
MFCB

2Q2022 RESULTS BRIEFING

18 AUGUST 2022



AGENDA

1. 2Q2022 Financial Review:
 - Earnings Review
 - Balance Sheet Review
 - Cash Flow Review
 - Gearing Position
 - Edenor Technology JV
 - Other Updates

2. Prospects for 2H2022

For reference (updated):

3. Renewable Energy Division
4. Packaging Division
5. Resources Division
6. Investment in Joint Venture Edenor Technology
7. Plantation Update

2Q2022 EARNINGS OVERVIEW

	Group Earnings Breakdown				
	2Q2022 (RM'000)	2Q2021 (RM'000)	YoY Change (%)	1Q2022 (RM'000)	QoQ Change (%)
Revenue					
Renewable Energy	151,526	138,153	9.7%	125,358	20.9%
Resources	49,916	35,478	40.7%	45,320	10.1%
Packaging	100,731	30,014	235.6%	94,790	6.3%
Sub-total	302,173	203,645	48.4%	265,468	13.8%
Investment holding & others	29,692	4,194	608.0%	6,916	329.3%
Total	331,865	207,839	59.7%	272,384	21.8%
PBT					
Renewable Energy	108,089	98,653	9.6%	82,991	30.2%
Resources	3,800	4,371	-13.1%	5,299	-28.3%
Packaging	9,313	1,401	564.7%	8,846	5.3%
Sub-total	121,202	104,425	16.1%	97,136	24.8%
Investment holding & others	(261)	(731)	64.3%	(819)	68.1%
Share of profit in JV/associate:					
- Operation earnings	5,309	-	100.0%	4,141	28.2%
- One-off unallocated bargain gain	-	-	-	-	-
Total	126,250	103,694	21.8%	100,458	25.7%
PAT	121,725	102,532	18.7%	96,483	26.2%
PAT attributable to owners of Company	100,840	87,318	15.5%	81,338	24.0%

Key Takeaway:

- Revenue +59.7% to RM331.9 million: Higher sales contribution across all three core divisions.
- PBT +21.8% to RM126.3 million: RE +9.6%, Stenta contribution, Hexachase +161%, and share of profit from joint ventures and associates.
- 9.1% sequential improvement in share of Edenor profit to RM4.3 million.
- RM1.0 million maiden share of profit from IST.
- PAT +18.7% to RM121.7 million.
- Net profit attributable to owners of Company +15.5% to RM100.8 million.

