



# 1Q2022 RESULTS BRIEFING

26 MAY 2022



# AGENDA

1. 1Q2022 financial review:
  - Earnings review
  - Balance Sheet review
  - Cash Flow review
  - Gearing position
  - Other updates
2. Prospects for remaining quarters in 2022

**For reference:**

3. Renewable Energy Division
4. Packaging Division
5. Resources Division
6. Investment in joint venture Edenor Technology
7. Plantation update

# 1Q2022 EARNINGS OVERVIEW

Group Earnings Breakdown					
	1Q2022 (RM' 000)	1Q2021 (RM' 000)	YoY Change (%)	4Q2021 (RM' 000)	QoQ Change (%)
<b>Revenue</b>					
Renewable Energy	125,358	114,235	9.7%	146,641	-14.5%
Resources	45,320	44,564	1.7%	43,329	4.6%
Packaging	94,790	30,680	209.0%	84,105	12.7%
<b>Sub-total</b>	<b>265,468</b>	<b>189,479</b>	<b>40.1%</b>	<b>274,075</b>	<b>-3.1%</b>
Investment holding & others	6,916	4,239	63.2%	6,544	5.7%
<b>Total</b>	<b>272,384</b>	<b>193,718</b>	<b>40.6%</b>	<b>280,619</b>	<b>-2.9%</b>
<b>PBT</b>					
Renewable Energy	82,991	78,178	6.2%	109,901	-24.5%
Resources	5,299	5,990	-11.5%	4,385	20.8%
Packaging	8,846	2,597	240.6%	10,671	-17.1%
<b>Sub-total</b>	<b>97,136</b>	<b>86,765</b>	<b>12.0%</b>	<b>124,957</b>	<b>-22.3%</b>
Investment holding & others	-819	103	n.m.	-5,995	-86.3%
<b>Share of profit in JV/associate:</b>					
- Operational earnings	4,141	0	n.m.	-3,121	n.m.
- One-off unallocated bargain gain	0	0	n.m.	125,147	n.m.
<b>Total</b>	<b>100,458</b>	<b>86,868</b>	<b>15.6%</b>	<b>240,988</b>	<b>-58.3%</b>
<b>PAT</b>					
Profit attributable to owners of Company	96,483	85,586	12.7%	236,582	-59.2%
	81,338	73,343	10.9%	212,806	-61.8%

## Key Takeaway:

- Revenue +40.6% to RM272.4 million: Higher energy sales + strong growth in Packaging.
- PBT +15.6% to RM100.5 million: higher renewable energy profit + maiden contribution from Stenta (packaging) and Edenor (oleochemical JV).
- Sharp turnaround of Edenor since acquisition of Emery's loss making operations in Malaysia on 1 Nov 2021.
- PAT +12.7% to RM96.5 million.
- Net profit attributable to owners of Company +10.9% to RM81.3 million.

# EARNINGS REVIEW - RENEWABLE ENERGY DIVISION

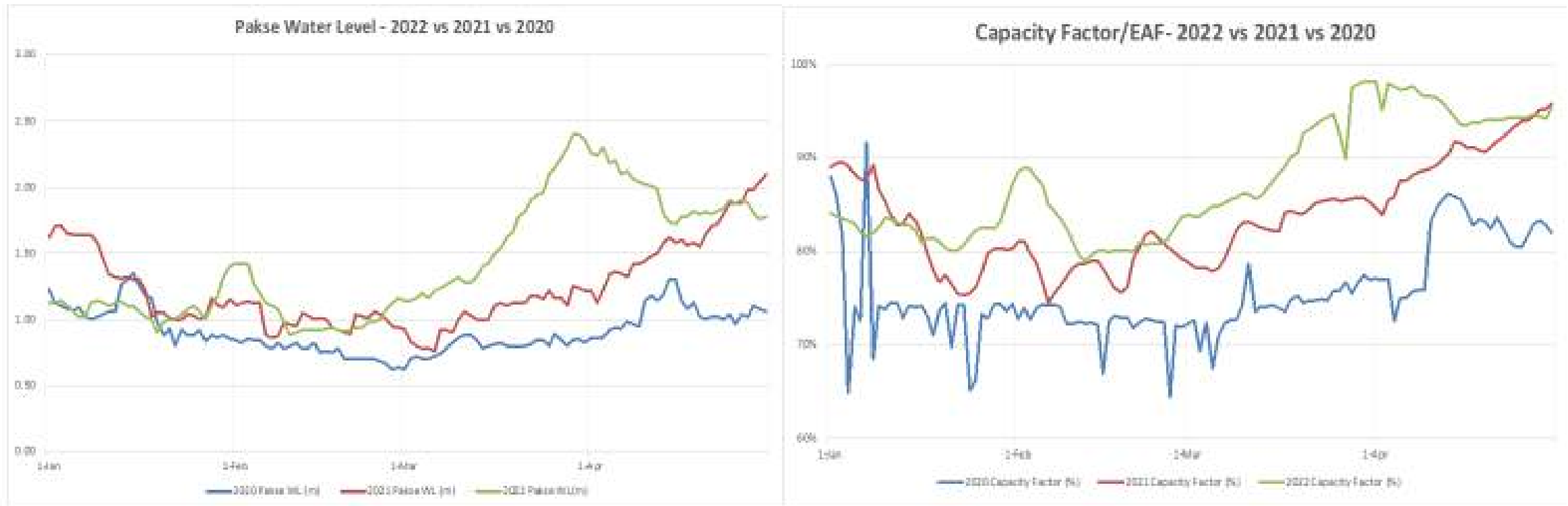
Renewable Energy Division								
	2021					2022	Change	
(RM million)	1Q	2Q	3Q	4Q	Total	1Q	YoY	QoQ
Revenue	114.2	138.2	134.9	146.6	533.9	125.4	9.7%	-14.5%
PBT	78.2	98.7	98.8	109.9	385.6	83.0	6.2%	-24.5%
PBT margin (%)	68.4	71.4	73.2	75.0	72.2	66.2		
EAF (%)	81.3	95.2	90.1	97.5	91.1	84.7	4.2%	-13.1%
Average RM/USD rate	4.064	4.096	4.130	4.144	4.144	4.193	3.2%	1.2%

## 1Q2022 vs 1Q2021

- Revenue +9.7%, bolstered by higher EAF, 1% hydro tariff adjustment and weaker RM against USD.
- EAF improved on higher average water level during this year's dry season.
- Solar revenue RM1.4 million (1Q2021: RM0.2 million) on increasing C&I Solar Portfolio (14.5 MW vs 1.5 MW a year ago).
- PBT +6.2% on higher revenue.

# RENEWABLE ENERGY DIVISION – DON SAHONG

Don Sahong: Jan to Apr 2022 Pakse Water Level and EAF



# EARNINGS REVIEW – RESOURCES DIVISION

Resources Division								
(RM million)	2021					2022	Change	
	1Q	2Q	3Q	4Q	Total	1Q	YoY	QoQ
Revenue	44.6	35.5	31.5	43.3	154.9	45.3	1.7%	4.6%
PBT	6.0	4.4	1.9	4.4	16.7	5.3	-11.5%	20.8%
PBT margin (%)	13.4	12.4	6.0	10.1	10.8	11.7		

## 1Q2022 vs 1Q2021

- Lime product sales volume -4.2%: lower production output due to kiln maintenance and upgrading works.
- ASP +6.7%: progressive selling price adjustments to defray cost increases, especially fuel and energy.
- Average petcoke cost in current quarter +59% compared to same period last year.
- PBT -11.5%: margins impacted by escalating fuel/energy cost + lower production output.

