



MFCB

MEGA FIRST CORPORATION BERHAD
3Q 2021 RESULTS BRIEFING

19 NOVEMBER 2021

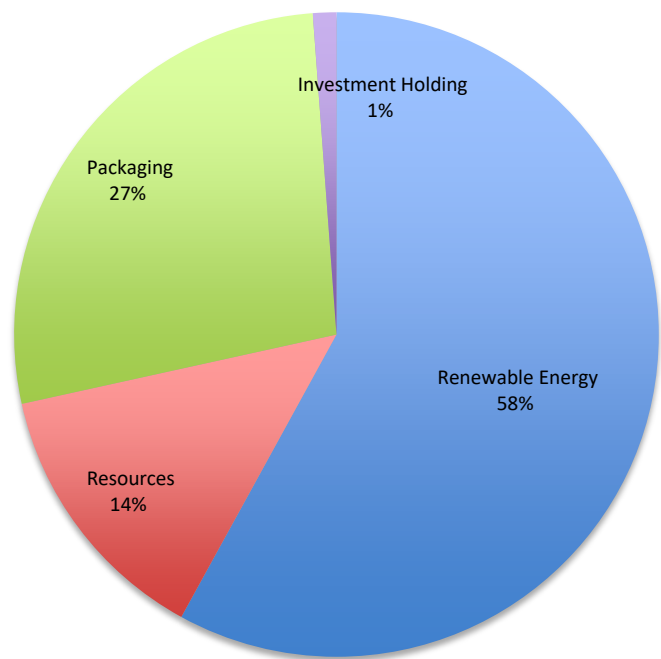
Yeow See Yuen

AGENDA

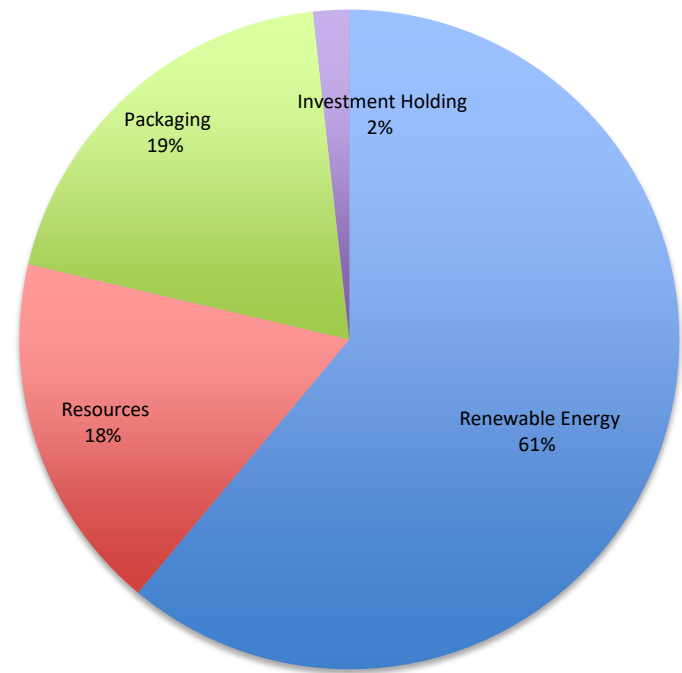
1. Results Overview
2. Results review and Prospects by Division
 - A. Renewable Energy Division
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6. Gearing Position
7. Plantation update
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9. Update on acquisition of Emery Asia Pacific business by 50:50 JV Company, Edenor Technology

RESULTS OVERVIEW

Revenue - 3Q2021 (RM232.5 million)

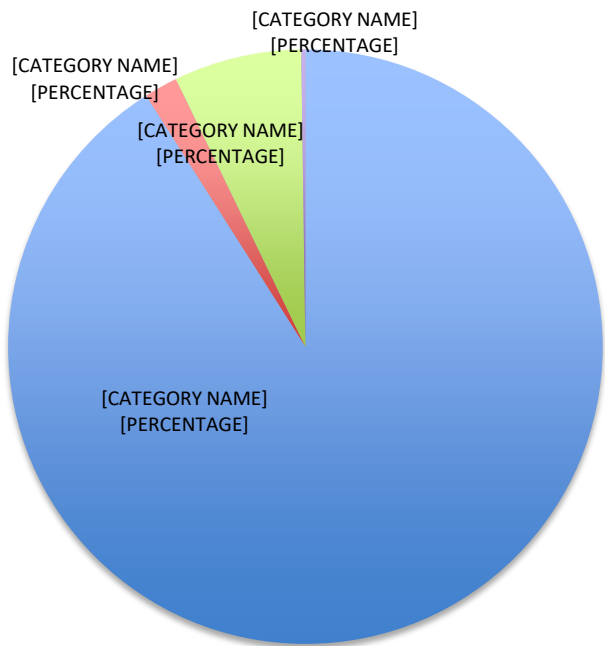


Revenue – 9M2021 (RM634.1 million)