EARNINGS REVIEW - RENEWABLE ENERGY DIVISION

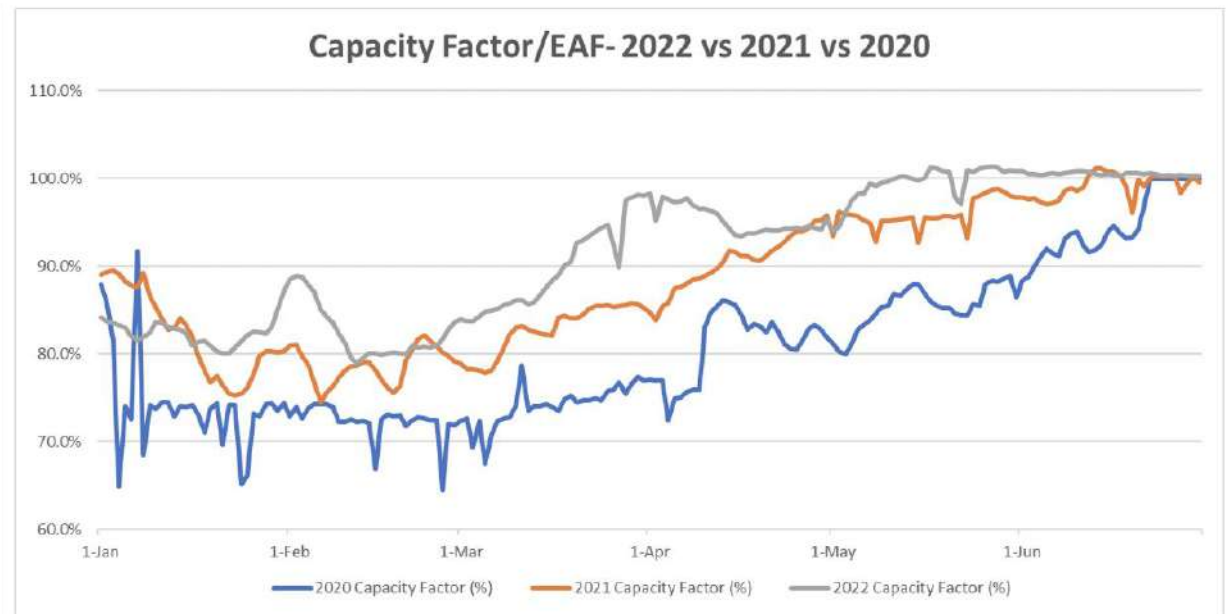
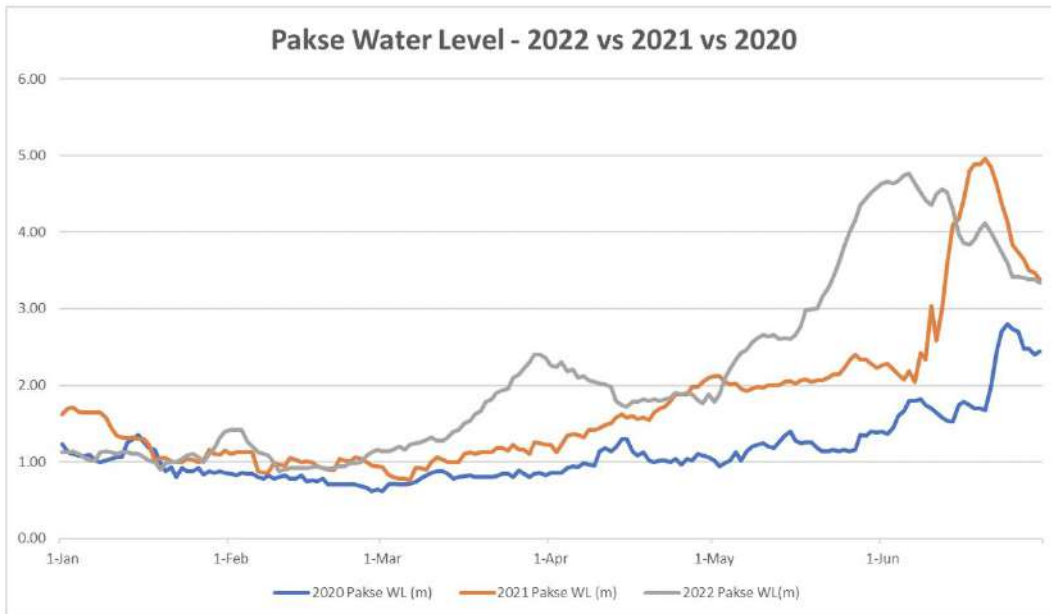
Renewable Energy Division										
(RM million)	2021					2022			Change	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total	YoY	QoQ
Revenue	114.2	138.2	134.9	146.6	533.9	125.4	151.5	276.9	9.6%	20.8%
PBT	78.2	98.7	98.8	109.9	385.6	83.0	108.1	191.1	9.5%	30.2%
PBT margin (%)	68.4	71.4	73.2	75.0	72.2	66.2	71.4	69.0	-0.1%	
EAF (%)	81.3	95.2	90.1	97.5	91.1	84.7	98.0	91.4	2.9%	15.7%
Average RM/USD rate	4.064	4.128	4.197	4.185	4.144	4.193	4.352	4.273	5.4%	3.8%

2Q2022 vs 2Q2021

- Revenue +9.6%: energy sales volume +3%, hydro tariff +1%, currency gain +5.4%.
- EAF improved on higher average water levels.
- Solar revenue RM1.5 million (2Q2021: RM1.1 million) on higher C&I solar capacity.
- PBT +9.5% on higher hydro energy income in Laos.

