



Results Presentation FY2020
Analyst Briefing



Business Updates



MegaChem

2020 : An Unprecedented Year



Distribution

COVID-19 Impact : Border closure, Supply Disruption, non-essential businesses shutdown.

Chemicals are essential products.

Partly mitigated by diversified business model.



Manufacturing

Custom-blending volumes fell as some customers' productions were halted during the lockdown.

Customers' orders picked up in 2H 20.



Megachem Thailand

COVID boosted demand for cleaning chemicals.

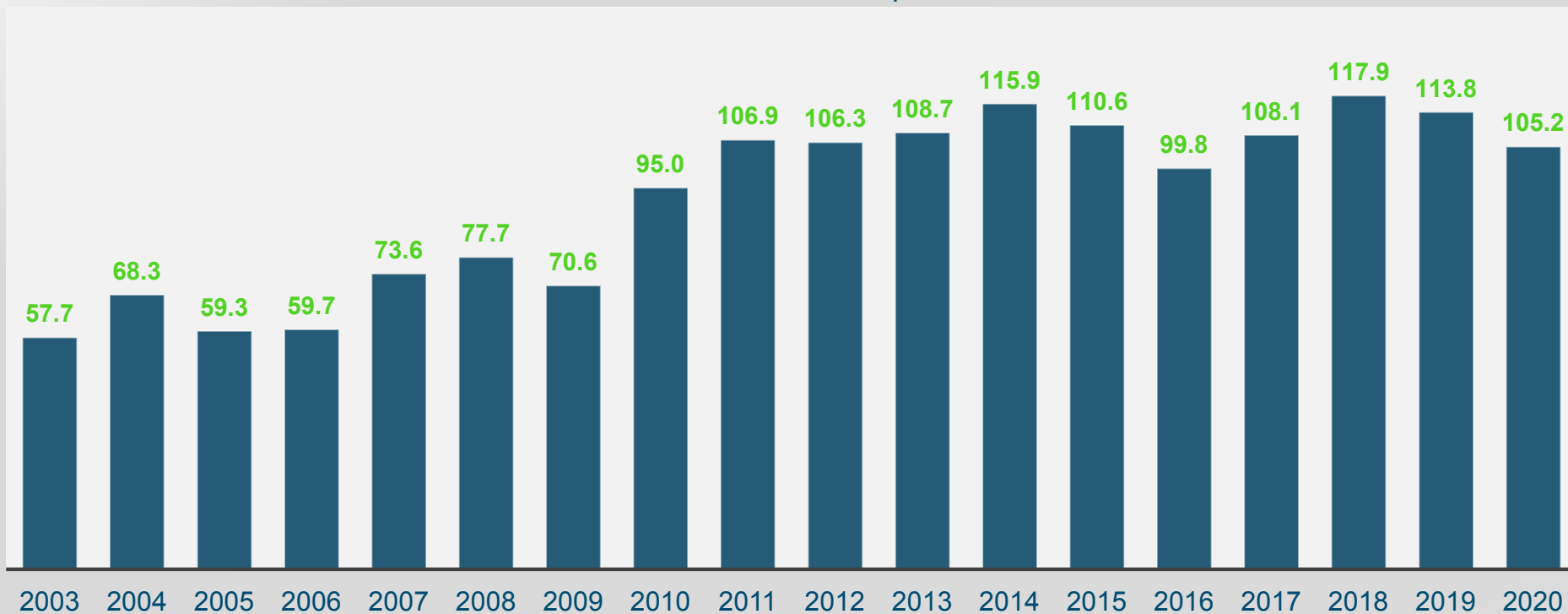