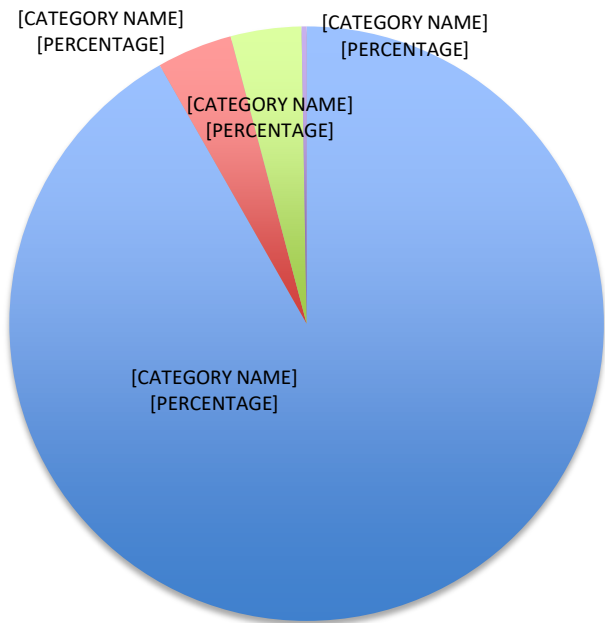


RESULTS OVERVIEW (CONT'D)

PBT – 3Q2021 (RM108.1 million)



PBT – 9M2021 (RM298.8 million)



RESULTS OVERVIEW (CONT'D)

	3Q2021 RM'000	3Q2020 RM'000	% change	9M2021 RM'000	9M2020 RM'000	% change
Continuing Operations						
Revenue						
Renewable Energy	134,835	137,518	-2%	387,223	371,206	4%
Resources	31,509	41,066	-23%	111,551	102,159	9%
Packaging	63,418	28,113	126%	124,112	68,970	80%
Sub-total	229,762	206,697	11%	622,886	542,335	15%
Investment holding & others	2,735	4,516	-39%	11,168	10,820	3%
Total Revenue	232,497	211,213	10%	634,054	553,155	15%
PBT						
Renewable Energy	98,853	102,356	-3%	275,684	260,712	6%
Resources	1,979	7,059	-72%	12,340	13,320	-7%
Packaging	7,550	3,499	116%	11,548	5,637	105%
Sub-total	108,382	112,914	-4%	299,572	279,669	7%
Investment holding & others	(242)	(3,883)	94%	(822)	(6,810)	-88%
Total PBT	108,140	109,031	-1%	298,750	272,859	9%
Income Tax	(2,026)	(1,277)	-59%	(4,360)	(4,524)	-4%
PAT	106,114	107,754	2%	294,390	268,335	10%
Discontinued operations						
PAT	(149)	846	-118%	(307)	81	-479%
Profit after tax for the period	105,965	108,600	2%	294,083	268,416	10%
PAT attributable to owners of Company						
- Continuing operations	88,934	90,432	-2%	249,661	228,178	9%
- Discontinued operations	(71)	(928)	-92%	(137)	60	-328%
	88,863	89,504	-1%	249,524	228,238	9%

RENEWABLE ENERGY DIVISION

Renewable Energy Division												
(RM million)	2021				2020				YoY Change			
	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M
Revenue	114.2	138.2	134.8	387.2	103.3	130.4	137.5	371.2	10.6%	5.9%	-2.0%	4.3%
PBT	78.2	98.7	98.8	275.7	64.7	93.7	102.3	260.7	20.9%	5.3%	-3.4%	5.8%
EAF (%)	81.2	95.2	90.1	88.8	70.7	86.7	92.5	83.3	10.5%	8.5%	-2.4%	5.5%
Average RM/USD Rate	4.064	4.128	4.194	4.130	4.180	4.323	4.207	4.235	-2.8%	-4.5%	-0.3%	-2.5%

3Q2021 vs 3Q2020

- Revenue -2.0% to RM134.8 million attributable to 2.4% decline in EAF to 90.1%.
- Solar revenue was RM1.4 million on full-quarter contribution of 14.5 MW C&I rooftop solar projects. PBT contribution was RM0.4 million.
- EAF declined due to slightly longer maintenance days in Aug and Sep as the plant enters its second year of operation.
- PBT -3.4% on lower hydropower revenue.