RENEWABLE ENERGY DIVISION - DON SAHONG

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



EARNINGS REVIEW - RESOURCES DIVISION

Resources Division										
(RM million)	2021					2022			Change	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total	YoY	QoQ
Revenue	44.6	35.5	31.5	43.3	154.9	45.3	49.9	95.2	40.6%	10.2%
PBT	6.0	4.4	1.9	4.4	16.7	5.3	3.8	9.1	-13.6%	-28.3%
PBT margin (%)	13.4	12.4	6.0	10.1	10.8	11.7	7.6	9.6		

2Q2022 vs 2Q2021

- Lime product sales volume +25.7%: recovery of both domestic and regional economic activities as we transitioned from Covid-19 pandemic to endemic phase.
- ASP +16.3%: progressive selling price adjustments to defray cost increases, especially fuel and energy.
- Average petcoke cost +75%.
- PBT -13.6%: higher losses sustained by non-lime business, higher repair and maintenance expenses, plus margins impacted by rising production and transport costs.

EARNINGS REVIEW - PACKAGING DIVISION

Packaging Division										
(RM million)	2021					2022			Change	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total	YoY	QoQ
Revenue	30.7	30.0	63.4	84.1	208.2	94.8	100.7	195.5	235.7%	6.2%
PBT	2.6	1.4	7.5	10.7	22.2	8.8	9.3	18.1	564.3%	5.7%
PBT margin (%)	8.5	4.7	11.8	12.7	10.7	9.3	9.2	9.3		

2Q2022 vs 2Q2021

- Revenue +236%: Hexachase +59.1% to RM47.7 million, Stenta RM53.0 million.
- Stronger demand for Hexachase paper bags and flexible packaging products from new and existing customers.
- Stenta's earnings contribution sequentially relatively stable since acquisition at end July 2021.
- PBT +564%: Stenta RM5.6 million and Hexachase +161% to RM3.7 million on higher revenue and production efficiency gains.

BALANCE SHEET REVIEW

Changes in Key Balance Sheet items				
	At 30.6.2022 (RM million)	At 31.12.2021 (RM million)	Changes (RM million)	Explanation
Service concession asset	1991.6	1922.3	69.3	RM110.8 mil translation gain, partially offset by RM41.5 mil amortisation charge.
PPE	478.2	410.4	67.8	RM82.6 mil CAPEX (see below), partially offset by RM14.9 mil depreciation charge.
ROU	150.8	129.3	21.5	RM25.1 mil land acquisitions by the Packaging and Resources Divisions for expansion, partially offset by RM3.9 mil depreciation charge.
Investment properties	165.2	165.2	0.0	
Inventories (non-current)	43.4	43.4	0.0	
Investment in quoted shares	138.5	200.1	-61.6	Mark to market fair value loss.
Investment in JVs and associates	166.9	146.0	20.9	RM11.5 mil additional equity investment and share of profit for the period.
Inventories (current)	155.2	128.9	26.4	Higher revenue base of the Group's manufacturing activities.
Receivables	378.7	408.7	-30.0	Improved trade receivable collection from EDL, partially offset by higher receivable in the Packaging Division.
Deferred tax liabilities	124.5	119.5	5.0	Translation loss from the strengthening of the US Dollar against Ringgit Malaysia.
Payables (current)	156.1	118.5	37.5	Higher production volume.
Shareholder Equity	2568.7	2393.1	176.6	
Net Assets per share (RM)	2.72	2.53	0.19	
CAPEX comprised mainly: a) RM24.6 mil capacity expansion in Packaging b) RM6.1 mil on Plantation development c) RM50.7 mil by RE Division mainly for 5th turbine expansion and C&I solar projects				

CASH FLOW REVIEW

Cash Flow Analysis		
	6 Months Period Ended	
	30.6.2022 (RM mil)	30.6.2021 (RM mil)
After tax cash from operating activities	330.2	274.4
Net cash inflow from non-operating investment activities	7.8	4.8
New capital from minority of subsidiary	2.0	3.5
Total cash made available to the Group	340.0	282.7
Investing Activities		
Investment in joint ventures and associates	-11.5	0
Capex	-61.0	-60.7
Don Sahong Hydropower Project + expansion	-46.7	-18.2
Total Investment	-119.2	-78.9
Financing Activities		
Dividends paid	-33.1	-30.8
Finance costs paid	-13.8	-12.6
Purchase of treasury shares	-0.4	0
Total Distribution	-47.3	-43.4
Net cash flow retained by the Group	173.5	160.4
Effects of forex and others	19.4	15.5
Change in Net Cash/(Debt) of the Group	154.1	144.9
Net Cash/(Debt):		
- At beginning of period	-520.2	-564.3
- At end of period	-366.1	-419.4
- Change	154.1	144.9