Financial Performance

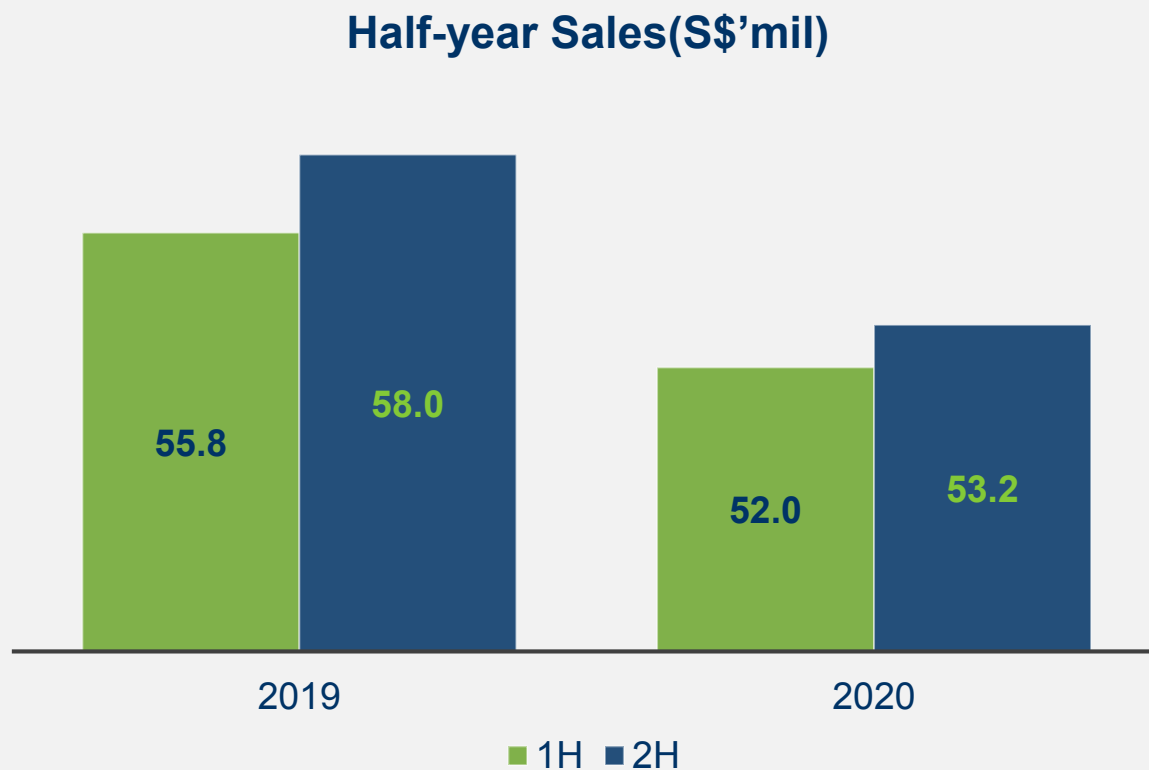
Profit & Loss Highlights

S\$'mil	FY19	FY20	Var	Var %	
Sales	113.8	105.2	(8.5)	(7.5%)	▼
Gross Profit	28.2	26.5	(1.7)	(5.9%)	▼
Gross Profit Margin %	24.8%	25.2%	0.4% pt	-	▲
EBITDA	7.0	7.7	0.7	9.8%	▲
NPBT	5.0	5.9	1.0	19.6%	▲
NPAT	4.0	5.3	1.3	32.0%	▲
ROE %	7.7%	9.8%	2.1% pt	-	▲
EPS(cents)	2.88	3.85	0.97	33.7%	▲

Annual Sales S\$'mil

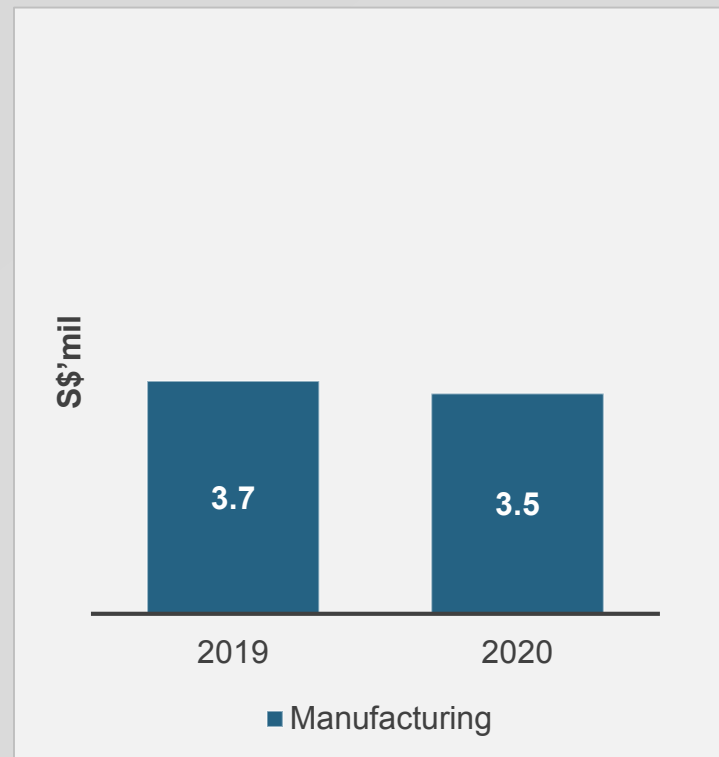


- Sales fell in FY20 due mostly to lower prices. Fall in sales volume was marginal.
- Sales hover above S\$100 million despite the pandemic.



