



Megachem[®]

Analyst Briefing
Results Presentation 1H 2016



Financial Performance

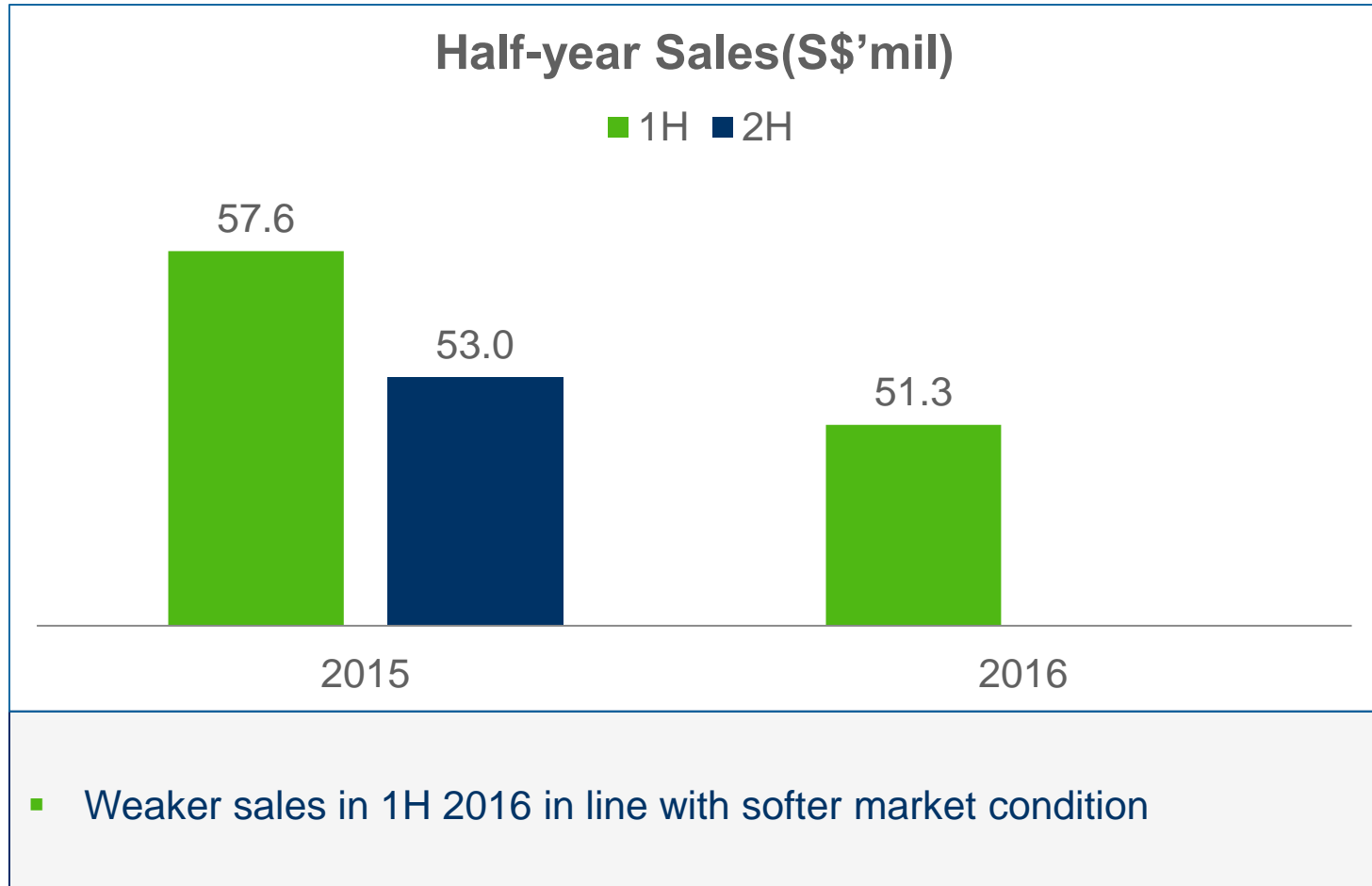
- Volatile 1st half in 2016
- China's growth weakened
- Fear over pace of US interest rate hike
- 24 June 2016 – Brexit referendum