GEARING POSITION

Gearing Position				
	At 30.6.2022 (RM mil)	At 31.12.2021 (RM mil)	At 31.12.2020 (RM mil)	At 31.12.2019 (RM mil)
Total Cash	413.5	257.6	93.6	91.0
Total Debt	-779.6	-777.9	-657.9	-746.1
Net Debt	-366.1	-520.2	-564.3	-655.1
Equity	2,966.8	2,739.6	2,165.6	1,711.9
Net Debt/Equity Ratio	12.3%	19.0%	26.1%	38.3%

EDENOR TECHNOLOGY JV

Summarised Profit and Loss			
	1Q2022	2Q2022	1H2022
Sales volume ('000 MT)	37.9	41.0	78.9
	(RM mil)	(RM mil)	(RM mil)
Revenue	313.2	401.7	714.9
PAT	8.7	9.9	18.6
PAT after MI	7.8	8.9	16.7

Summarised Balance Sheet		
	At 31.12.2021	At 30.6.2022
	(RM mil)	(RM mil)
Total Assets	923	1,011
Total Liabilities	598	676
Total Equity	325	335

OTHER UPDATES

➤ **Resumption of Serudong Power operations**

- Operations were recommenced to facilitate future sale of the subsidiary.
- All associated costs are borne by 3rd party investors.
- Achieved COD in May 2022.
- RM24.4 million revenue in 2Q2022 presented under “Investment Holding & Others”.
- No significant profit or loss impact to Group.
- Operational economic benefit/loss to accrue to 3rd party Preference Share holders.

➤ **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 **next case management date on 27 September 2022.**

PROSPECTS FOR 2H2022

➤ Key challenges in 2H2022:

- Heightened recession risk;
- Intensifying competition due to slowing consumption demand;
- Rising petcoke fuel costs;
- Tight labour market.

- The Group navigates this challenging environment by exercising prudence, proactiveness and decisiveness in all management decisions.
- Excluding RM125.1 million one-off bargain gain in 4Q2021, **we expect 2H2022 earnings to register healthy year-on-year growth**, driven primarily by expected improved earnings performance of Renewable Energy and share of profit contributions from joint ventures and associates.

PROSPECTS FOR 2H2022 (CONT'D)

Renewable Energy Division

- Annual turbine maintenance to push back several months from Aug/Sep to Feb next year on EDL request.
- Rescheduling of maintenance expected to raise EAF by 4.2% to 98% in 2H2022.
- Continued weakness in RM means higher translated RM earnings. USD rate today of RM4.46 is 6.4% stronger than average RM4.19 in 2H2021.
- Energy tariff +1% to 6.27 US cents on 1 Oct 2022.
- Fed rate hikes expected to add US\$1.2 million or RM5.4 million interest expense in 2H2022. At 1 Aug 2022, outstanding loan stood at US\$108 million.
- Construction of 5th turbine progressing on schedule. Target completion unchanged in 3Q2024.
- Lao's financial situation not expected to significantly affect trade receivable collection from EDL.
- Solar energy earnings to improve progressively in 2H2022 and thereafter in tandem with the Group's expanding C&I solar portfolio.