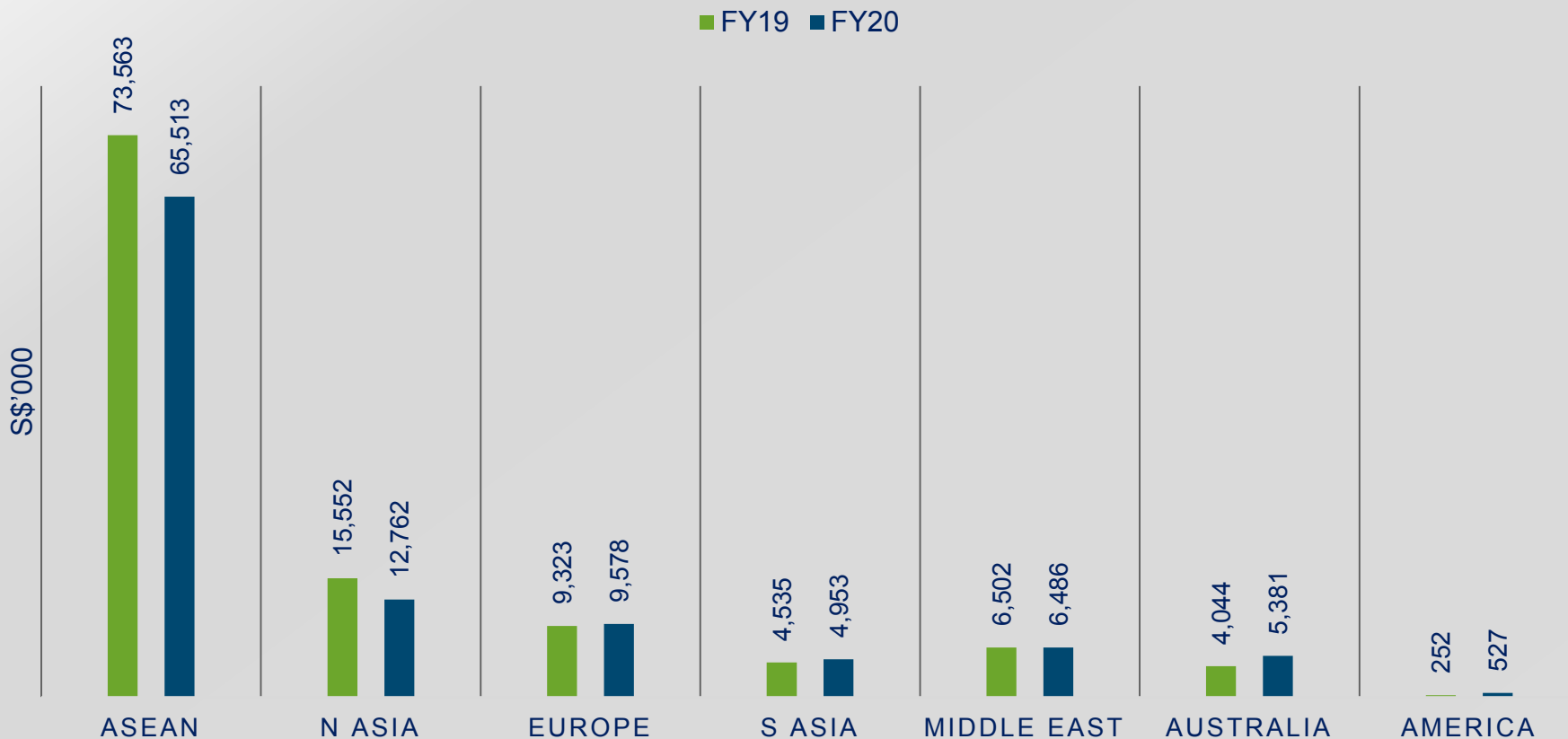
- COVID-19 impact felt most in 2Q and 3Q 2020.
- Business sentiment improved towards end of the year.

