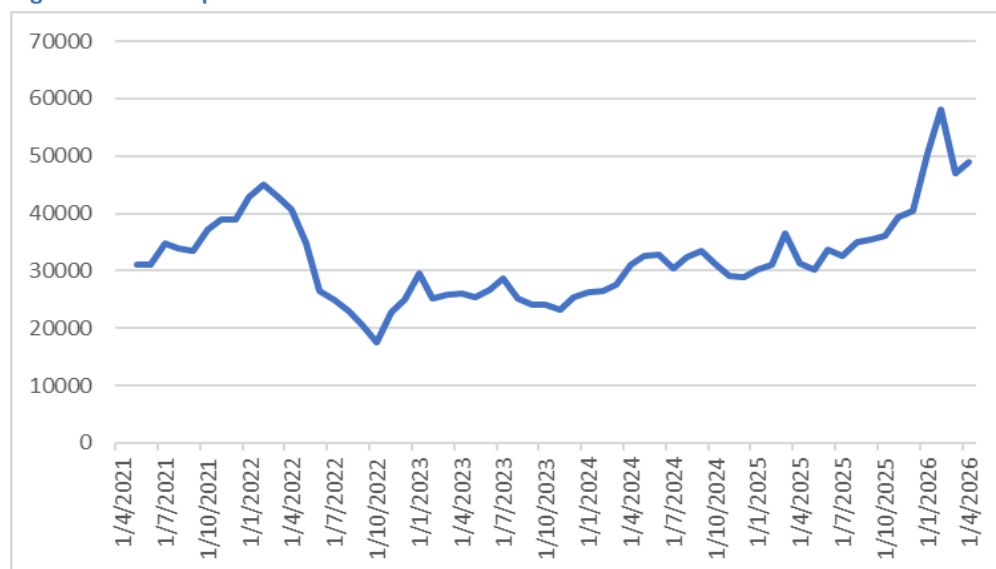
**Earnings revision.** We maintain our FY26F-FY28F earnings forecasts as the operational updates discussed during the briefing remain broadly consistent with our existing assumptions. While management's commentary provides greater visibility on project execution and feedstock procurement, the anticipated earnings contribution from these initiatives has already been incorporated into our forecasts. As such, no changes are made to our estimates.

**Valuation.** We maintain our BUY call and TP of RM3.06, based on 13x FY27F EPS of 23.5sen. We continue to favour MSC given (i) its unique positioning as the world's largest independent tin

smelter, (ii) growing contribution from self-generated feedstock and increasing integration across the tin value chain. We believe the applied multiple remains justified by MSC's improving earnings quality, rising mining contribution and lower reliance on third-party feedstock, which should support greater earnings resilience relative to pure smelting businesses.

**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

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	
<b>EBITDA</b>	<b>75.1</b>	<b>33.2</b>	<b>126.5</b>	<b>59.8</b>	<b>25.6</b>	<b>75.1</b>	<b>33.2</b>	<b>126.5</b>	
Depreciation	(4.0)	(3.5)	13.9	(3.9)	3.5	(4.0)	33.2	nm	
<b>EBIT/ Operating profit/(loss)</b>	<b>71.1</b>	<b>29.6</b>	<b>139.9</b>	<b>55.9</b>	<b>27.2</b>	<b>71.1</b>	<b>7.7</b>	<b>821.2</b>	
Net Finance Costs	(5.8)	(3.3)	75.9	(4.2)	38.3	(5.8)	(9.2)	(36.7)	
<b>Pre-tax profit</b>	<b>66.1</b>	<b>26.7</b>	<b>148.0</b>	<b>51.9</b>	<b>27.3</b>	<b>66.1</b>	<b>26.7</b>	<b>148.0</b>	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)	
<b>Profit-after tax</b>	<b>50.4</b>	<b>8.6</b>	<b>488.9</b>	<b>43.1</b>	<b>16.9</b>	<b>50.4</b>	<b>8.6</b>	<b>488.9</b>	
(-) Minority interest	7.4	0.8	794.2	3.2	131.9	7.4	0.8	794.2	
<b>PAT-MI</b>	<b>42.9</b>	<b>7.7</b>	<b>456.1</b>	<b>39.9</b>	<b>7.7</b>	<b>42.9</b>	<b>7.7</b>	<b>456.1</b>	
<b>Core net profit</b>	<b>43.0</b>	<b>7.8</b>	<b>453.7</b>	<b>38.0</b>	<b>13.1</b>	<b>43.0</b>	<b>7.8</b>	<b>453.7</b>	
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