# EARNINGS REVIEW – PACKAGING DIVISION

Packaging Division								
(RM million)	2021					2022	Change	
	1Q	2Q	3Q	4Q	Total	1Q	YoY	QoQ
Revenue	30.7	30.0	63.4	84.1	208.2	94.8	209%	12.7%
PBT	2.6	1.4	7.5	10.7	22.2	8.8	241%	-17.1%
PBT margin (%)	8.5	4.7	11.8	12.7	10.7	9.3		

## 1Q2022 vs 1Q2021

- Revenue +209%: Hexachase +27.5% to RM30.7 million + consolidation of Stenta (RM55.7 million).
- Strong demand for Hexachase paper bags and flexible packaging products both domestically and overseas, mitigated by supply chain issues and tight labour market,
- Stenta's earnings contribution sequentially stable since acquisition at end July 2021.
- PBT +241%: consolidation of Stenta, partially offset by 11.7% decline in Hexachase.
- Hexachase margin adversely affected by high raw material costs and lower plant utilisation (post expansion).
- Price adjustments insufficient to pass on cost increases due to competitive nature of converting business.

# BALANCE SHEET REVIEW

Changes in Key Balance Sheet Items				
	At 31.3.2022 (RM million)	At 31.12.2021 (RM million)	Change (RM million)	Explanation
Service concession asset	1,920.8	1,922.3	-1.5	RM20.4 mil amortisation charge partially offset by RM18.9 mil translation gain
PPE	427.5	410.4	17.1	RM23.8 mil CAPEX (see below) partially offset by RM7.3 mil depreciation charge
ROU	128.3	129.3	-1.0	
Investment properties	165.2	165.2	0.0	
Inventories (non-current)	43.4	43.4	0.0	No change in development landbank
Investment in quoted shares	160.5	200.1	-39.6	Mark to market fair value loss
Inventories (current)	141.3	128.9	12.4	Higher revenue base of Resources and Packaging
Receivables	391.9	408.7	-16.7	Improved trade receivable collection from EDL
Deferred tax liabilities	120.2	119.5	0.7	
Payables (current)	174.8	118.5	56.3	RM33.1 mil interim dividend accrual + higher purchases at Resources and Packaging
Shareholder Equity	2,415.7	2,393.1	22.6	
Net Assets per share (RM)	2.56	2.53	0.0	
<b>CAPEX comprised mainly:</b> <i>a) RM17.2 mil capacity expansion in Packaging</i> <i>b) RM2.5 mil on Plantation development</i> <i>c) RM1.6 mil capacity expansion in automotive part assembly</i>				

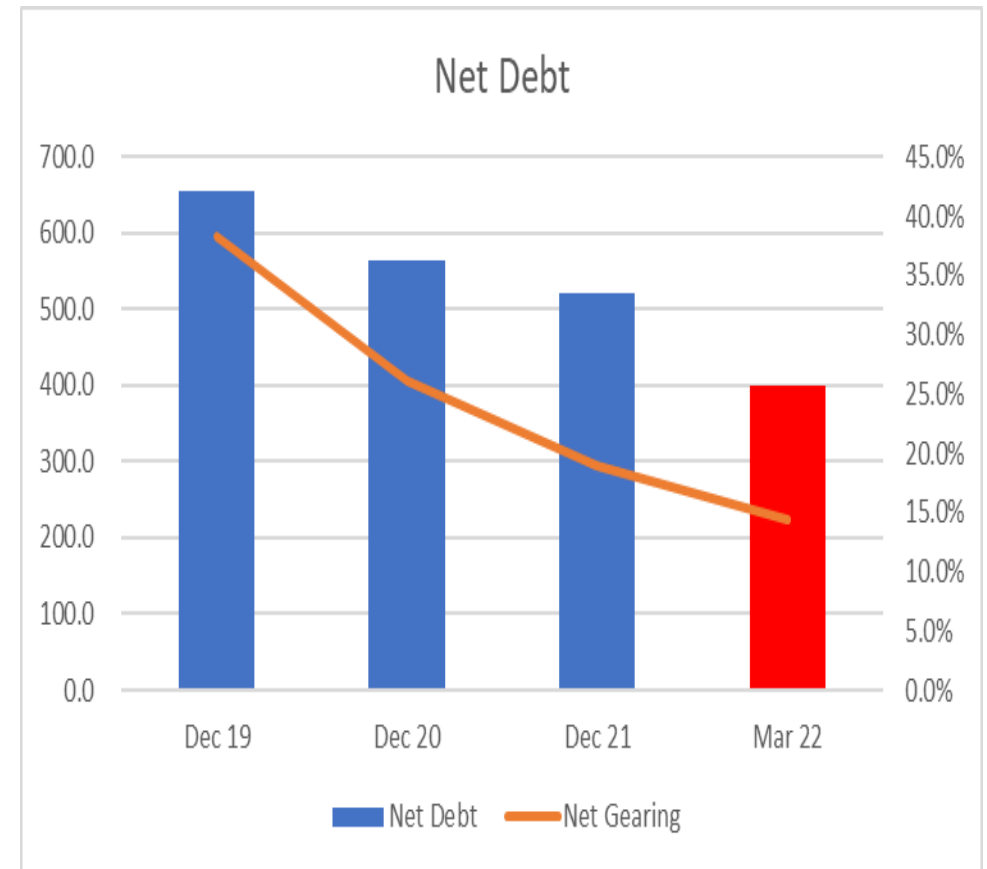


# CASH FLOW REVIEW

Cash Flow Analysis		
	1Q2022 (RM mil)	1Q2021 (RM mil)
After tax cash from operating activities	161.8	158.2
Net cash inflow from non-operating investment activities	3.3	0.8
New capital from minority of subsidiary	1.4	3.3
<b>Total cash made available to the Group</b>	<b>166.4</b>	<b>162.3</b>
<b>Investing Activities</b>		
Investment in associate	-3.0	0.0
Capex	-23.6	-24.5
Don Sahong Hydropower Project + expansion	-9.9	-6.1
<b>Total Investment</b>	<b>-36.5</b>	<b>-30.5</b>
<b>Financing Activities</b>		
Finance costs paid	-7.1	-6.4
Purchase of treasury shares	-0.4	0.0
<b>Total Distribution</b>	<b>-7.5</b>	<b>-6.4</b>
<b>Net cash flow retained by the Group</b>	<b>122.5</b>	<b>125.3</b>
Effects of forex and others	-3.0	-17.3
<b>Change in Net Cash/(Debt) of the Group</b>	<b>119.5</b>	<b>108.0</b>
<b>Net (Debt)/Cash:</b>		
- At begining of period	-520.2	-564.3
- At end of period	-400.7	-456.3
<b>- Change</b>	<b>119.5</b>	<b>108.0</b>

# GEARING POSITION

Gearing Position				
	At 31.3.2022 (RM mil)	At 31.12.2021 (RM mil)	At 31.12.2020 (RM mil)	At 31.12.2019 (RM mil)
Total Cash	356.1	257.6	93.6	91.0
Total Debt	-756.8	-777.9	-657.9	-746.1
<b>Net Debt</b>	<b>-400.7</b>	<b>-520.2</b>	<b>-564.3</b>	<b>-655.1</b>
Equity	2,780.8	2,739.6	2,165.6	1,711.9
<b>Net Debt/Equity Ratio</b>	<b>14.4%</b>	<b>19.0%</b>	<b>26.1%</b>	<b>38.3%</b>



## OTHER UPDATES

- Idaman Harmoni (“IHSB”) RM22.8 million (before penalty) tax dispute with IRBM:
  - On 1 September 2021, SCIT dismissed IHSB appeal.
  - **On 18 April 2022, the High Court allowed IHSB appeal.**
  - On 20 April 2022, IRBM filed appeal to the Court of Appeal (apex court).
  - Court of Appeal has fixed case management date on 21 June 2022.
- Investment in new associate, Integrated Smart Technology Sdn Bhd (“IST”):
  - RM5.56 million for 28.83% equity interest on 1 April 2022.
  - IST is an established test equipment manufacturer for the semi-conductor industry.
  - Investment is expected to immediately contribute positively to Group earnings.