PROSPECTS FOR 2H2022 (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

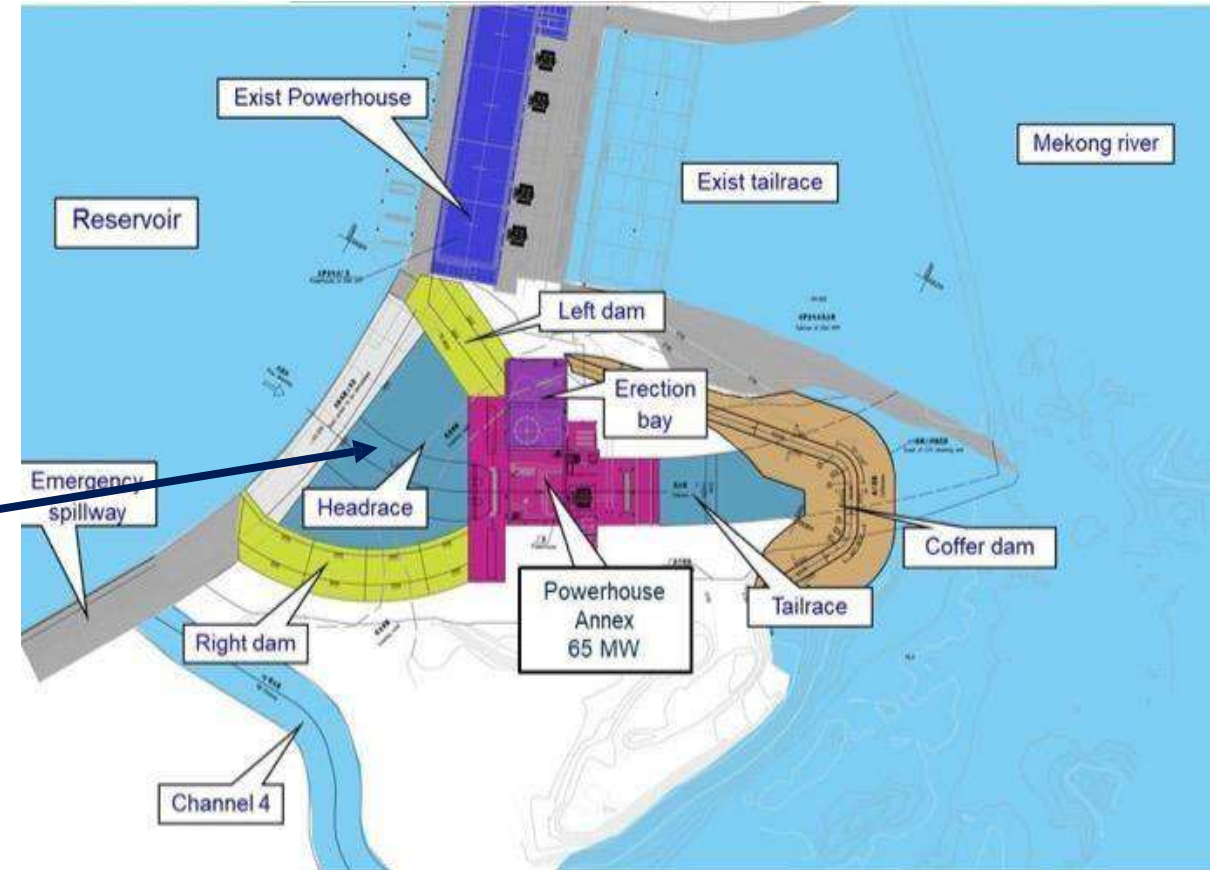
Solar: 42 MW

RENEWABLE ENERGY DIVISION - EXPANSION

Renewable Energy Projects On Hand

- 65 MW 5th 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%.
- C&I solar projects secured:
 - 6.3 MW to come onstream by Sep 2022.
 - 20.7 MW to be progressively completed over 24 months.
- Plan to add 15-20MW C&I projects a year.

RENEWABLE ENERGY DIVISION - 5TH TURBINE CONSTRUCTION PROGRESS



RENEWABLE ENERGY DIVISION - 5TH TURBINE CONSTRUCTION PROGRESS



RENEWABLE ENERGY DIVISION - 5TH TURBINE CONSTRUCTION PROGRESS



PROSPECTS FOR 2H2022 (CONT'D)

Resources Division

- Challenges faced in 1H2022 to continue into 2H2022.
- Continuous review of pricing strategy and customer allocation to defray cost increases while defending sales volume.
- Expects 2H2022 performance to be largely in line with 1H2022.

PROSPECTS FOR 2H2022 (CONT'D)

Packaging Division

- Aggressive monetary tightening through successive interest rate hikes led by Fed is expected to dampen consumption demand in 2H2022.
- Hexachase to continue recording robust year-on-year growth rate in 2H2022.
- But we now expect lower sequential growth due to slowing demand, especially in the US, and a tight labour market.
- Raw material prices have either stabilised or moderated.
- However, intensifying competition (due to slowing demand) and higher cost base (due to recent capacity expansion) may exert pressure on overall margin in 2H2022.
- Hexachase: new factory on 10.4 acre land in Melaka progressing as planned. However, we now expect building completion to push back slightly to 3Q2023 (from 2Q2023).
- Stenta: new factory on 6.7 acre land in Bangi proceeding as planned. Target completion of building unchanged in June 2023.