=> Weaker performance in 1H 2016 for Megachem



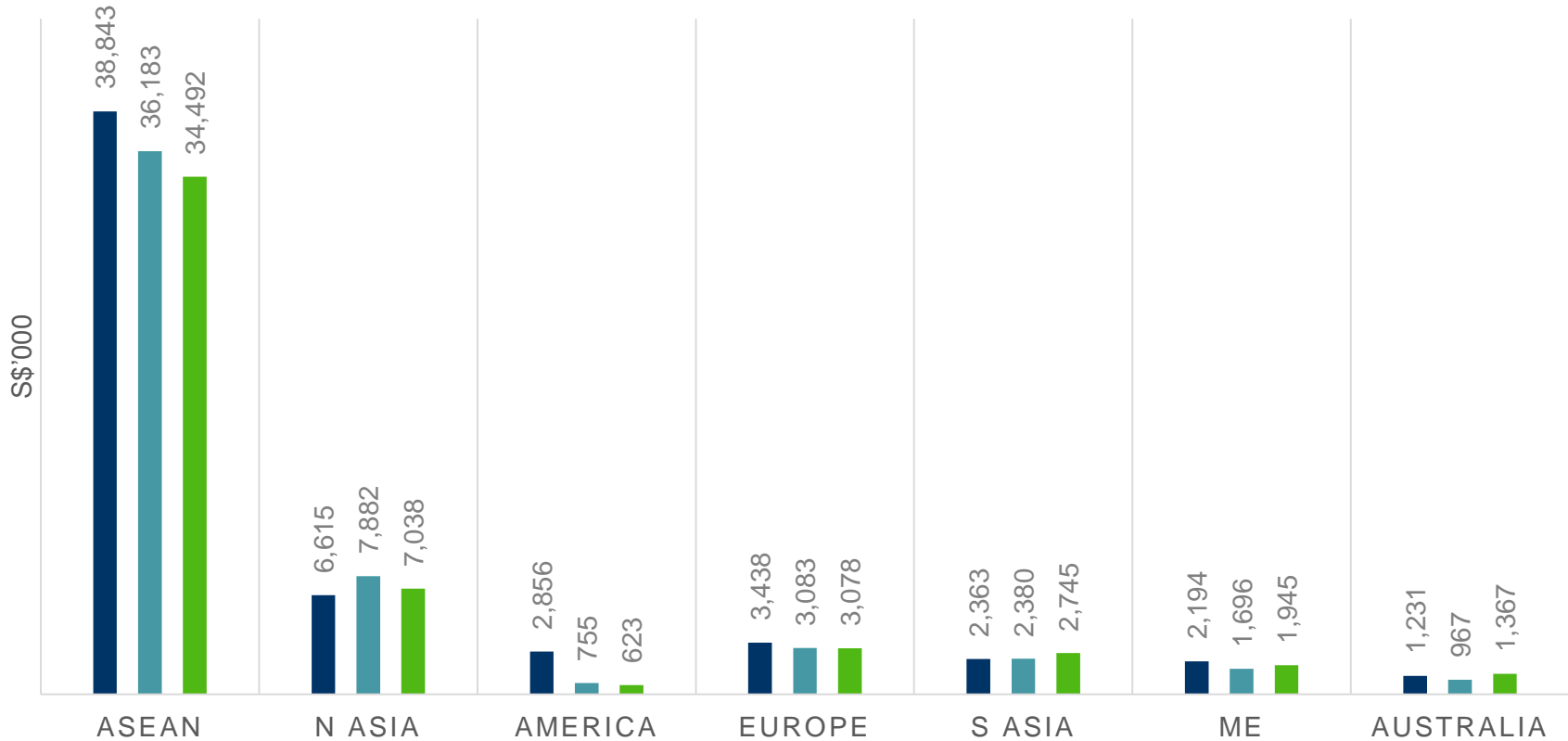
Profit & Loss Statement

S\$'mil	1H 15	2H 15	1H 16	1H16 vs 1H15	Var %	1H16 vs 2H15	Var %
Sales	57.6	53.0	51.3	-6.3	-10.9%	-1.7	-3.2%
Gross Profit	12.8	12.6	12.8	-	0.3%	0.3	2.0%
Gross Profit Margin	22.2%	23.7%	25.0%	2.8% pt	na	1.3% pt	na
Expenses	11.3	10.9	11.6	0.3	2.9%	0.7	6.7%
Expenses/Sales %	19.6%	20.6%	22.6%	3.0% pt	na	2.0% pt	na
Other Income	0.2	0.1	0.3	0.1	55.6%	0.2	241.9%
Share of Assoc Profit	0.31	0.59	0.28	-0.03	-10.3%	-0.3	-52.0%
NPBT	2.0	2.4	1.8	-0.2	-10.4%	-0.6	-23.6%
NPAT	1.5	1.8	0.9	-0.6	-38.3%	-0.9	-48.6%
NPAT margin %	2.6%	3.4%	1.8%	-0.8% pt	na	-1.6% pt	na
EBITDA	3.0	3.4	2.8	-0.2	-7.7%	-0.6	-16.5%
EBITDA Margin %	5.3%	6.3%	5.5%	0.2% pt	na	-0.8% pt	na
ROE %	6.4%	7.7%	3.8%	-2.6% pt	na	-3.9% pt	na
EPS	1.00	1.22	0.59	-0.41	-41.0%	-0.63	-51.6%