# PROSPECTS FOR REMAINING QUARTERS OF 2022

- Key challenges to manage in 2022:
  - Global supply chain disruptions;
  - Escalating inflationary cost pressures;
  - Rapidly rising interest rate environment; and,
  - Tight labour market.
- The Group has so far navigated these challenging times by exercising prudence, proactiveness and decisiveness in all our management decisions.
- Excluding RM125.1 million one-off bargain gain in 2021, we expect the Group to deliver another year of **healthy earnings growth in 2022**, driven primarily by expected improved earnings performance of Renewable Energy and Packaging Divisions, and a sustainable turnaround of Edenor Technology.

# PROSPECTS FOR REMAINING QUARTERS OF 2022 (CONT'D)

## Renewable Energy Division

- EAF in 2Q2022 to be higher than 95.2% in 2Q2021 on sustained higher water levels this dry season.
- EAF in 2H2022 (wet season) expected similar to 2H2021.
- Beneficiary of strengthening USD against MYR. Average USD:MYR exchange rate is now 4.400 , 6% higher than 4.144 in 2021.
- Increases in Fed's benchmark interest rate (YTD +0.75%) means higher interest expense in 2H2022. Outstanding USD debt at 31 March 2022 was US\$120 million.
- Higher energy sales volume, 1% annual tariff adjustment on 1 October and currency gains to more than offset higher interest expense.
- Solar energy earnings to improve progressively in 2022 in tandem with the Group's expanding C&I solar portfolio.

# PROSPECTS FOR REMAINING QUARTERS OF 2022 (CONT'D)

## Renewable Energy Portfolio Summary

Completed capacity: 275 MW

Hydro: 260 MW

Solar: 15 MW

Capacity secured/under construction: 92 MW

Hydro: 65 MW

Solar: 27 MW

**Total Capacity: 367 MW**

Hydro: 325 MW

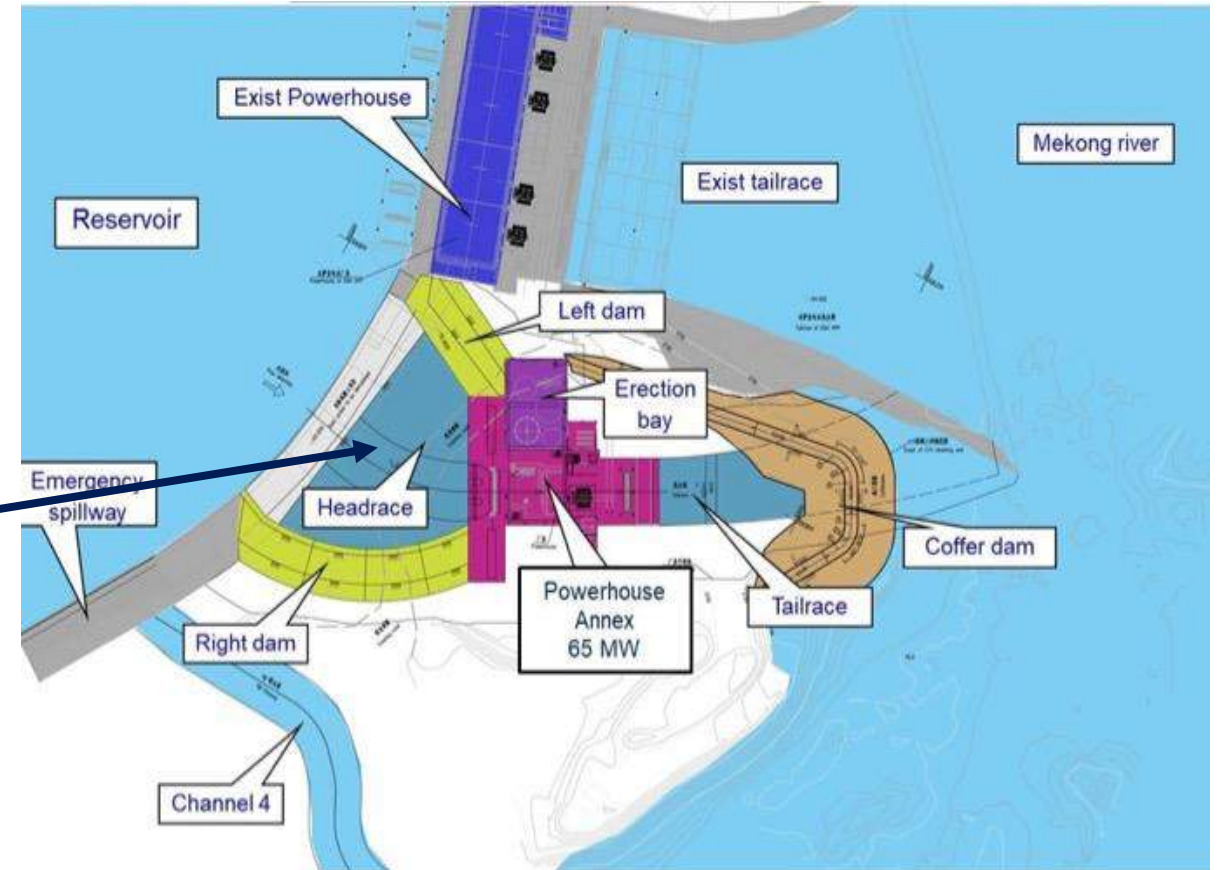
Solar: 42 MW

# RENEWABLE ENERGY DIVISION – EXPANSION

## New Projects On Hand

- 65 MW 5<sup>th</sup> turbine expansion of Don Sahong costing approx. US\$65-70 million or approx. US\$1-1.1mil/MW (vs US\$1.4 mil/MW for the first 4 turbines). Construction commenced in Dec 2021. Expected completion in 3Q2024. Expected EAF 41%.
- Secured 27.4 MW C&I solar projects. 6.3 MW estimated completion Aug/Sep 2022. Balance 21.2 MW to be progressively completed over 24 months.
- On-going efforts to secure new C&I rooftop solar projects. Plan 15-20MW addition a year.

# RENEWABLE ENERGY DIVISION – 5<sup>TH</sup> TURBINE CONSTRUCTION PROGRESS





# RENEWABLE ENERGY DIVISION – 5<sup>TH</sup> TURBINE CONSTRUCTION PROGRESS

DECEMBER 2021



MAY 2022



FEBRUARY 2022



MAY 2022





# RENEWABLE ENERGY DIVISION – 5<sup>TH</sup> TURBINE CONSTRUCTION PROGRESS



# PROSPECTS FOR REMAINING QUARTERS OF 2022 (CONT'D)

## Resources Division

- Operating environment to remain fluid and challenging.
- Cost pressures mainly from higher fuel and energy costs are mounting.
- Domestic and regional demand projected to remain firm, but margins under pressure.
- Proactive and progressive engagement with customers to review and adjust selling prices to defray production cost increases.
- Barring any unforeseen circumstances, the Board expects earnings to be satisfactory.