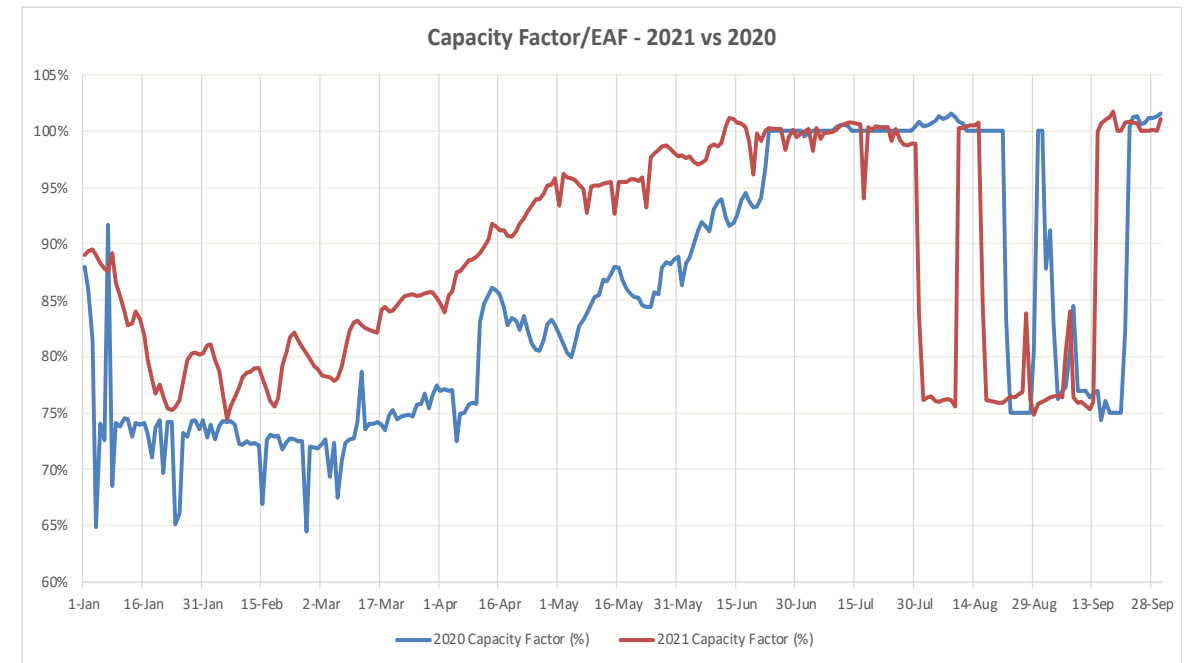
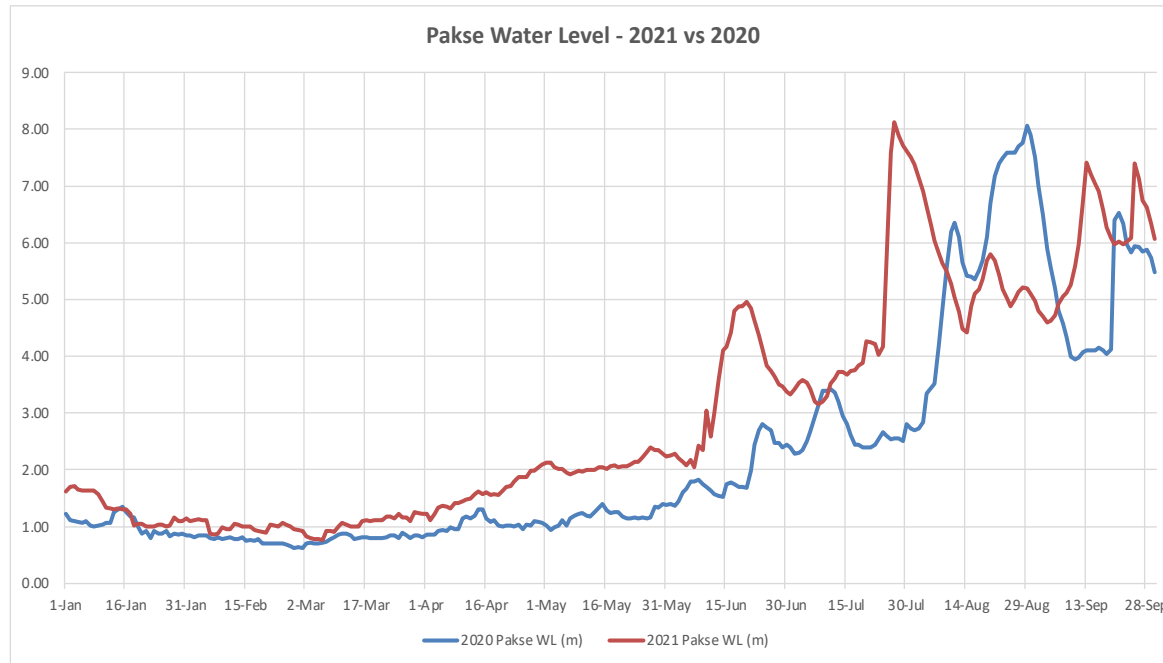
RENEWABLE ENERGY DIVISION (CONT'D)