PROSPECTS FOR 2H2022 (CONT'D)

Joint Venture and Associates

➤ **Edenor Technology Group (equity interest: 50%)**

- Recorded two quarters of profit after turning around at beginning of year.
- Near term challenges: heightened global recession risk, feedstock price volatility, Indonesia's export tax structure.
- Medium term strategy to raise profitability:
 - (i) Progressive manufacturing process improvements and debottlenecking;
 - (ii) Continuous cost structure improvement;
 - (iii) Increase production reliability, reduce downtime, maximise capacity utilization;
 - (iv) Increase product offering;
 - (v) Build customer loyalty by offering superior quality products.

➤ **IST Group (equity interest: 28.83%)**

- Maiden share of profit of RM1.0 million in 2Q2022.
- Expect sustainable profit contribution in 2H2022 on strong order book.

(Remaining Slides for Reference - Updated)

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

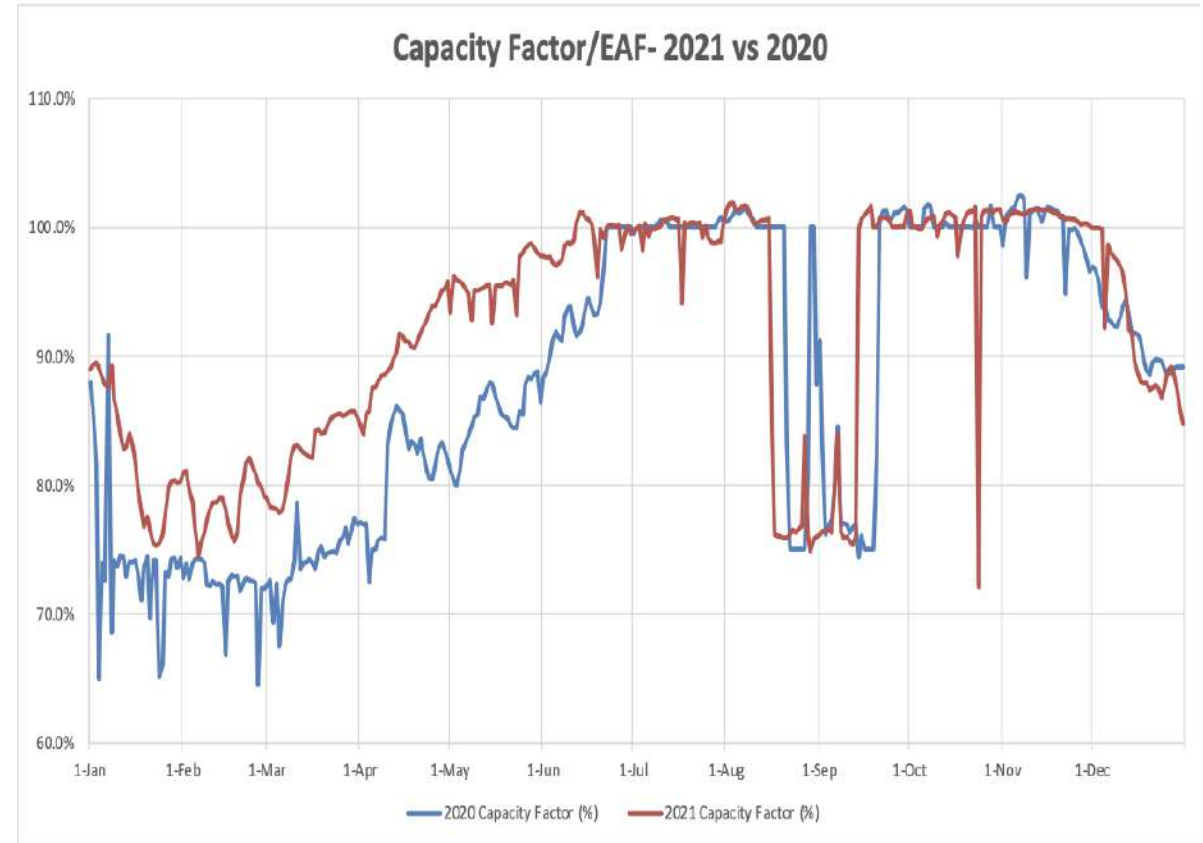
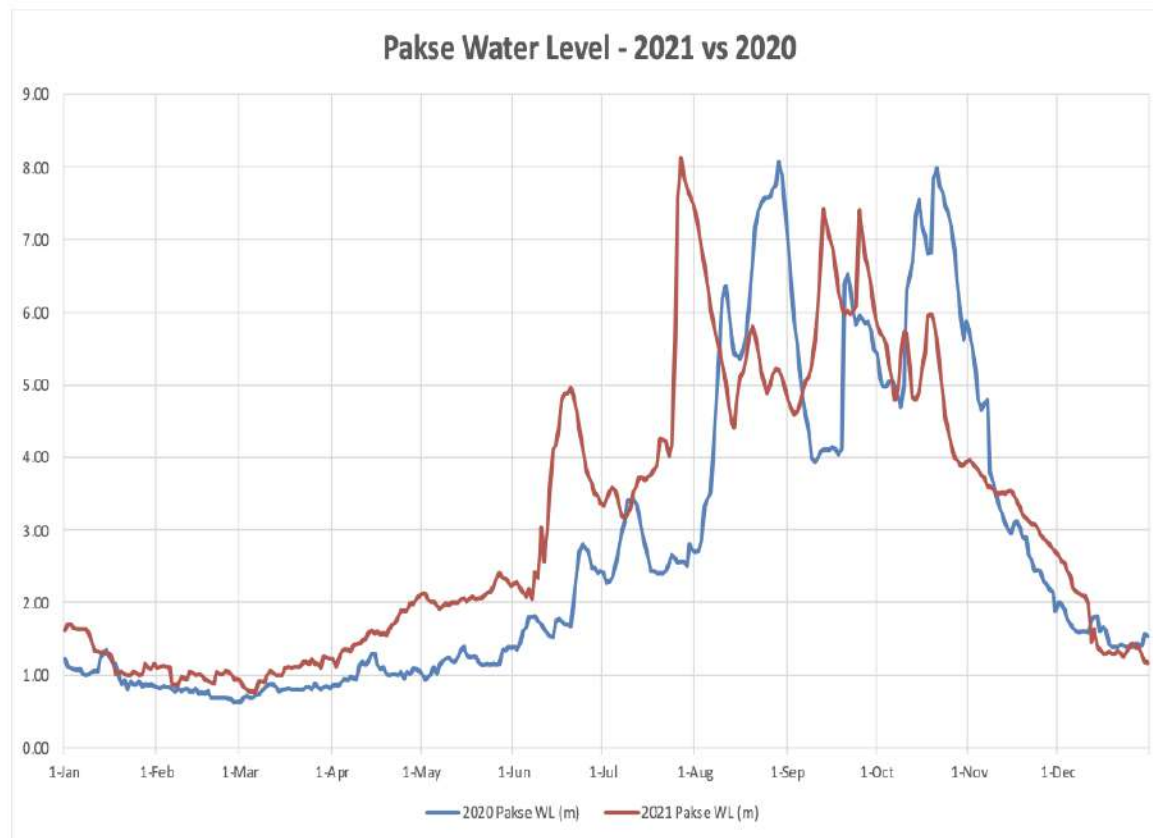