# PROSPECTS FOR REMAINING QUARTERS OF 2022 (CONT'D)

## Packaging Division

### Hexachase:

- Top line demand growth momentum to continue.
- Continuous supply chain issues and a tight labour market could pose risks to this growth assumption.
- Impact of higher raw material costs and other inflationary pressures remain a concern.
- Optimistic of recovering some lost margin through production efficiency gains on higher volumes.

### Stenta:

- Currently operating at near full capacity. Earnings contribution to remain stable for remaining quarters.
- To support future growth, plans are underway to construct a new factory cum office building in Bangi.
- In phase one of the expansion, we intend to install two new blown film lines, and if customer demand is encouraging, another two lines a year later.

# PROSPECTS FOR REMAINING QUARTERS OF 2022 (CONT'D)

## Packaging Division 5-Year Expansion Plan

### Hexachase

- A new mega factory will be constructed on a 10.4-acre industrial land in Malaka.
- Status: Phase 1 factory building design done; Construction to commence before end of 3Q2022.
- When completed, the new factory will add approximately 273,000 sf of total space from approximately 207,000 sf currently.

### Stenta

- A new factory will be constructed on a 6.7-acre land adjacent to its current production site in Bangi, Selangor.
- Status: Phase 1 factory building design done; Construction to commence in 3Q2022.
- When completed, the new factory will add 8 LLDPE and 1 CPP line.

## Combined Annual Revenue Potential

Before capacity expansion                      approx. RM450 million

After capacity expansion                      approx. RM1.2 billion

# PROSPECTS FOR REMAINING QUARTERS OF 2022 (CONT'D)

## Share of Profit in Joint Venture and Associates

- Edenor Technology Group (equity interest: 50%)
  - Recorded profit after tax of RM7.85 million (MFCB share RM3.93 million) on RM331 million revenue in 1Q2022 on successful restructuring under favourable market conditions.
  - Expects further earnings improvements to come from future process improvements and increased capacity utilization.
- IST Group (equity interest: 28.83%)
  - Expects positive earnings contribution from 1 April 2022.



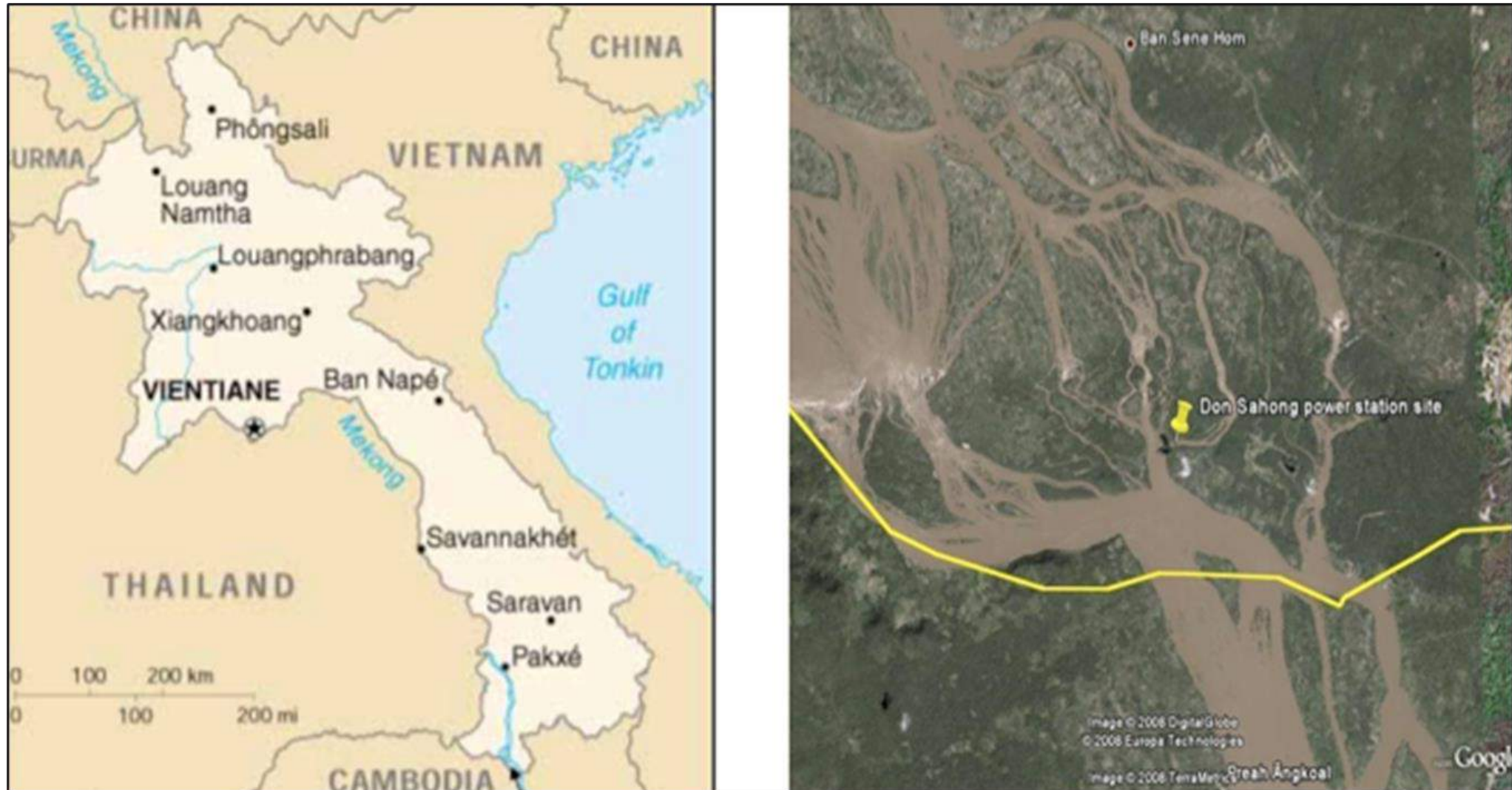
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## RENEWABLE ENERGY