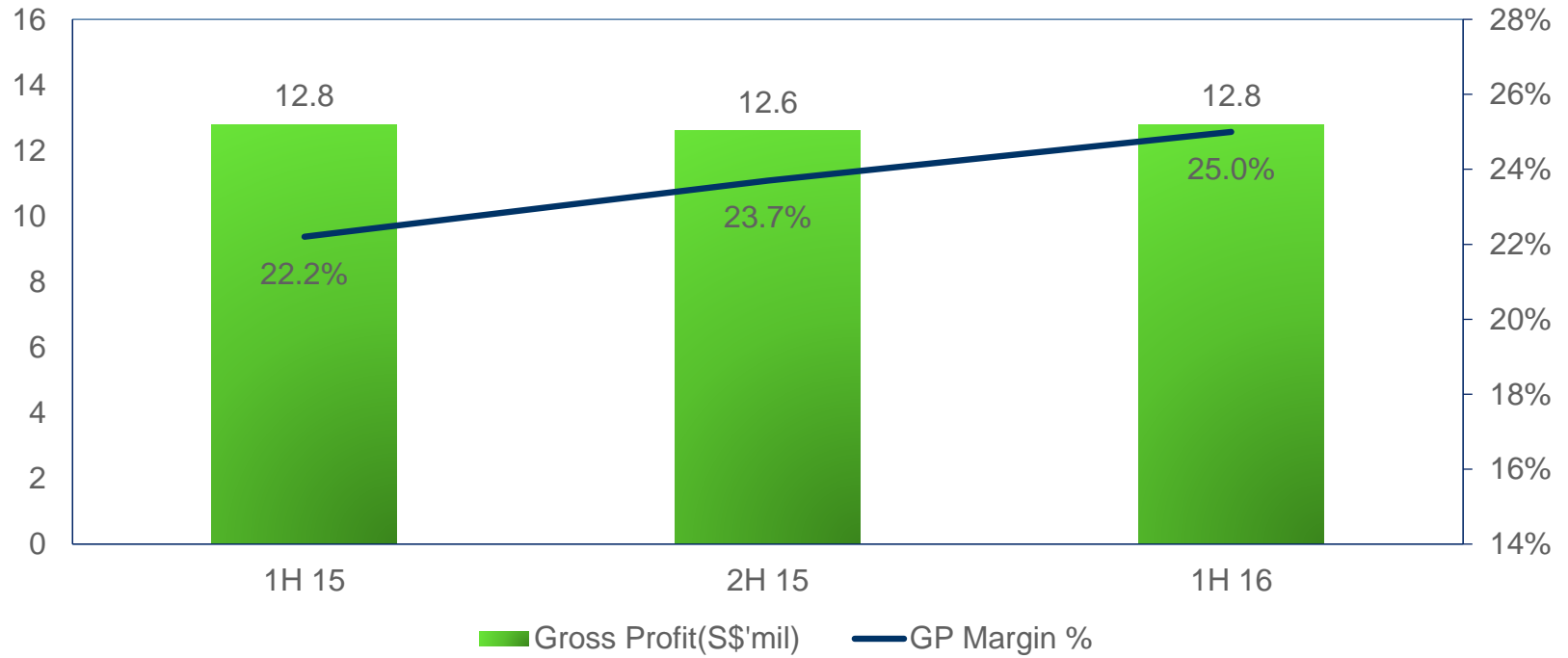
Sales by Geographic Markets

■ 1H 15 ■ 2H 15 ■ 1H 16



- 1H 16 vs 1H 15 : Fall in sales seen mostly in ASEAN and America

Gross Profit