RENEWABLE ENERGY DIVISION - CURRENT PORTFOLIO



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 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	1H2022 (RM'000)
Revenue						
- Energy	-	-	35,086	510,214	533,864	276,884
- Construction	645,441	656,228	435,289	-	-	-
	645,441	656,228	470,375	510,214	533,864	276,884
Profit before tax						
- Energy	-	-	24,976	372,086	385,585	191,080
- Construction	172,795	177,058	157,506	-	-	-
	172,795	177,058	182,482	372,086	385,585	191,080

RENEWABLE ENERGY DIVISION - STRATEGY & STRENGTH

Strategy

- Leveraging current strong and stable cashflow of approx. RM500 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 → 12.3% net gearing as at 30 June 2022.
- Strong cashflow from existing RE portfolio → approx. RM500 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 packaging products, 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



Super Combi 5000

New Super Combi 5000 Lamination Machine



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**



**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 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	1H2022 (RM'000)
Revenue	51,211	57,433	68,427	97,775	208,217	195,521
Profit before tax	740	(4)	(501)	9,461	22,219	18,159

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.
- 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 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	1H2022 (RM'000)
Revenue	119,945	142,249	143,624	142,819	154,880	95,236
Profit before tax	19,295	18,606	16,460	18,766	16,725	9,099



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

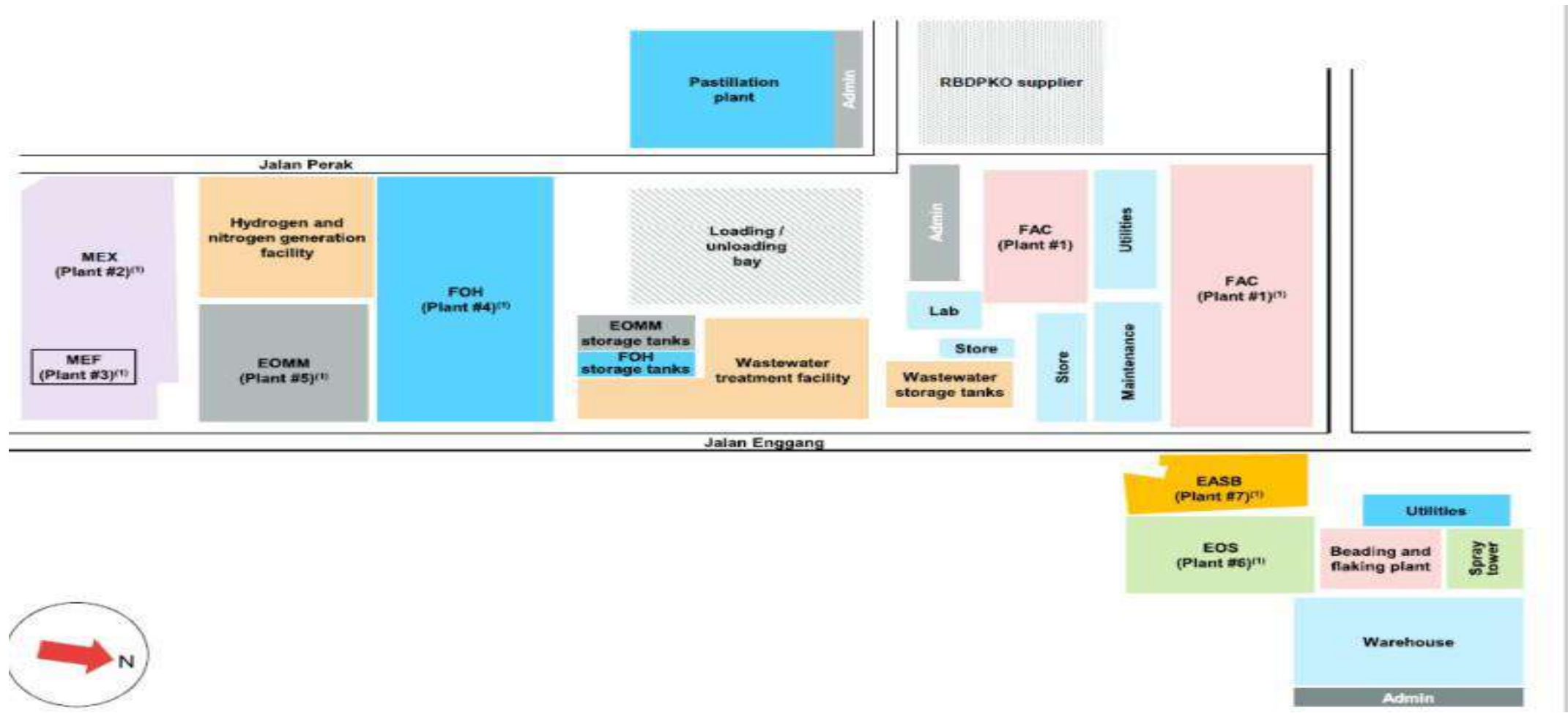
Emery's Asia Pacific business

- 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 30 June 2022: RM106 mil (including land cost)

2) Land

- 50-year concession on 6,428 hectares.
- Est. plantable area: 4,500 hectares
- Cumulative area planted as at 30 June 2022: 2,200 hectares
 - (i) Coconut: 1,876 Ha
 - (ii) Macadamia: 320 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 6,428 hectares situated in 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

Main Nursery





THANK YOU