# Company Update

Monday, 08 Jun, 2026

**BURSA RISE+**

Brought to you by Bursa Malaysia  
Supported by Capital Market Development Fund

## Revenue breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	YTD (%)	Comments
<b>Segment Revenue</b>									
Tin Smelting	457.0	369.8	23.6	480.7	(4.9)	457.0	369.8	23.6	
Tin Mining	117.0	79.3	47.5	77.5	50.9	117.0	79.3	47.5	Supported by firmer tin prices and improved production grade
Others	-	-	-	-	-	-	-	-	
Adjustment	(117.0)	(79.3)	47.5	(77.5)	50.9	(117.0)	(79.3)	47.5	
<b>Total</b>	<b>457.0</b>	<b>369.8</b>	<b>23.6</b>	<b>480.7</b>	<b>(4.9)</b>	<b>457.0</b>	<b>369.8</b>	<b>23.6</b>	
<b>Profit before tax (PBT)</b>									
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)	
<b>Total</b>	<b>66.1</b>	<b>26.7</b>	<b>148.0</b>	<b>51.9</b>	<b>27.3</b>	<b>66.1</b>	<b>26.7</b>	<b>148.0</b>	
<b>PBT Margin</b>									
	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

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Revenue</b>	<b>1,691.8</b>	<b>1,759.0</b>	<b>1,975.4</b>	<b>2,199.8</b>	<b>2,382.9</b>
<b>Gross Profit</b>	<b>243.7</b>	<b>244.7</b>	<b>377.3</b>	<b>450.0</b>	<b>564.0</b>
<b>EBITDA</b>	<b>165.1</b>	<b>172.5</b>	<b>268.9</b>	<b>328.2</b>	<b>431.6</b>
Depreciation & Amortisation	-13.6	-14.8	-15.1	-15.5	-16.1
<b>EBIT</b>	<b>151.5</b>	<b>157.7</b>	<b>253.9</b>	<b>312.7</b>	<b>415.5</b>
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
<b>Pre-tax Profit</b>	<b>132.0</b>	<b>138.3</b>	<b>235.5</b>	<b>294.4</b>	<b>397.2</b>
Tax	-38.5	-42.0	-66.0	-82.4	-111.2
<b>Profit After Tax</b>	<b>93.5</b>	<b>96.4</b>	<b>169.6</b>	<b>212.0</b>	<b>286.0</b>
Minority Interest	14.1	14.4	14.4	14.4	14.4
<b>Net Profit</b>	<b>79.4</b>	<b>82.0</b>	<b>155.2</b>	<b>197.6</b>	<b>271.6</b>
Exceptionals	-1.2	1.5	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>80.7</b>	<b>80.4</b>	<b>155.2</b>	<b>197.6</b>	<b>271.6</b>

### 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
<b>Fair value (RM)</b>	<b>3.06</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>3.06</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Current Assets</b>	<b>880.7</b>	<b>1,008.2</b>	<b>917.0</b>	<b>940.2</b>	<b>952.2</b>
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
<b>Non-Current Assets</b>	<b>483.2</b>	<b>502.9</b>	<b>511.0</b>	<b>519.6</b>	<b>528.3</b>
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
<b>Current Liabilities</b>	<b>489.0</b>	<b>612.2</b>	<b>511.7</b>	<b>525.1</b>	<b>526.0</b>
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
<b>Non-Current Liabilities</b>	<b>99.3</b>	<b>96.9</b>	<b>96.9</b>	<b>96.9</b>	<b>96.9</b>
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
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
<b>Total Equity</b>	<b>775.5</b>	<b>801.9</b>	<b>819.4</b>	<b>837.8</b>	<b>857.6</b>

### Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Pre-tax profit</b>	<b>132.0</b>	<b>138.3</b>	<b>235.5</b>	<b>294.4</b>	<b>397.2</b>
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
<b>Operating cash flow</b>	<b>83.9</b>	<b>82.7</b>	<b>106.4</b>	<b>273.3</b>	<b>277.5</b>
Capex	-19.0	-23.7	-23.2	-24.1	-24.8
Others	21.8	6.4	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>2.9</b>	<b>-17.3</b>	<b>-23.2</b>	<b>-24.1</b>	<b>-24.8</b>
Dividends paid	-130.2	-63.0	-152.1	-193.6	-266.2
Others	-8.6	11.9	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>-138.8</b>	<b>-51.1</b>	<b>-152.1</b>	<b>-193.6</b>	<b>-266.2</b>
<b>Net cash flow</b>	<b>-52.1</b>	<b>14.3</b>	<b>-68.9</b>	<b>55.7</b>	<b>-13.5</b>
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
<b>Ending cash</b>	<b>211.8</b>	<b>226.1</b>	<b>157.2</b>	<b>212.9</b>	<b>199.3</b>

**ESG Matrix Framework:**

**Environment**

Parameters	Rating	Comments
Climate	★★★	Scope 1 and 2 emissions declined 23% YoY to 91,600 tCO <sub>2</sub> 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.