■ Higher GP margins in 1H 16 offset effects of lower sales

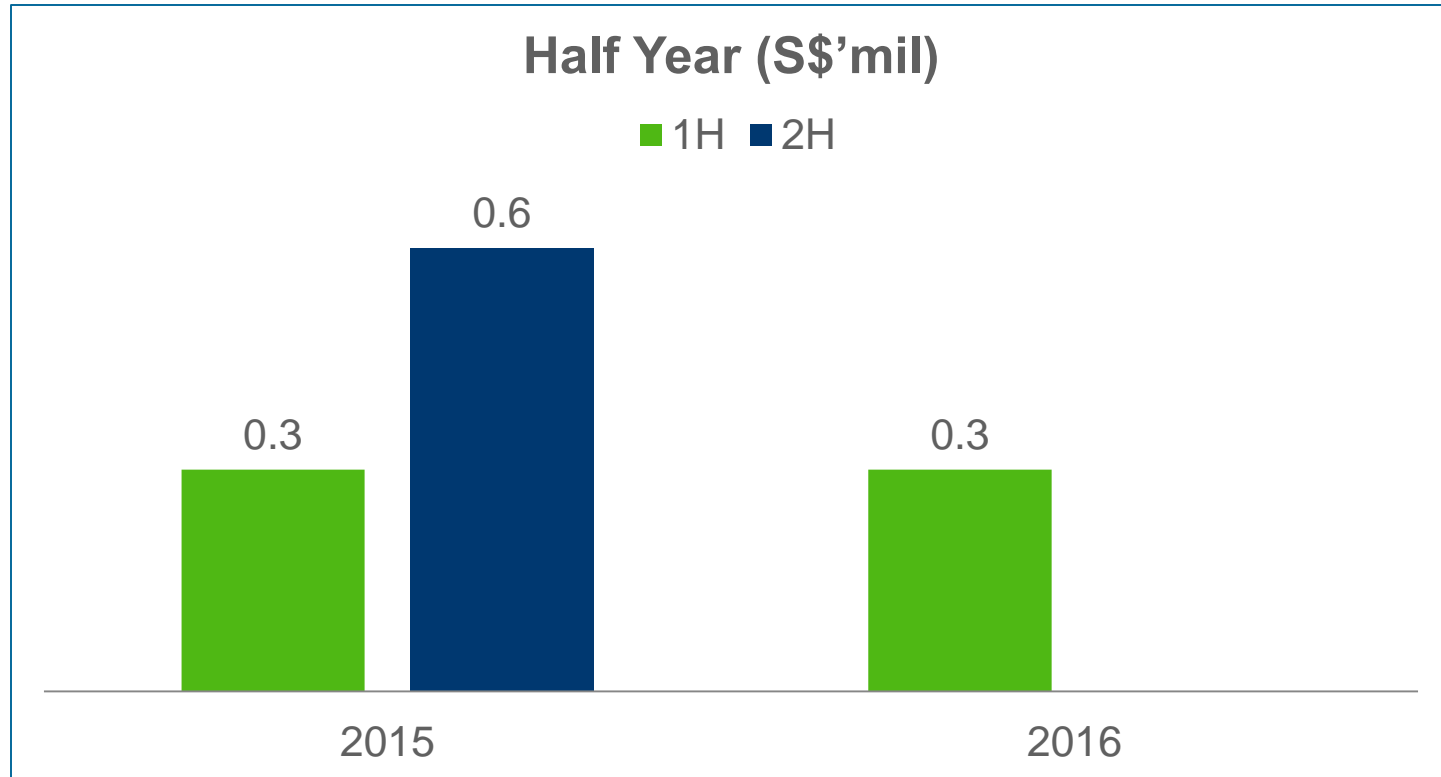
- Total expenses increased by S\$0.3 mil or 2.9% to S\$11.6 mil