DON SAHONG HYDROPOWER & COMMERCIAL AND INDUSTRIAL SOLAR



# RENEWABLE ENERGY DIVISION – DON SAHONG





# RENEWABLE ENERGY DIVISION – DON SAHONG

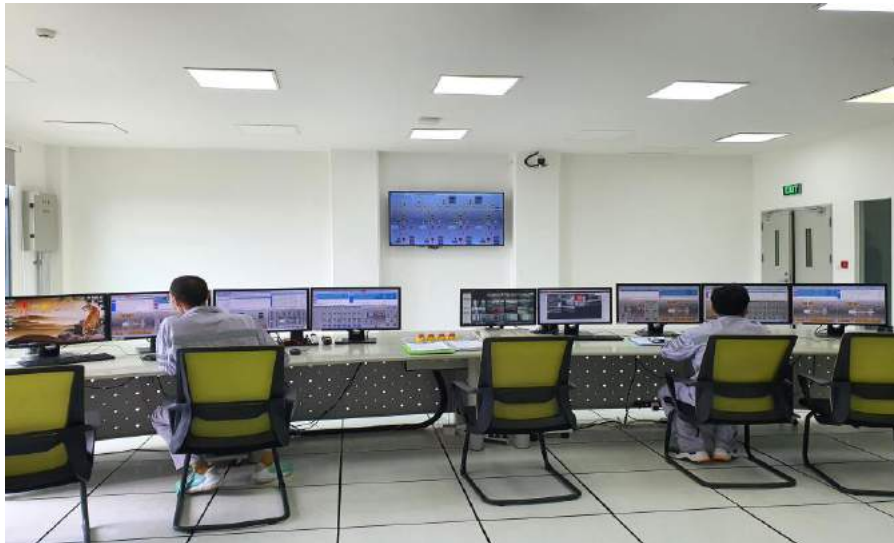
- 260 MW run-of-river hydropower project located on the mainstream of the Mekong River in southern Laos.
- High projected average Energy Availability Factor (EAF) of 89% (2021: 91%) compared to other large hydro of between 40-70%.
- Projected average energy generation 2,028 GWh per annum (based on base case 89% EAF).
- Based on 80 years hydrology data, projected EAF fluctuation +/- 3% from base case.
  - Location advantage providing relatively consistent yearly water flow rate.
- Nearly all power evacuated to Cambodia via two G-to-G PPA contracts signed in 2019 totalling almost 700 MW.
- Smooth revenue collection. Receivable turnover averaging 4-5 months.

# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO



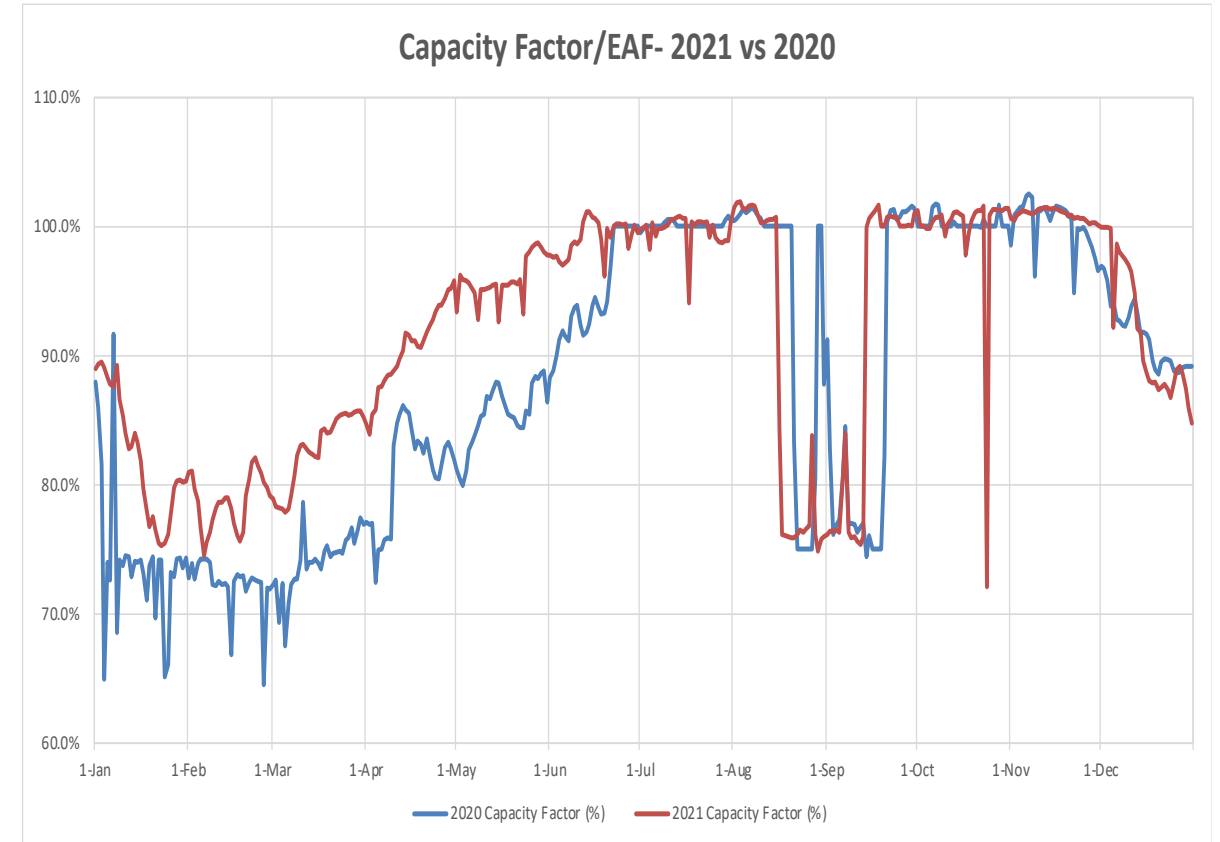
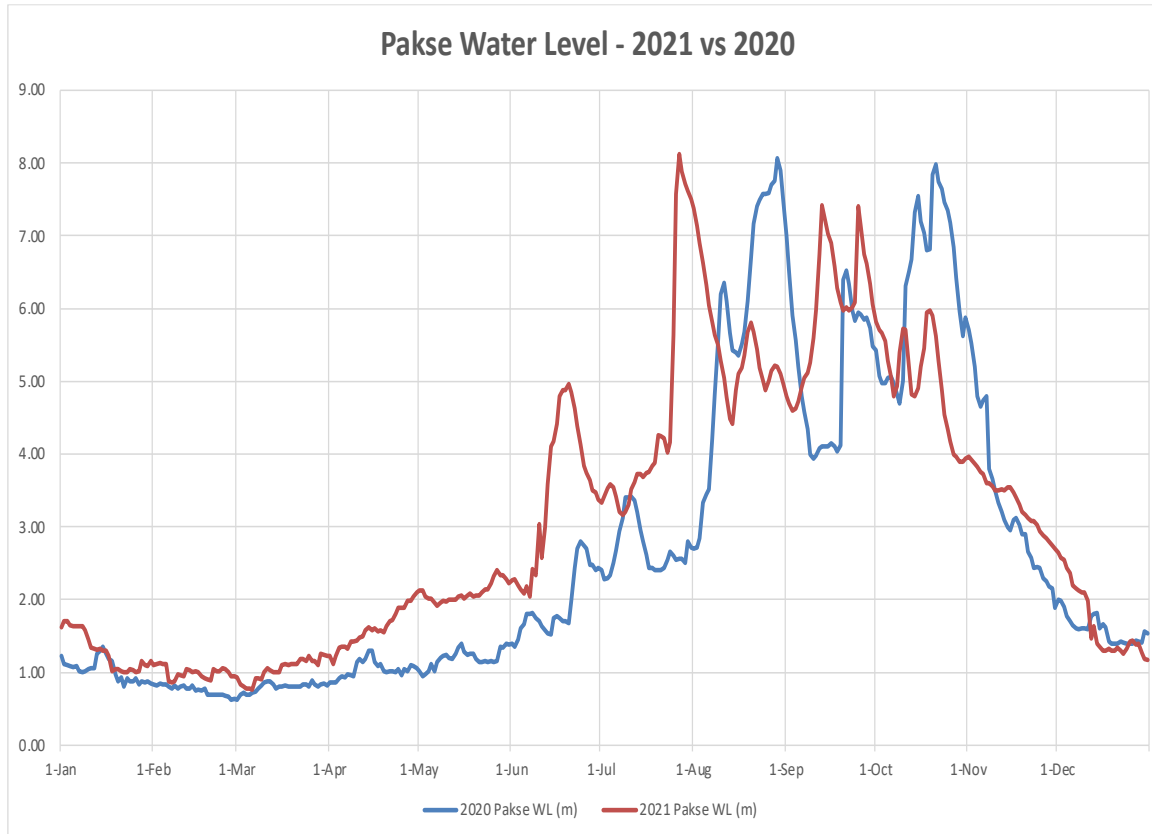


# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO



# RENEWABLE ENERGY DIVISION – DON SAHONG

## Don Sahong: 2021 Year to date Pakse Water Level and EAF





# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO



# RENEWABLE ENERGY DIVISION – FINANCIAL HIGHLIGHTS

5-Year Earnings Summary					
	2017	2018	2019	2020	2021
	(RM million)	(RM million)	(RM million)	(RM million)	(RM million)
Revenue					
- Energy	-	-	35,086	510,214	533,864
- Construction	645,441	656,228	435,289	-	-
	645,441	656,228	470,375	510,214	533,864
Profit before tax					
- Energy	-	-	24,976	372,086	385,585
- Construction	172,795	177,058	157,506	-	-
	172,795	177,058	182,482	372,086	385,585

# RENEWABLE ENERGY DIVISION – STRATEGY & STRENGTH

## Strategy

- Leveraging current strong and stable cashflow of approx. RM450 mil per annum from existing RE portfolio to pursue selective RE opportunities in the region.

## Strength

- Strong project management/execution track record → Don Sahong completed significantly below budget and ahead of schedule.
- Effective cost management vis-à-vis peers → Don Sahong's cost/MW of US1.4 million is significantly below industry averages and lower than cost of thermal plant.
- Healthy balance sheet → 14.4% net gearing as at 31 March 2022.
- Strong cashflow from existing RE portfolio → approx. RM450 million p.a.

# RENEWABLE ENERGY DIVISION – INVESTMENT APPROACH

- New investments must fulfil the following criteria:
  - 1) Attractive project IRR (varies between markets)
  - 2) Project manageability
  - 3) Project bankability
  - 4) Project risk acceptability
- Avoid herd instinct
- Strict investment discipline



# PACKAGING

## PAPER BAGS AND FLEXIBLE PACKAGING PRODUCTS



# PACKAGING DIVISION

## Mission statement:

*“To become a leading provider of innovative, environmentally sustainable, safe and competitive packaging solutions”*

The division currently manufactures and sells paper bags, flexible plastic packaging, and stickers and labels.

## Global trends:

- Consumers and our customers, notably the MNCs, are increasingly concerned with the damaging impact of packaging solutions to the environment.
- As a result, the world is increasingly making a conscientious shift towards using recyclable and environmentally friendly packaging materials.
- Examples of demand shift:
  - 1) Plastic bags → Paper bags
  - 2) Hard plastic containers → Light weight flexible plastic wrappers/pouches
  - 3) multi-family-material → single-family-material flexible plastic packaging

# PACKAGING DIVISION – DIFFERENTIATING STRATEGY

- We develop packaging solutions that promote the use of ONLY fully recyclable materials (e.g. paper and mono-family plastic materials).
- Malaysia's first and only manufacturer that only uses 100% toluene-free print ink and solvent-free lamination process to ensure the highest food safety standards.
- Latest state-of-the-art manufacturing line to deliver superior speed, efficiency, flexibility and cost effectiveness.
- Acquisition of Stenta in July 2021 strengthens product development and innovation capabilities and helps improve overall supply chain management, which will in turn enhance the overall customer satisfaction and experience.
- Currently serving primarily the F&B sector, there has been initial efforts to expand into the E&E, semiconductor and medical device space.
- Cohesive and experienced management team who are shareholders of the respective subsidiaries.

# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Fuji Kikai Printing Machine

New Fuji Kikai 14 colours Rotogravure Printing Machine commissioned in 1Q2022



# PACKAGING DIVISION – STATE-OF-ART MACHINERY

New Super combi 5000 Lamination Machine



Super Combi 5000





# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Flat Handle Paper Bag Machine



Twisted Handle Paper Bag Machine

# PACKAGING DIVISION – STATE-OF-ART MACHINERY



SOS Machine



Flat & Satchel Bag Machine



# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Reifenhauser LLDPE Line



Vacuum Metallizer

MFCB acquired Stenta in July 2021.



# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Reifenhauser LLDPE Line



Vacuum Metallizer

# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Bruckner OPP Line



High Capacity Roll Slitting and Winding Machine



# PACKAGING DIVISION – PRODUCT RANGE

**Biscuit Packaging  
BOPP20/MBOPP18**



**Biscuit Packaging  
PET/MCPP**



**Beverage Packaging  
PET/MPET/LLDPE  
PET/PE/ALUM/LLDPE**



**Wafer Packaging  
BOPP/CPP**



**Sauce Packaging  
PET/ALUM/LLDPE**



**Bread Packaging  
BOPP/CPP**



**Outer Bag Packaging  
Matte BOPP20/WCPP50**



**Snack Packaging  
BOPP/MBOPP/LLDPE**



**Tea Packaging  
BOPP/MBOPP/CPP**



**Wafer Packaging  
BOPP/MBOPP**



**Sauce Packaging  
BOPA/LLDPE**



**Wicketed Bags  
KPET/LLDPE**



**Cake Packaging  
PET/MCPP**



Layer Cake

**Detergent Packaging  
PET/White LLDPE**



**Electronic Packaging  
BOPP/ALUM/LLDPE**



# PACKAGING DIVISION – PRODUCT RANGE



***Flat & Satchel  
Bags***

***Window  
Bags***

***Wrapper***

***Can End  
Sleeve***

***SOS Bag***

***Handle Bag***





# PACKAGING DIVISION – PRODUCT RANGE

## Beverage Labels



## Lubricants Labels



## General Labels



## Header Cards and Tag



## Silkscreen Labels



## Pharmaceutical Labels



## Security Labels



## Electronic Labels



# PACKAGING DIVISION – CUSTOMER BASE



PHILIP MORRIS  
INTERNATIONAL



UNAHCO, INC.  
UNIVET NUTRITION & ANIMAL HEALTHCARE COMPANY, INC.





# PACKAGING DIVISION – FINANCIAL HIGHLIGHTS

5-Year Earnings Summary					
	2017	2018	2019	2020	2021
	(RM million)	(RM million)	(RM million)	(RM million)	(RM million)
Revenue	51,211	57,433	68,427	97,775	208,217
Profit before tax	740	(4)	(501)	9,461	22,219

# RESOURCES

LARGEST QUICKLIME PRODUCER IN MALAYSIA



# RESOURCES DIVISION



# RESOURCES DIVISION - PROFILE

- Largest quicklime producer in Malaysia with 1,960 tonne per day installed kiln capacity.
- Owned one of the largest limestone reserves, sufficient for more than 100 years supply.
- Wide industrial applications: steel, mining, pulp and paper, agriculture, construction material, clean water, waste treatment etc.
- No available substitute.
- Estimated 2021 sales volume: approx. 440,000 tonnes.
- Domestic 40%; export 60%.