Sales breakdown by Business Segments



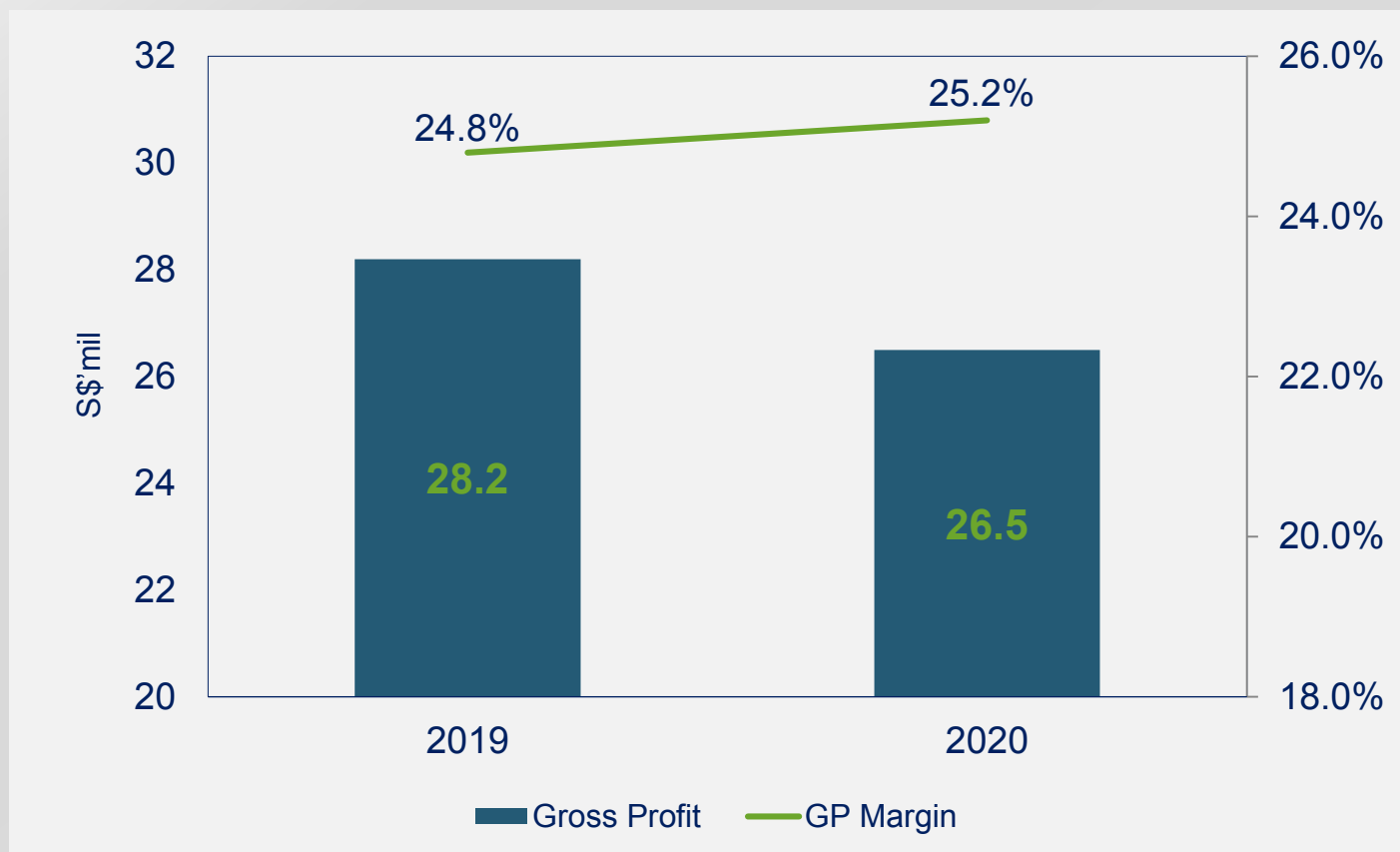
- Fall in sales seen in both distribution and manufacturing activities.

Sales Breakdown by Geographic Segments



- Core markets of ASEAN and N Asia most affected by the pandemic.
- Other markets such as Australia bucked the trend.

Gross Profit



- Gross profit decreased S\$1.7 mil or 5.9% due to lower sales and higher inventory write-down.
- Gross profit margin improved marginally by 0.4% pt.

Expenses

- Total expenses decreased S\$0.8 mil or 3.2%.

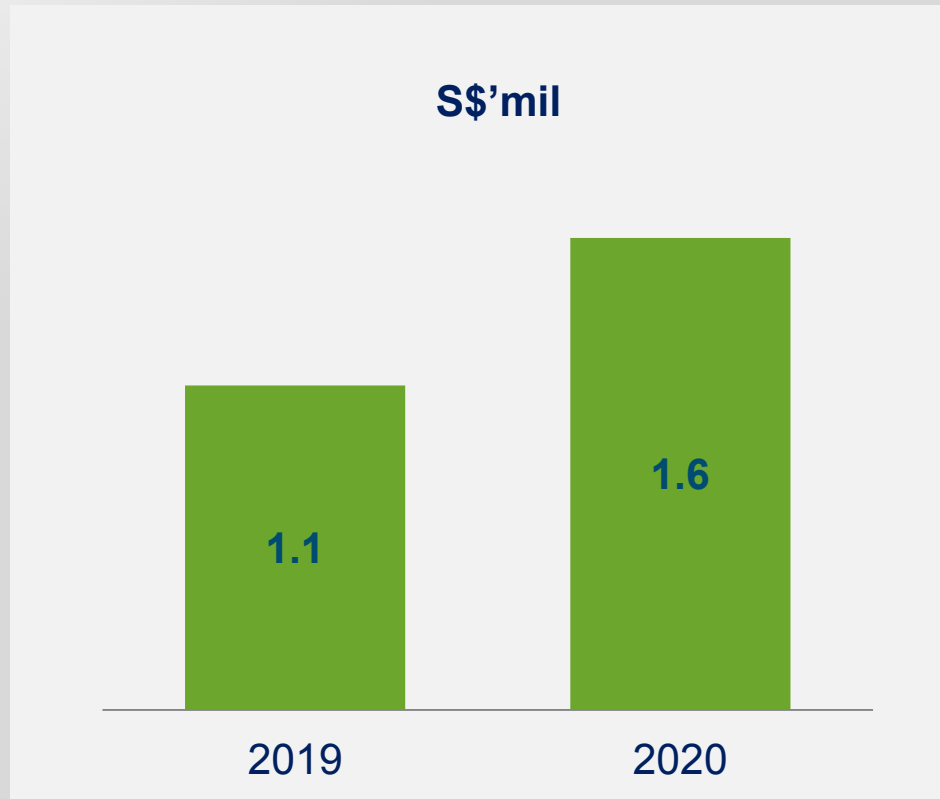
S\$'mil	FY2019	FY2020	Var	Var %	Remarks
Receivables Impairment	0.1	0.1	-	-	No significant deterioration in receivables.
Fair value loss on equity investment	0.1	-	(0.1)	n m	Gain in value of equity investment.
Fair value loss on FX contract	0.1	0.2	0.1	227.1%	Mark-to-market loss on FX hedging.
FX loss	0.1	-	(0.1)	n m	Net FX gain. Shown in other income.
Advertising & entertainment	0.2	0.1	(0.1)	(48.1%)	COVID restrictions.
Travelling & transport	0.9	0.4	(0.5)	(52.4%)	COVID - border closure.
Employee Remuneration	14.2	14.5	0.3	2.0%	Minimal increase.
Finance cost	1.0	0.7	(0.3)	(28.5%)	Lower average borrowings and interest rate.