S\$'000	1H 15	1H 16	Var inc/(dec)	Var %
Staff Cost	6,277	6,426	149	2.4%
FX	389	59	-330	-84.8%
FV of FX contracts	60	329	269	448.9%
Professional Fees	270	376	106	39.1%
Impairment of trade receivables	68	385	317	466.5%

- **Total other income increased S\$110,000 to S\$308,000**

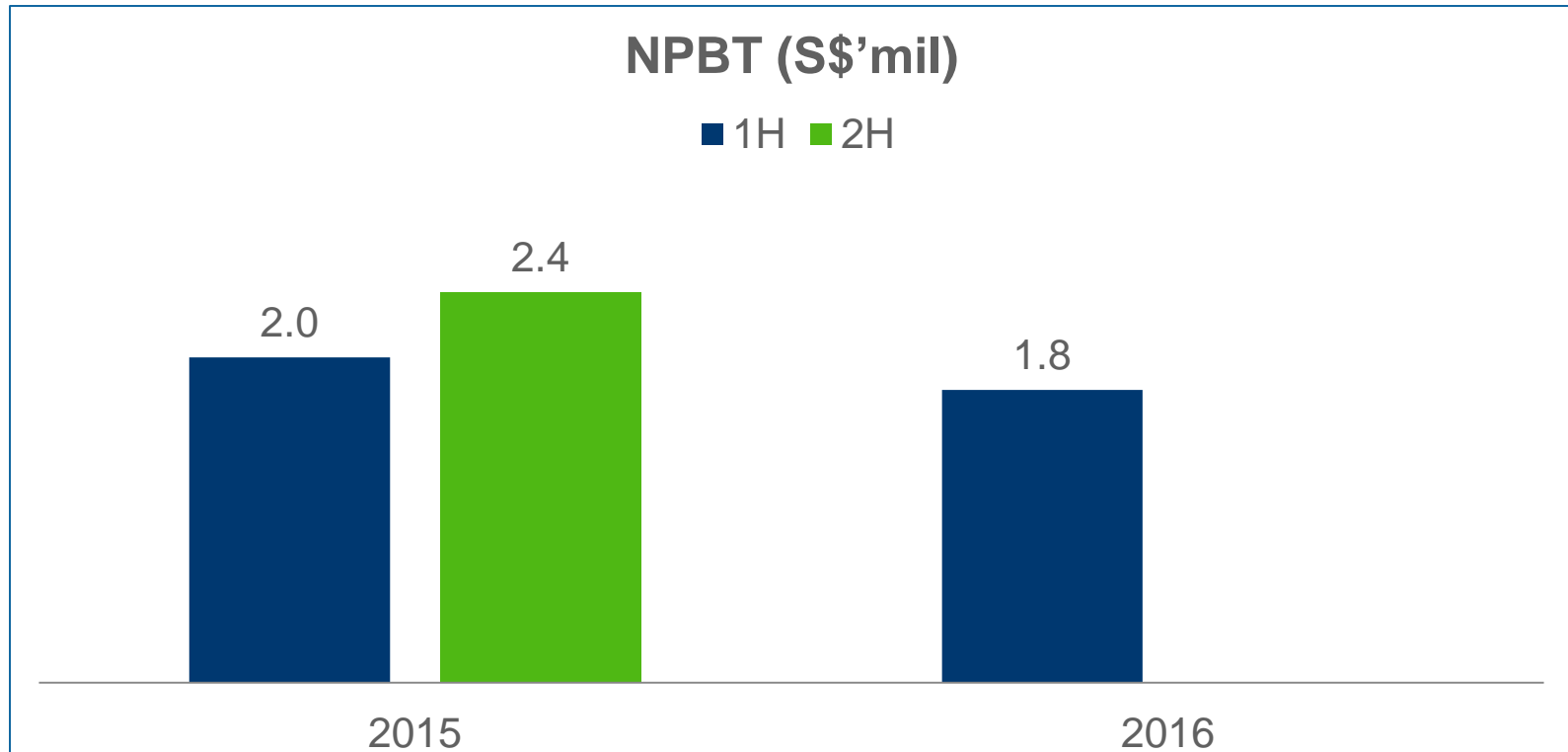
S\$'000	1H 15	1H 16	Var	Var %
Bad debt recovered	51	46	-5	-9.0%
Change in fair value of financial asset-FX contracts	76	68	-8	-10.4%
Change in fair value of financial assets-equity	-	35	35	100%
Grant income	33	76	43	127.3%