9M2021 vs 9M2020

- Revenue +4.3% to RM387.2 million due to 0.5% increase in EAF to 88.8%.
- Solar revenue was RM2.6 million (9M2020: RM0.1 million). PBT contribution was RM0.6 million.
- Higher rainfall and water level during the dry season, earlier onset of wet season in 2Q2021, and improved mode of operation boosted overall EAF despite the longer annual maintenance days in Aug and Sep.
- PBT +5.8% to RM275.7 million on higher energy sales and lower net finance charges.

RENEWABLE ENERGY DIVISION (CONT'D)

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



RENEWABLE ENERGY DIVISION (CONT'D)

C&I Solar Investment Achievements in 9M 2021

Commissioned 12MWp solar photovoltaic plant, including 9MW solar carport which is the largest under Net Energy Metering Scheme in Malaysia



Received LOA from a local university for the installation of a 3.7MWp solar system.

3 May

18 May

20 May

31 May

Energisation of 1st overseas 1MWp solar PV plant at Phnom Penh, Cambodia.



Signed PPA with a Public Utility to install solar system with total capacity of **6.4MWp** at the latter's 16 plants, located across Selangor, KL, Putrajaya and Penang. Scheduled commercial operation for all sites expected to occur before end of Mar 2022.

RENEWABLE ENERGY DIVISION (CONT'D)

Prospects

- 4Q2021 EAF should rebound sequentially to levels similar to 4Q2020 (95,5%).
- Overall 2021 EAF will be higher than 86.4% in 2020.
- **Construction of 5th turbine will likely commence by end 2021 and is expected to complete by 3Q2024.**
- Solar energy sales is expected to improve further with the progressive completion of an additional 6.3 MW C&I rooftop project for a public utility company in 4Q2021 and 1Q2022. This would bring the total installed solar capacity to 20.8 MW by the end of 1Q2022.
- **Management hopes to secure another 10-15MW C&I rooftop projects over the next 6 months to build the Group's solar portfolio.**

RENEWABLE ENERGY DIVISION (CONT'D)



RENEWABLE ENERGY DIVISION (CONT'D)



RESOURCES DIVISION

Resource Division												
(RM million)	2021				2020				YoY Change			
	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M
Revenue	44.6	35.5	31.5	111.6	34.5	26.6	41.1	102.2	29.3%	33.3%	-23.4%	9.2%
PBT	6.0	4.4	2.00	12.4	4.3	2.0	7.1	13.4	39.6%	122%	-71.8%	-7.5%

3Q2021 vs 3Q2020

- Revenue fell 23.3% mainly due to a 40.4% contraction in export sales.
- Export sales were adversely affected by maintenance shut down by a key customer and sharp increases in freight rates which severely eroded price competitiveness in certain key export markets.
- The average selling price was 3.4% higher due to upward price adjustments in response to higher input costs.
- PBT declined 70% on weaker export demand, higher costs due to lower plant utilisation and significantly higher fuel, freight and packaging costs.

RESOURCES DIVISION (CONT'D)

9M2021 vs 9M2020

- Revenue grew 9.2% due to 19.7% increase in domestic sales while export sales declined 1%.
- The impact of MCO measures on domestic sales was less severe in the current period compared to last year.
- Export sales were adversely affected by escalating freight rates especially in the current quarter which eroded the price competitiveness in several key export markets.
- Stable year-on-year ASP for lime products.
- PBT however fell 7.4% to RM12.3 million due to escalating fuel costs and freight charges.