Other Income

S\$'mil	FY2019	FY2020	Var	Remarks
Bad Debt Recovered	0.4	0.4	-	Includes recovery of debts from Venezuela and India.
Interest Income	0.2	0.2	-	Interest from bank deposits.
Net FX gain	-	0.05	0.05	Gain of S\$52,000 vs a loss of \$106,000 in FY19.
Grant income	-	1.1	1.1	COVID stimulus.

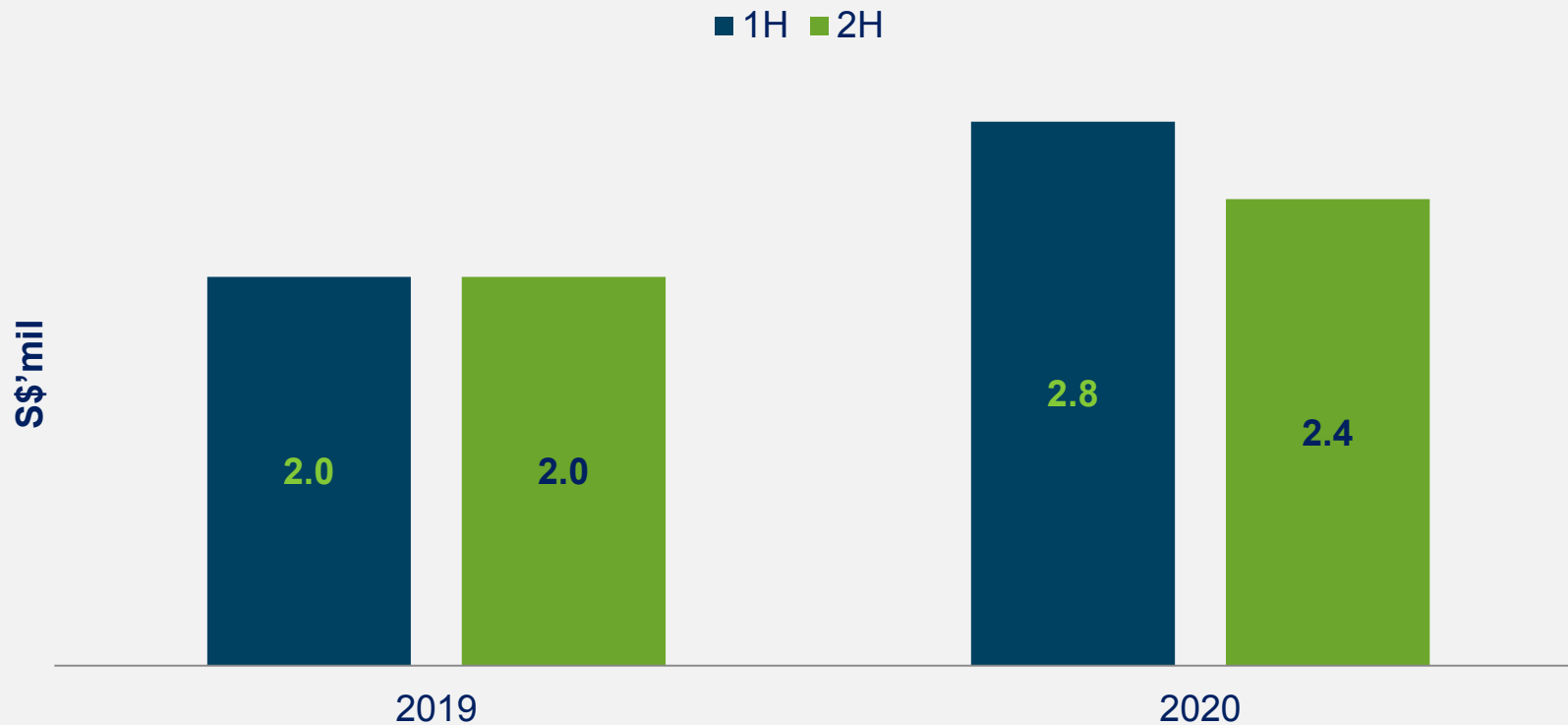
- Other income increased by S\$1.4 mil mainly due to higher grant income.