Share of Associate's Profit



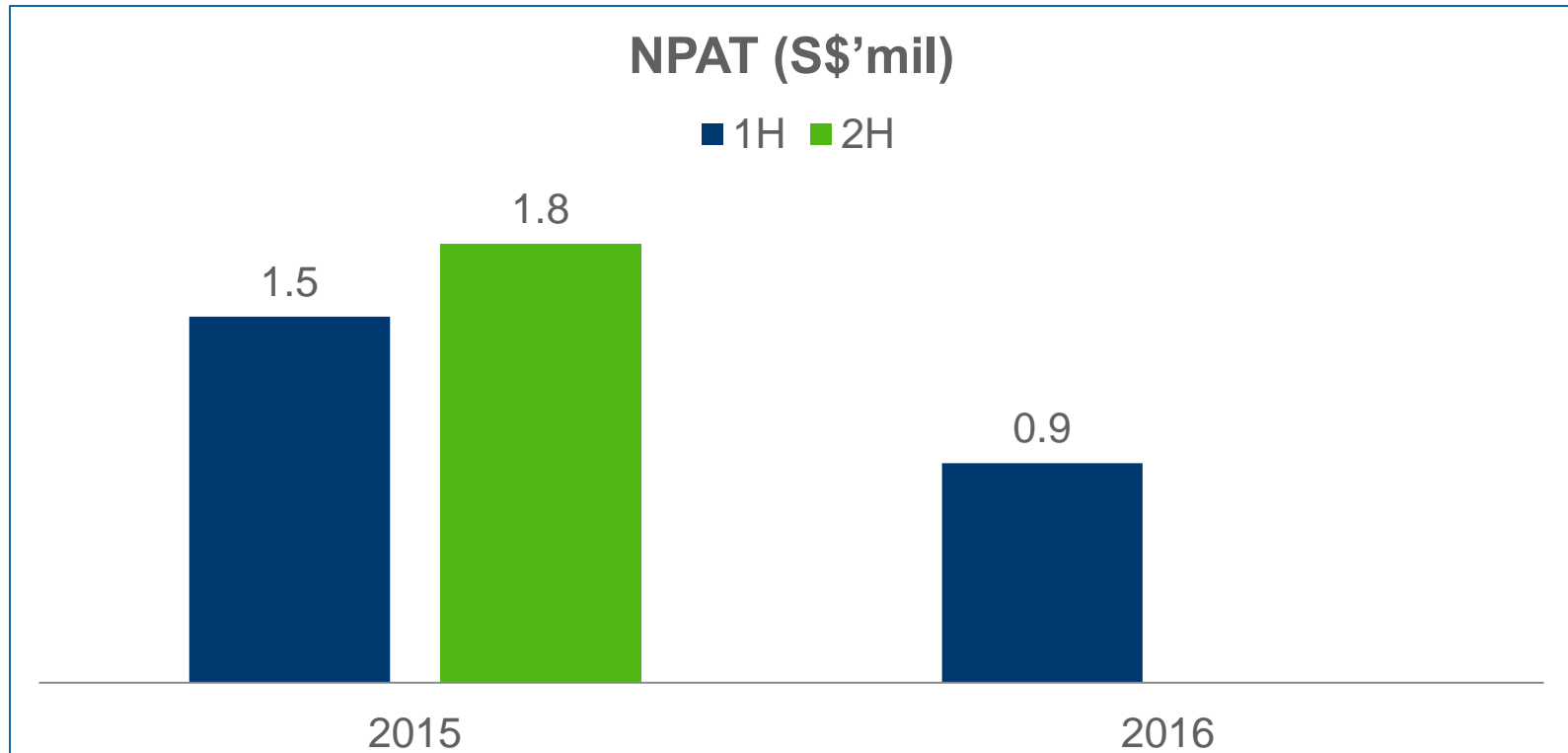
- Growth capped by IPO expenses from associate's proposed listing in Thailand