RESOURCES DIVISION (CONT'D)

Prospects

- Sales volume is expected to improve sequentially in 4Q.
- With the resumption of economic activities in Malaysia, domestic sales will register a gradual recovery.
- Export sales are expected to stage a strong recovery following the completion of maintenance works by a key export customer and diversion of some export volume adversely affected by high freight rates to other regional markets.
- Margin pressure arising from higher fuel and logistic costs is expected to ease in the final quarter following some selling price adjustments and projected efficiency gains from higher sales and production volume.
- Sales and profitability should recover sequentially in 4Q.

RESOURCES DIVISION (CONT'D)



PACKAGING DIVISION

Packaging Division												
(RM million)	2021				2020				YoY Change			
	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M
Revenue	30.7	30.0	63.4	124.1	19.2	21.6	28.1	68.9	59.9%	38.9%	125.6%	80.1%
PBT	2.6	1.4	7.6	11.6	0.5	1.7	3.5	5.7	420.0%	-17.6%	117.1%	103.5%

3Q2021 vs 3Q2020

- Revenue +126% due to 2-month contribution from Stenta. Excluding Stenta, the Hexachase Group's revenue registered single digit growth. The revenue growth rate of Hexachase in the current quarter was adversely affected by Covid-related plant shutdown by several key domestic customers.
- PBT increased 116% due to Stenta's maiden contribution. Excluding Stenta's contribution, PBT declined 28% due to sharp increase in material costs.

9M2021 vs 9M2020

- Revenue +80.0% spurred by maiden 2-month consolidation of Stenta and 31.1% growth in Hexachase Group's revenue.
- PBT more than doubled due to Stenta's contribution. Excluding Stenta, PBT grew 8.5%. Margin of the Hexachase Group was negatively impacted by higher raw material costs and the competitive nature of the converting business.

PACKAGING DIVISION (CONT'D)

Prospects

- Performance in 4Q will be lifted by full-quarter contribution from Stenta (versus two months in 3Q2021; nil in 4Q2020).
- Domestic sales of existing packaging products to improve with resumption of economic activities in Malaysia.
- Export sales to continue to face challenges from container shortages and exorbitant shipping costs.
- Margins are expected to remain under pressure from high raw material costs and freight charges, albeit mitigated by progressive selling price adjustments.
- Record revenue and profits in 2021, underpinned by 5-month consolidation of Stenta's earnings and continued earnings improvements in Hexachase.
- Hexachase is on target to complete its on-going capacity expansion before the end of the year.
- **Management has decided to proceed with the planned construction of a new factory on the recently acquired 10.4 acre land in 2022.**
- **Stenta plans to expand production capacities as sales and production volume has almost reached its full capacity.**

PACKAGING DIVISION (CONT'D)



PACKAGING DIVISION (CONT'D)



PACKAGING DIVISION (CONT'D)



PACKAGING DIVISION (CONT'D)



PACKAGING DIVISION (CONT'D)



Plain Film



Heat Sealable Film



Pearlescent White Film



PE Easy Peel Film



Tobacco Film



Straw Film



PE Easy Tear Film



Matte Film



PE Sealant Film

PACKAGING DIVISION (CONT'D)



BALANCE SHEET REVIEW

Changes in Key Balance Sheet Items				
	As at 30.9.2021 (RM million)	As at 31.12.2020 (RM million)	Change RM'000	Explanation
Intangible asset	1,953	1,932	21	RM80.9 MIL translation gain, less RM60.2 MIL amortisation
PPE & ROU assets	531	355	176	Consolidation of Stenta (RM110.5 MIL), Capex RM83 MIL(see below), translation gain (RM2.2MIL) less depreciation RM19.3 MIL
Investment properties	177	177	-	No movement
Inventories (non-current)	43	43	-	No movement
Investment in quoted shares	200	99	101	Fair value gain
Inventories (current)	123	62	61	Consolidation of Stenta (RM33.2 MIL), higher inventory holdings by the Resources, Packaging and Plantation divisions, partly due to unit price increases
Receivables	316	307	9	Consolidation of Stenta (RM38.2 MIL), offset by improved trade receivables collection from EDL and Resources Division. EDL trade receivables turnover approx 4 months
Deferred tax liabilities	106	101	5	Consolidation of Stenta
Payables (current)	148	126	22	Dividend accrual payable to shareholders of MFCB (RM30.8MIL), and consolidation of Stenta (RM18MIL), partially offset by settlement of Don Sahong EPCC contractor (RM31.4MIL)
Note:				
Main Capex				
(a) RM39.4 MIL Packaging Divison;				
(b) RM27.4 MIL C&I Solar Projectes;				
(c) RM10.7 MIL Plantation Development				