Share of Associate's Profit



- Surge in demand for cleaning chemicals benefitted our business in Thailand.

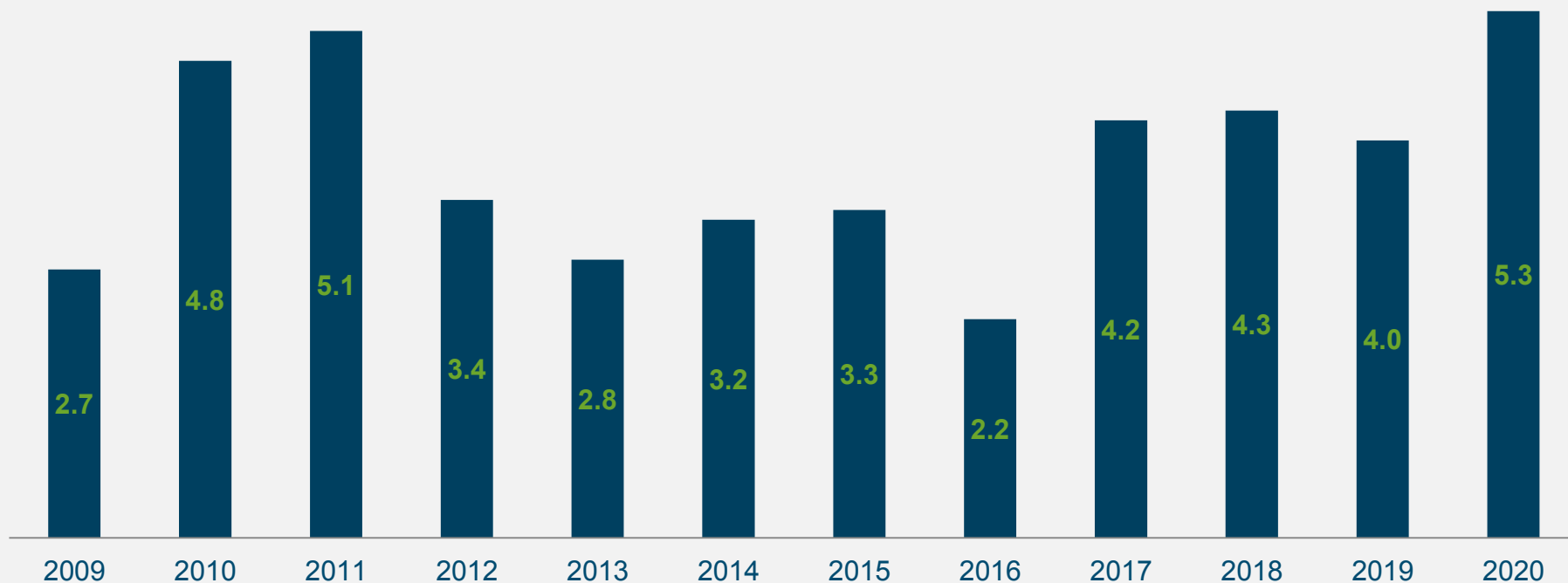
Net Profit After Tax



- 2H 20 vs 1H 20 : higher expenses, lower other income and profit contribution from associate led to decrease in net profit despite higher sales.
- 2H vs 2H 19 : despite lower sales, net profit increased due to lower expenses, higher other income and profit contribution from associate expenses.