Net Profit Before Tax



- 1H 16 vs 1H 15 : Higher expenses led to lower profit
- 1H 16 vs 2H 15 : Lower profit due to FX loss in 1H 16 vs gain in 2H 15, higher expenses, lower share of associated company's profit

Net Profit After Tax



- Steeper fall in NPAT compared to NPBT due to withholding tax on dividend received from associated company
- Without the increase in withholding tax of S\$346,000, the decrease in NPAT is S\$225,000 or 14.6% year-on-year

Balance Sheet

S\$'mil	FY 2015	1H 16	Var	
Cash	11.1	10.6	-0.5	Cash used in operation and payment for dividend
Borrowings	18.3	18.5	0.2	No material change
Shareholders Equity	42.2	41.5	-0.7	Net income offset by dividend payment and translation losses
Gearing (times)	0.43	0.45	0.02	Within acceptable level
Current ratio (times)	2.07	2.01	-0.06	Sound liquidity
Inventory(net)	21.0	20.8	-0.2	Slight fall in line with lower sales
Inventory T/O (days)	101	112	11	Due to slower sales
Trade Debtors(net)	25.5	24.9	-0.6	Impairment and lower sales
Receivables T/O (days)	93	92	-1	Stable
Property, Plant & Equipment	12.4	12.1	-0.3	No major capex in 1H 16
NTA/share (cents)	31.65	31.14	-0.51	Dividend payment and lower earnings



Outlook: Building Resilience
for Long Term Growth

Headwinds likely to persist for rest of 2016

Resilience

- Portfolio readjustment of products and services – focus on resilient market segments
- Risk mitigation through diversification
- Improving operational excellence

Growth

- Strengthening key customers and suppliers relationship
- Leveraging Asia network for growth