# RESOURCES DIVISION – SUCCESS FACTORS

- Fully integrated facilities
- Own high purity limestone reserves, on-site and at vicinity
- High and consistent lime quality
- Cost leadership
- Diversified customer base

# RESOURCES DIVISION – MISSION & CHALLENGES

## Mission

- To be the leading lime producer in the region.
- 2015-2018: Completed massive expansion plan. +160% increase in kiln capacity  
760 tonnes → 1,960 tonnes per day
- Current plant utilisation rate approx. 80%

## Near term challenges

- High and uncertain fuel cost
- High shipping and transport costs
- Port congestion and container shortages
- Changes in regulatory environment e.g. export permit, export tax
- General inflation e.g. labour and packaging materials



# RESOURCES DIVISION – MITIGATING MEASURES & FINANCIALS

## Mitigating measures

- Export diversion to markets less affected by shipping constraints
- Expanding customer base to mitigate impact from customer demand volatility
- Higher stock holdings to lower production disruption and manage price volatility
- Selective price adjustments

## Financial Highlights

5-Year Earnings Summary					
	2017	2018	2019	2020	2021
	(RM million)	(RM million)	(RM million)	(RM million)	(RM million)
Revenue	119,945	142,249	143,624	142,819	154,880
Profit before tax	19,295	18,606	16,460	18,766	16,725



# **INVESTMENT IN EDENOR TECHNOLOGY**



# INVESTMENT IN EDENOR TECHNOLOGY

- A 50:50 JV between MFCB and 9M Technology Sdn Bhd (RM40 million paid up capital).
- Set up to acquire Emery's Asia Pacific oleochemical business from Sime Darby Plantation Berhad and PTT GC International Limited ("Acquisition").
- The Acquisition was completed on 1 November 2021 at an Initial Purchase Price of RM38 million.
- The Purchase Price was subsequently adjusted down to RM12.6 million post EY review (Final Purchase Price).

## Who is 9M Technology?

- Founded by a team of senior oleochemical specialists led by Mr AK Yeow, 9M Technology will be primarily responsible for the management of the oleochemical business.
- Mr AK Yeow, a chemist by training and retired from KL Kepong Berhad as the MD of the oleochemical division in 2018, has more than 35 years of experience in the oleochemical industry.

# INVESTMENT IN EDENOR TECHNOLOGY

## Emery's Asia Pacific business

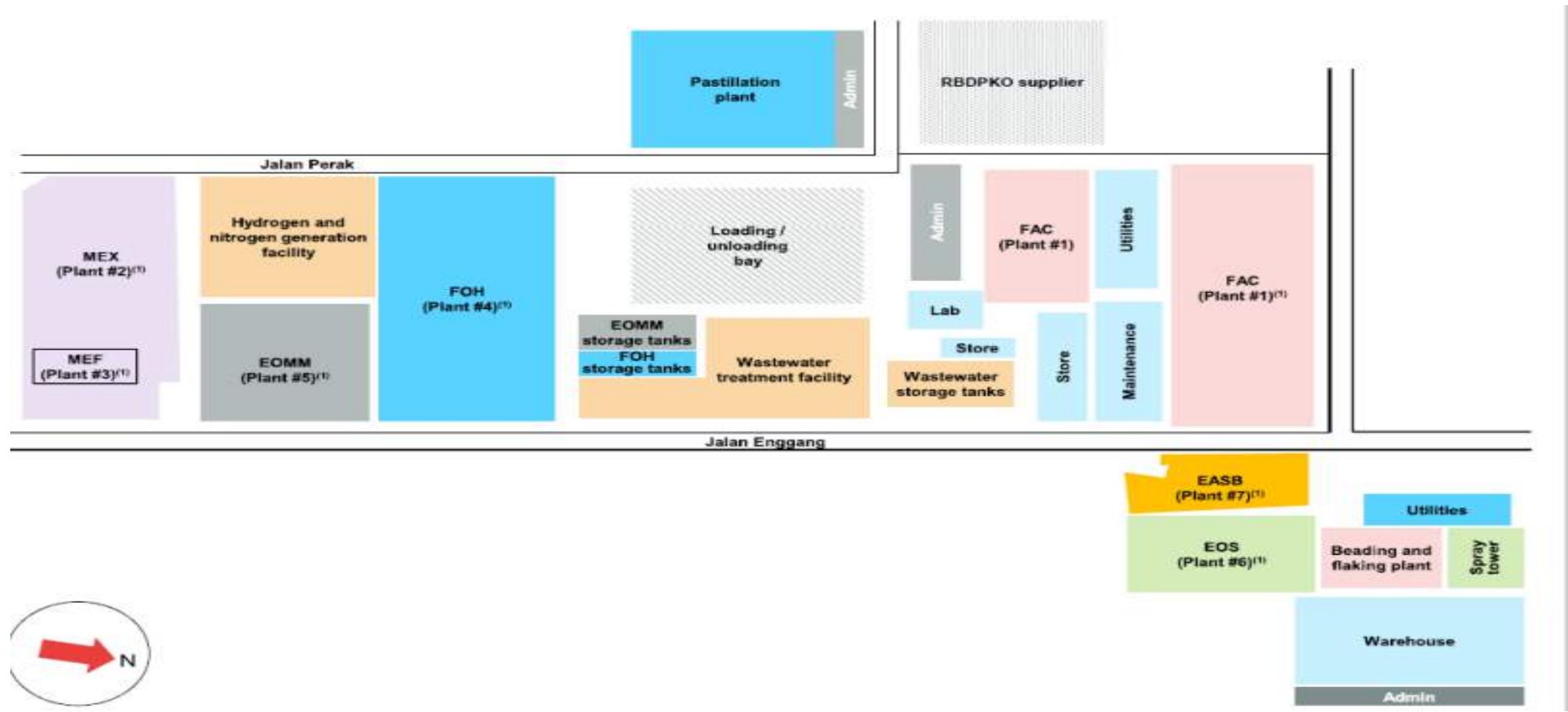
- Integrated 300,000-tonne per annum capacity oleochemical complex on a 34-acre site at Telok Panglima Garang.
- Original plant cost: > RM1.1 billion
- Plant book value @ 31 Oct 2021: approx. RM430 million
- Plant Acquisition Value: RM73 million (including Land & Building valued at RM151 million)
- Produces both basic oleo products and specialty chemicals for both the domestic and export markets.
- Potential annual revenue: RM1.5 billion.
- Pre-acquisition estimated loss: RM70-75 million a year (2019-2020).

# INVESTMENT IN EDENOR TECHNOLOGY – PLANT SITE





# INVESTMENT IN EDENOR TECHNOLOGY – PLANT LAYOUT



# INVESTMENT IN EDENOR TECHNOLOGY – TPG PLANT



# INVESTMENT IN EDENOR TECHNOLOGY – TURNAROUND STRATEGY

- Full set of new management team in place.
- Major cultural and operational transformation underway.

## Key turnaround strategies:

- Simplify management processes: leaner, and more responsive and effective.
- Revamp purchasing, lower cost of goods/services: contract renegotiation, review supplier lists.
- Raise capacity utilisation to >90%: debottlenecking, plant modification, process improvements.
- Improve plant efficiencies, minimise plant shutdown and accidents by implementing comprehensive maintenance program and safety measures.
- Centralised daily monitoring of raw material prices and selling prices of finished goods to achieve desired value-added margin targets using hedging tools, where necessary.
- Comprehensive review of staffing requirements to reduce excesses and raise staff productivity.

# INVESTMENT IN EDENOR TECHNOLOGY – FINANCIAL OUTLOOK

- Post-acquisition 2-month Consolidated Edenor earnings:
  - Profit RM244 million (Including one-off unallocated bargain gain recognised as income)
  - Loss RM6.6 million (Excluding unallocated bargain gain)
  - Reduced 2-month loss despite maintenance shutdown of Fatty Acid plant in Dec and higher repair & maintenance cost of RM4.5 million during shutdown, supported by firm turnaround strategy.
- **Earnings turned around in 1Q2022.**
- This trend is expected to be sustained for remaining 2022.