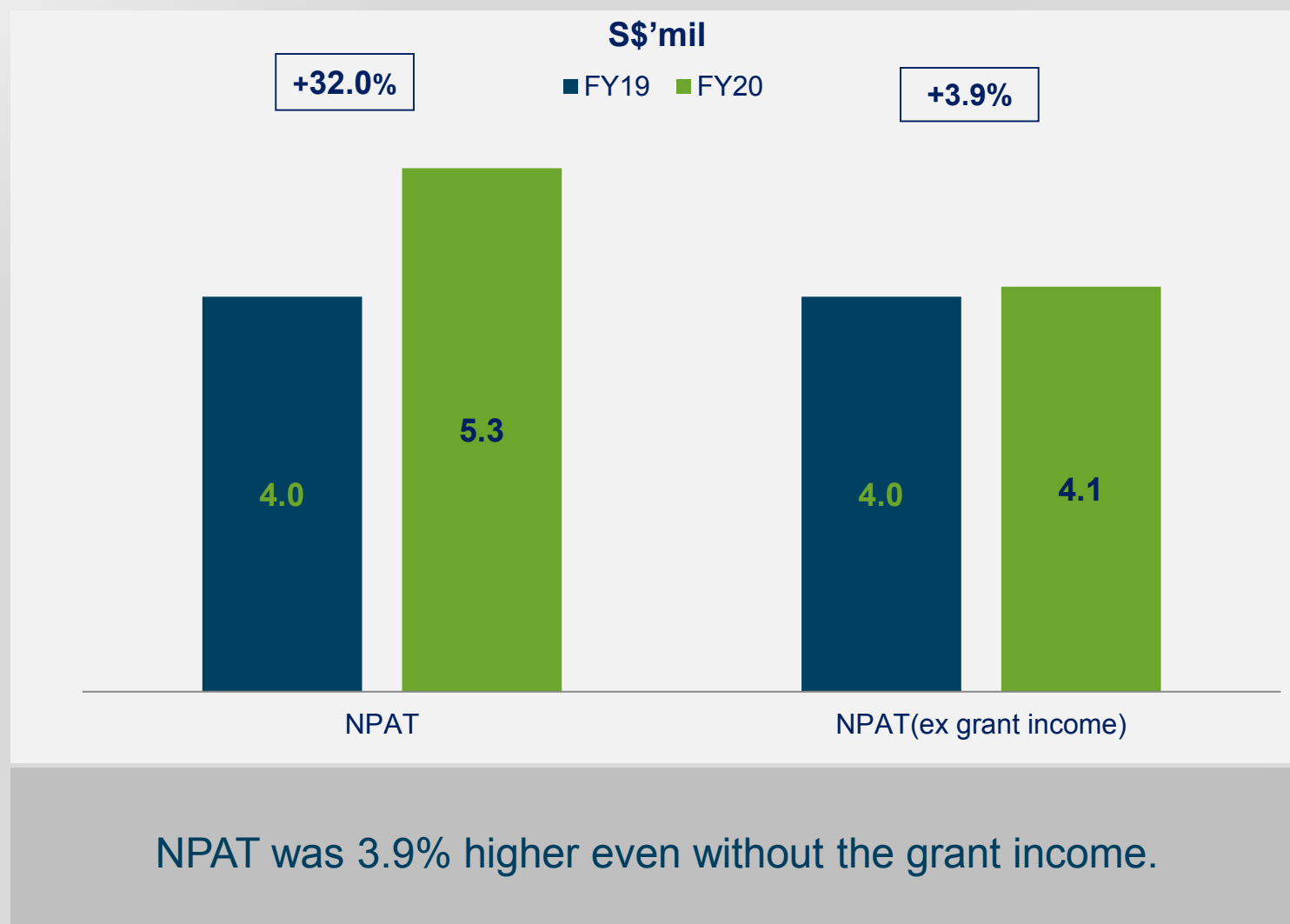
Net Profit After Tax

Full Year NPAT \$'mil



- Higher NPAT is attributed to lower expenses, higher associate's profit contribution and other income.
 - Profitable track record remains unbroken.

Net Profit After Tax



Balance Sheet

Financial Discipline → Sound Balance Sheet

S\$'mil	FY2019	FY2020	Var	
Cash	14.9	16.2	1.3	Positive operating cash-flow.
Borrowings	18.4	19.3	0.9	Long term loan from Enterprise Financing Scheme.
Shareholders Equity(less MI)	49.6	52.4	2.8	Positive earnings less dividend
Gearing (times)	0.37	0.37	-	Net gearing 0.06 x.
Current ratio (times)	2.2	2.2	-	Sound liquidity.
Inventory(net)	25.4	24.4	(1.0)	Due to slower sales.
Inventory T/O (days)	124	133	9	Due to slower sales.
Trade Receivables(net)	21.6	23.6	2.0	In line with higher sales towards end of year.
Receivables T/O (days)	75	80	5	Slower customers payment in some markets but no major signs of deterioration.
NTA/share (cents)	37.24	39.33	2.1	

Cash position healthy

\$'mil	FY2019	FY2020	
Cash from operating activities	6.6	6.1	Positive operating cash-flow from profitable operation.
Cash from/(used in) investing activities	0.3	(2.4)	Construction of warehouse in Malaysia.
Cash used in financing activities	(4.1)	(2.8)	S\$2.0 mil dividend paid.
Net change in cash	2.7	1.0	Positive cash generated.
Beginning cash and cash equivalents	12.2	14.9	
Ending cash and cash equivalents	14.9	15.9	



FY2021 Outlook

Outlook FY2021 : Light at end of Tunnel

Global Economy

- COVID-19 pandemic and geopolitical tension pose risk.
- Concerted government stimulus.
- Easing of lockdown.
- Discovery of COVID-19 vaccine.

Chemical Industry

- Activities in chemical industry is consistent with recovery in economy.
- Chemical prices firming.