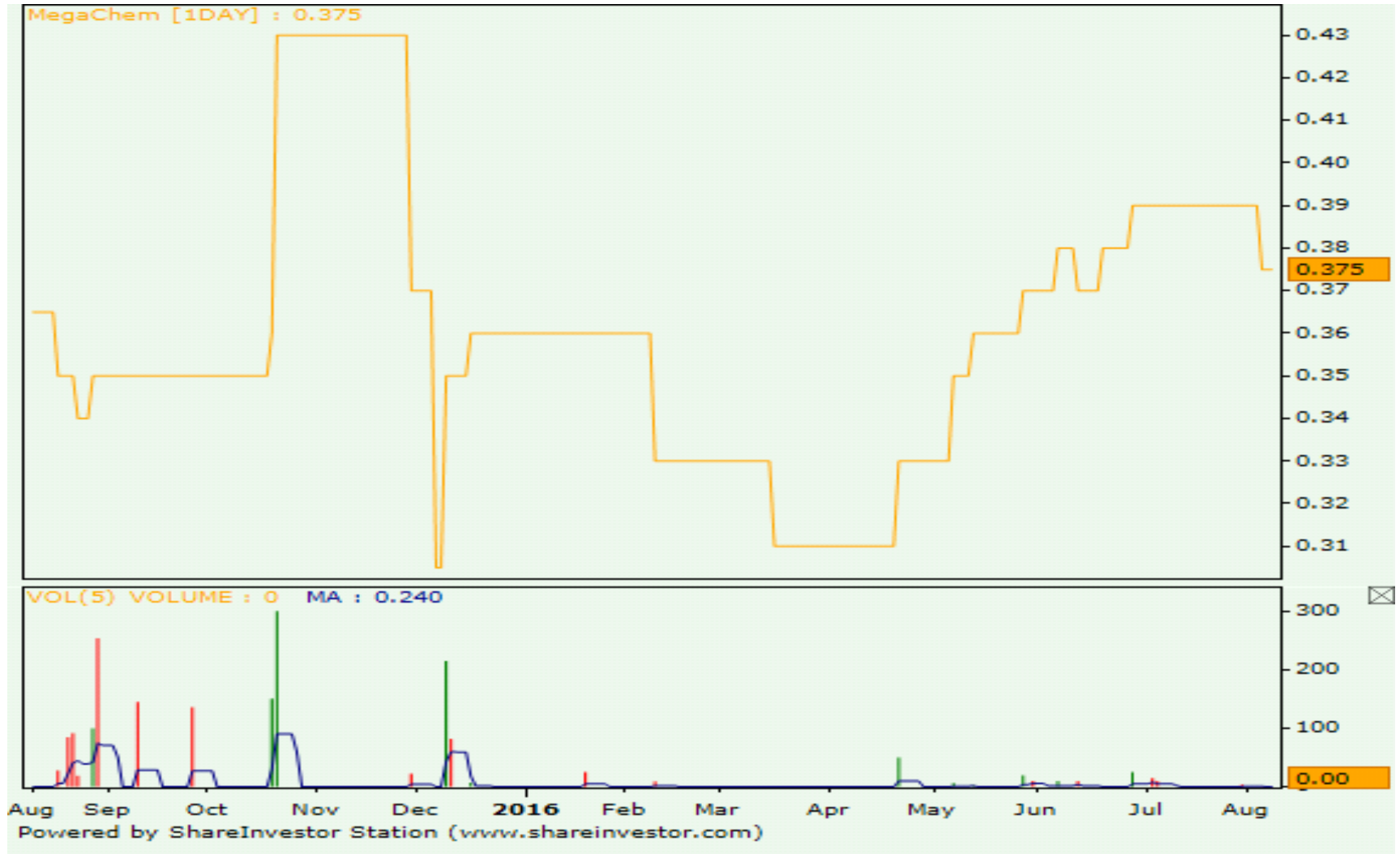
Share Performance:
Enhancing Shareholders' Long Term Value

Share Information (as at 10 Aug 2016)

Listing Date	17-Oct-2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	43.0 cents
52 weeks Low	30.5 cents
Price (as at 10 Aug 2016)	37.5 cents
No of Shares	133,300,000
Earnings per share 1H FY2016	0.59 cents
Historical P/E	20.7 x
Market Capitalisation	\$49.99 mil
NTA/share	31.14 cents
Price/Book Ratio	1.20

Note : P/E = Current Share Price/(1H 16 EPS + 2H 15 EPS)=37.5/(0.59+1.22)=20.7 times

Share Price Performance



Share Price Performance



1H 2016 Interim Dividend

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	1H 16
Average price for the period (cents) *	31.5	28.75	21	16	18.75	22.5	21.5	19.75	19.9	22.9	28.0	33.0	36.0	37.5
Dividend/share (cents) - net	0.56	0.864	0.576	0.81	0.595	0.40	1.0	1.2	1.3	1.3	1.0	1.0	1.0	0.5
Dividend payout (%) - net	23.1%	31.9%	30.2%	62.2%	35.1%	24.1%	50.6%	34.6%	35.7%	54.7%	53.3%	48.0%	45.0%	84.7%
Dividend Yield (%) - Net **	1.8%	3.3%	3.6%	4.9%	2.8%	2.0%	5.1%	6.0%	6.6%	5.0%	3.3%	3.0%	2.8%	1.3%

* Average price is the average of 31 Dec 2015 closing price of 36 cents/share and 30 June 2016 closing price of 39 cents/share

** Dividend yield = dividend per share/average price. 1H 16 dividend not annualized.

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