# PLANTATION

MONDULKIRI, CAMBODIA



# PLANTATION UPDATE

## 1) Background

- Main crops: coconuts & macadamia
- Cumulative investment as at 31 Mar 2022: RM100 mil (including land cost)

## 2) Land

- 50-year concession on 6,420 hectares
- Est. plantable area: 4,500 hectares
- Cumulative area planted as at 31 Dec 2021: 2,159 Ha
  - (i) Coconut: 1,862 Ha
  - (ii) Macadamia: 293 Ha
  - (iii) Others: 4 Ha

## 3) Plans

- Planned planting in 2022: 500-550 hectares
- Target to complete planting by end of 2025.
- Evaluating various downstream processing businesses.
- Not expected to contribute positively to earnings until after 2026.

# PLANTATION UPDATE – PLANTING PHILOSOPHY

## *“RESPECT NATURE, WORK WITH NATURE”*

- Water and irrigation key to sustainable cultivation:
  - (i) Protect and improve O’plai River catchment areas to collect and store rainwater;
  - (ii) Development wetland pockets, creation of mini lakes along extensive riparian corridors.
- Development of comprehensive transport network: >50 km roads and a dozen bridges constructed, benefitting local farmers and community.
- Land rejuvenation programme after years of abuse by illegal logging and land clearing methods.
- Engage and build relationship with, and improve livelihood of local “asli” communities, an important source of labour, a major source of friction, and an integral part of MFP’s CSR commitment.
- Promote food self-sufficiency within local community through ready availability of garden greens and freshwater fish.

# PLANTATION UPDATE



MFCB obtained approval from the Royal Government of Cambodia for the concession of a plot of land measuring 6,420 hectares situated in the Namlear Wildlife Sanctuary Zone, Mondul Kiri Province, Kingdom of Cambodia for agricultural development.

The term of the concession is 50 years, commencing from 29 April 2013.

Mondul Kiri is Cambodia's largest and also most sparsely populated province. It is located in the south-eastern part of the country and borders three provinces in Vietnam.



# PLANTATION UPDATE



Coconut planted fields



# PLANTATION UPDATE





# PLANTATION UPDATE



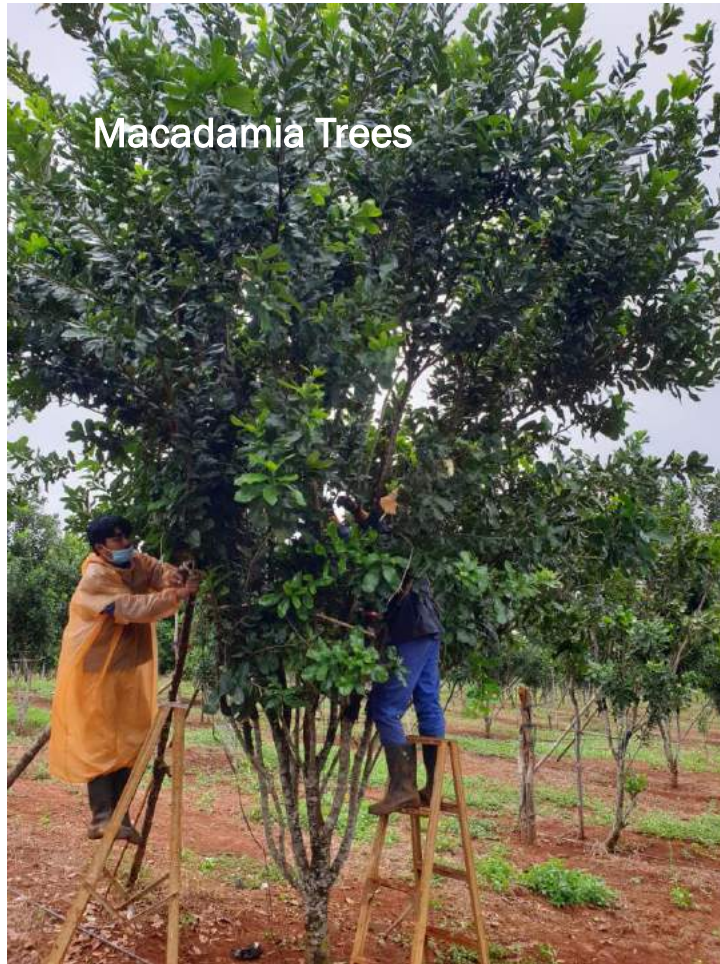


# PLANTATION UPDATE



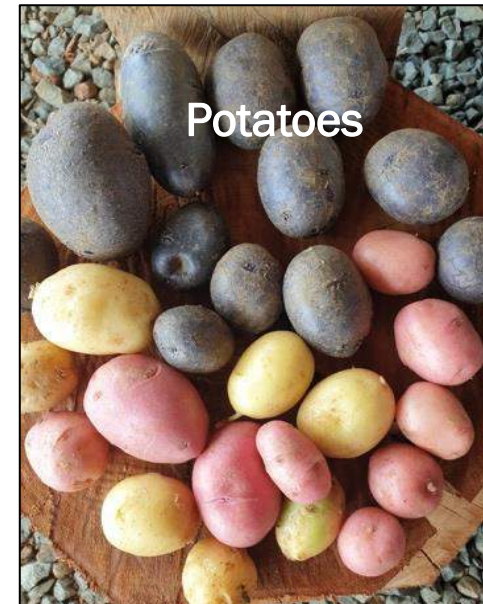
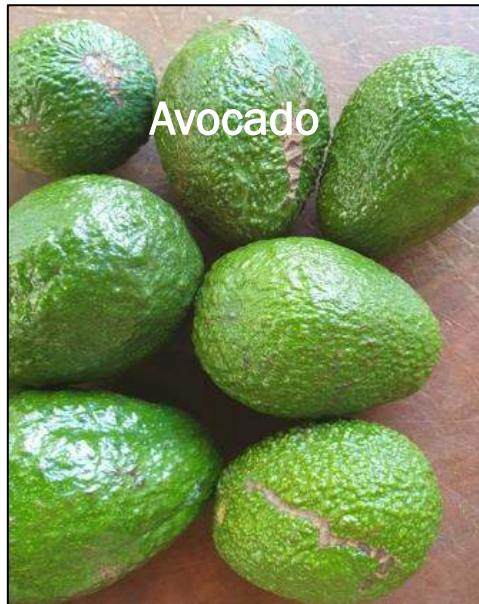
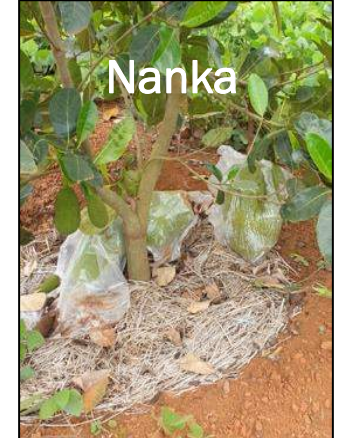
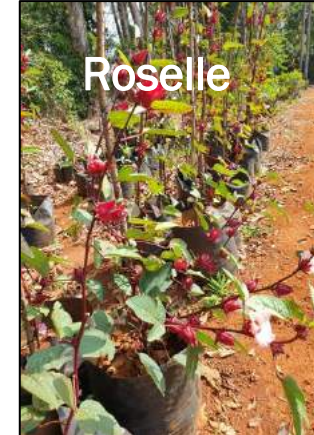


# PLANTATION UPDATE





# PLANTATION UPDATE





# THANK YOU