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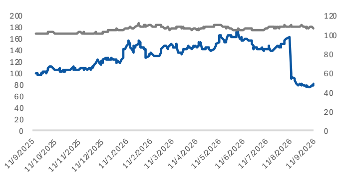
Recommendation:	**BUY**
Current Price:	RM 1.80
Previous Target Price:	RM 3.06
Target Price:	RM 3.07
Capital Upside/Downside:	70.6%
Dividend Yield (%):	5.9%
Total Upside/Downside:	**76.4%**

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)	1,512.0
52-Week Price Range (RM)	2.287-1.256
Beta (x)	1.1
Free float (%)	63.6
3M Average Volume (m)	2.0
3M Average Value (RM' m)	3.8

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 (%)	-10.4	-13.0	37.9
Relative (%)	-8.3	-13.2	30.8

Earnings Summary

FYE Dec (RM m)	**FY25**	**FY26F**	**FY27F**
Revenue	1,759.0	1,918.3	2,199.8
PATAMI	82.0	121.9	198.0
CNP	80.4	121.9	198.0
Core EPS (sen)	9.6	14.5	23.6
PE (x)	18.8	12.4	7.6

Source: Company, Apex Securities

Malaysia Smelting Corporation Berhad

RHT Resumes Operations

- **RHT received written approval from JMG Perak to resume mining operations effective 11 September 2026, marking the end of a c.4.3-week suspension that began on 12 August 2026.**
- **The resumption announcement did not disclose any operating conditions or ramp-up requirements; we are following up with management for further clarity.**
- **Based on our sensitivity framework, we estimate the c.4.3-week suspension could reduce 3QFY26 Group PATMI by approximately RM11-12m, though this remains an indicative, unconfirmed estimate.**
- **We make no changes to our FY26F-FY28F earnings forecasts at this juncture, pending further clarity on the actual impact and post-resumption ramp-up pace.**
- **Following a review of our dividend payout ratio assumption, our TP is adjusted marginally higher to RM3.07 (from RM3.06), based on 13x FY27F EPS of 23.6sen (from 23.5sen). We maintain our BUY call.**

Suspension lifted at RHT. We refer to our earlier update on 19 August 2026 regarding the temporary suspension of mining operations at Rahman Hydraulic Tin (RHT), MSC's 80%-owned mining subsidiary. RHT has now received written approval from the Perak Department of Minerals and Geosciences (JMG Perak) to resume mining operations, effective 11 September 2026. This follows the suspension that took effect on 12 August 2026, implying a total suspension period of approximately 4.3 weeks, moderately longer than the 3-week suspension RHT previously experienced between 13 November and 3 December 2025.

Management stated that RHT remains committed to safe and responsible mining practices, and will continue to work with the authorities on environmental matters, including closer monitoring of weather and site conditions to manage extreme weather-related risks going forward. The announcement did not specify whether the resumption comes with any operating conditions, such as a capacity ramp-up period or interim monitoring requirements, nor whether any permanent upgrades to drainage infrastructure are planned. We are following up with management for further clarity on these points.

Estimated impact. In the absence of updated guidance from management on the precise financial impact, we apply our previously established sensitivity framework. Based on 2QFY26 mining segment PAT of RM44.1m before NCI, we estimate a run-rate impact of c.RM3.4m per week. After accounting for MSC's 80% equity interest in RHT, this translates into an estimated c.RM2.7m reduction in Group attributable earnings per week of suspension. Applying this to the c.4.3-week disruption implies a c.RM11-12m reduction in 3QFY26 Group PATMI, all else equal.

We highlight several caveats to this estimate. First, the calculation assumes a linear relationship between downtime and lost earnings and does not account for a potential ramp-up period before RHT returns to full production capacity. Second, it remains unclear whether the Group took any mitigating measures during the suspension, such as drawing down existing tin inventories or increasing third-party ore purchases, which could partially offset the earnings impact. Third, our estimate is based on the 2QFY26 run-rate, which may not fully reflect prevailing tin prices or operating conditions in 3QFY26. As such, we view the c.RM11-12m impact as indicative only, pending further clarification from management.