CASH FLOW ANALYSIS

Cash Flow Analysis			
	9-month ended 30-Sep-21 (RM million)	9-month ended 30-Sep-20 (RM million)	Change (RM million)
After-tax cash from Operating Activities	422.7	250.3	172.4
New capital raised			
- ESOS and Warrants conversion	-	124.0	(124.0)
-Share Issued to minority of subsidiaries	3.5	-	3.5
Total Cash made available to the Group	426.2	374.3	51.9
Investing Activities			
Acquisition of additional interest in a subsidiary	(124.3)	-	(124.3)
Investment in joint venture and associate	(20.0)	-	(20.0)
Capex - Don Sahong	(31.4)	(163.3)	131.9
Capex - Others	(72.9)	(41.2)	(31.7)
Net cash from other investing activities	8.4	5.9	2.5
Total employed for investing activities	(240.2)	(198.6)	(41.6)
Net Cash Flow before distribution to stakeholders	186.0	175.7	104.3
Dividends paid to MFCB shareholders	(61.6)	(28.4)	(33.2)
Finance costs paid to Lenders	(15.3)	(17.0)	1.7
Net (repayment)/drawdown of borrowings	34.1	(85.4)	119.5
Net Cash Flow retained by the Group	143.2	44.9	98.3
Translation (Loss) / Gain on USD loans	3.6	(1.2)	4.8
Net Cash Flow retained by the Group after Forex	146.8	43.7	103.1

GEARING POSITION

MFCB Group Net Gearing			
	As at 30.9.2021	As at 31.12.2020	Change
	(RM million)	(RM million)	(RM million)
Total Cash	241.7	93.6	148.1
Total Debt	(753.1)	(657.9)	(95.2)
Net Debt	(511.5)	(564.3)	52.8
Equity	2,540.1	2,165.6	374.5
Net Debt / Equity Ratio	20.1%	26.1%	

PLANTATION UPDATE

1) Background

- Main crops: coconuts & macadamia
- Cumulative investment as at 30 Sep 2021: RM90.6 mil (including land cost)

2) Land

- 50-year concession on 6,428 hectares
- Est. plantable area: 4,500 hectares
- Cumulative area planted as at 31 Oct 2021: 2,000 hectares

3) Plans

- Planned planting in 2022: 500 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



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



PLANTATION UPDATE



PLANTATION UPDATE



PLANTATION UPDATE



PLANTATION UPDATE



BUDGET 2022 – DISCUSSION ON IMPACT TO MFCB

A. “Cukai Makmur”

This is a special one-off tax for Malaysian companies for YA2022. The first RM100 million of taxable earnings will be taxed at 24% while the remainder will be taxed at 33%.

Preliminary impact assessment: None.

B. “Foreign Source Income (FSI)”

FSI received in Malaysia from 1 Jan 2022 until 30 June 2022 (transition period) will be taxed at 3% on a gross basis. FSI received in Malaysia from 1 July 2022 onwards would be subject to tax based on the prevailing income tax rate (currently 24%).

Preliminary impact assessment

1. Dividends repatriated from overseas subsidiaries on and after 1 January 2022 will be subject to income tax.
2. Availability of DTA relief.
2. Management is still in the midst of engagement with tax consultants and lawyers on **available options**.

Short term mitigating measures:

1. Maximise dividend repatriation before the end of 2021.
2. Minimise future dividend repatriation from overseas subsidiaries on **“need-to”** basis.

INVESTMENT IN EDENOR TECHNOLOGY SDN BHD

Acquisition of Emery Asia Pacific business by 50:50 JV Company, Edenor Technology

1. Acquisition was completed on 1 November 2021 at an Initial Purchase Price of RM38 million.
2. No utilisation of MFCB's RM255 million standby credit facilities after existing lenders of Emery gave consent for a change in control.
3. Potential one-off income recognition in 4Q2021 from "Unallocated Bargain Difference" as "Share of Profit from Joint Venture".
4. Initial Purchase Price of RM38 million subject to adjustment after external audit of financial position as at 31 October 2021.
5. Full set of new management team in place.
6. Major cultural and operational transformation underway.

INVESTMENT IN EDENOR TECHNOLOGY SDN BHD





THANK YOU