Earnings revision. We make no changes to our FY26F-FY28F earnings forecasts at this juncture. While the suspension has now formally ended, we do not yet have sufficient clarity from management on the actual production loss, any mitigating factors, or the pace of the post-resumption ramp-up to make a reliable adjustment. **We will revisit our estimates once this information becomes available.**

Valuation. We maintain our **BUY** call and **revised TP of RM3.07** (from RM3.06), based on **13x FY27F and revised EPS of 23.6sen** (from 23.5sen). Following a housekeeping review of our dividend payout ratio assumption, our forward DPS and dividend yield estimates have been revised down, though the impact on our earnings forecasts and TP remains immaterial. We continue to favour MSC given its positioning as the world's largest independent tin smelter, improving earnings profile and the removal of the immediate operational overhang following RHT's resumption. At RM1.80, the stock trades at 7.6x FY27F EPS, offering an attractive risk-reward against our RM3.07 TP.

Risks. Key risks include RHT ramp-up delays, recurring water-related disruptions, tin price volatility, feedstock and FX risks, and further project delays.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**1,691.8**	**1,759.0**	**1,918.3**	**2,199.8**	**2,382.9**
Gross Profit	**243.7**	**244.7**	**327.8**	**450.0**	**564.0**
EBITDA	**165.1**	**172.5**	**222.7**	**328.9**	**434.0**
Depreciation & Amortisation	-13.6	-14.8	-15.1	-15.5	-16.1
EBIT	**151.5**	**157.7**	**207.7**	**313.4**	**417.9**
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**	**189.3**	**295.1**	**399.6**
Tax	-38.5	-42.0	-53.0	-82.6	-111.9
Profit After Tax	**93.5**	**96.4**	**136.3**	**212.4**	**287.7**
Minority Interest	14.1	14.4	14.4	14.4	14.4
Net Profit	**79.4**	**82.0**	**121.9**	**198.0**	**273.3**
Exceptionals	-1.2	1.5	0.0	0.0	0.0
Core Net Profit	**80.7**	**80.4**	**121.9**	**198.0**	**273.3**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	9.6	9.6	14.5	23.6	32.5
P/E (x)	18.7	18.8	12.4	7.6	5.5
P/B (x)	3.5	3.4	3.1	2.7	2.3
EV/EBITDA (x)	8.2	7.9	6.1	4.6	3.9
DPS (sen)	31.0	7.5	6.5	10.6	11.4
Dividend Yield (%)	17.2%	4.2%	3.6%	5.9%	6.3%
EBITDA margin (%)	9.8%	9.8%	11.6%	15.0%	18.2%
EBIT margin (%)	9.0%	9.0%	10.8%	14.2%	17.5%
PBT margin (%)	7.8%	7.9%	9.9%	13.4%	16.8%
PAT margin (%)	5.5%	5.5%	7.1%	9.7%	12.1%
NP margin (%)	4.7%	4.7%	6.4%	9.0%	11.5%
CNP margin (%)	4.8%	4.6%	6.4%	9.0%	11.5%
ROE (%)	10.4%	10.0%	13.8%	19.7%	22.8%
ROA (%)	5.9%	5.3%	8.2%	12.2%	15.0%
Gearing (%)	47.9%	47.5%	43.1%	37.8%	31.7%
Net gearing (%)	20.6%	19.3%	17.7%	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.236
P/E multiple (x)	13.0
Fair value (RM)	**3.07**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**3.07**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	211.8	226.1	224.2	381.5	540.5
Receivables	38.1	88.5	87.8	89.2	90.1
Inventories	615.8	678.6	653.6	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**	**980.6**	**1,108.9**	**1,293.4**
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	132.8	146.3	147.5
Other current liabilities	20.9	12.4	12.4	12.4	12.4
Total Current Liabilities	**489.0**	**612.2**	**511.3**	**524.8**	**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	883.4	1,006.7	1,198.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**775.5**	**801.9**	**883.4**	**1,006.7**	**1,198.7**

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**132.0**	**138.3**	**189.3**	**295.1**	**399.6**
Depreciation & amortisation	13.6	14.8	15.1	15.5	16.1
Changes in working capital	147.4	146.8	-75.2	42.5	-24.4
Others	-209.1	-217.2	-53.0	-82.6	-111.9
Operating cash flow	**83.9**	**82.7**	**76.2**	**270.5**	**279.4**
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	-54.9	-89.1	-95.7
Others	-8.6	11.9	0.0	0.0	0.0
Financing cash flow	**-138.8**	**-51.1**	**-54.9**	**-89.1**	**-95.7**
Net cash flow	**-52.1**	**14.3**	**-1.9**	**157.3**	**159.0**
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	224.2	381.5
Ending cash	**211.8**	**226.1**	**224.2**	**381.5**	**540.5**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and 2 emissions declined 23% YoY to 91,600 tCO_2e 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

As of **Monday, 14 Sep, 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.