Early signs of economic recovery but pace and extent dependent on COVID-19 development.

Decade of Opportunities



Megachem

- Building strategy around Asia-centric markets.
- Deepening presence in higher growth sectors.
- Maintaining diversified business model.

Building Resilience, Positioning for Recovery.



Share Performance :
Enhancing Shareholders' Long Term Value

Share Statistics

Share Information (as at 19 Feb 2021)

Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	36 cents
52 weeks Low	23 cents
Price (as at 19 Feb 2021)	36 cents
No of Shares	133,300,000
Earnings per share FY20	3.85 cents
Historical P/E ^(a)	9.35 x
Market Capitalisation (as at 19 Feb 2021)	\$47.9 mil
NTA/share	39.33 cents
Price/Book Ratio ^(b)	0.91

Note :

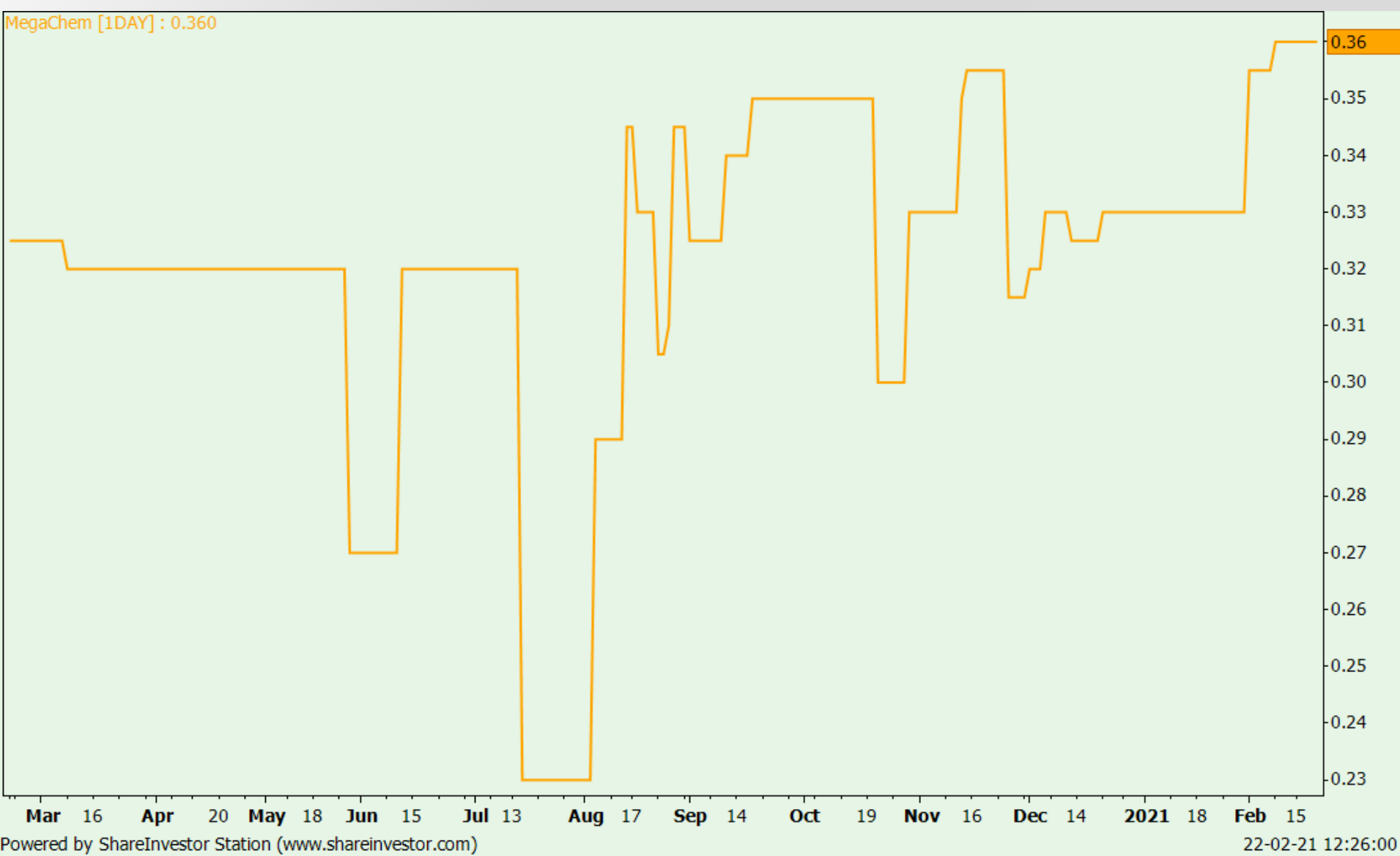
(a) P/E = price as at 19 Feb 2021 / EPS FY2020

(b) Price/Book ratio = price as at 19 Feb 2021 / NTA per share.



Share Price Performance

Share price chart : 1 year to 19 Feb 2021

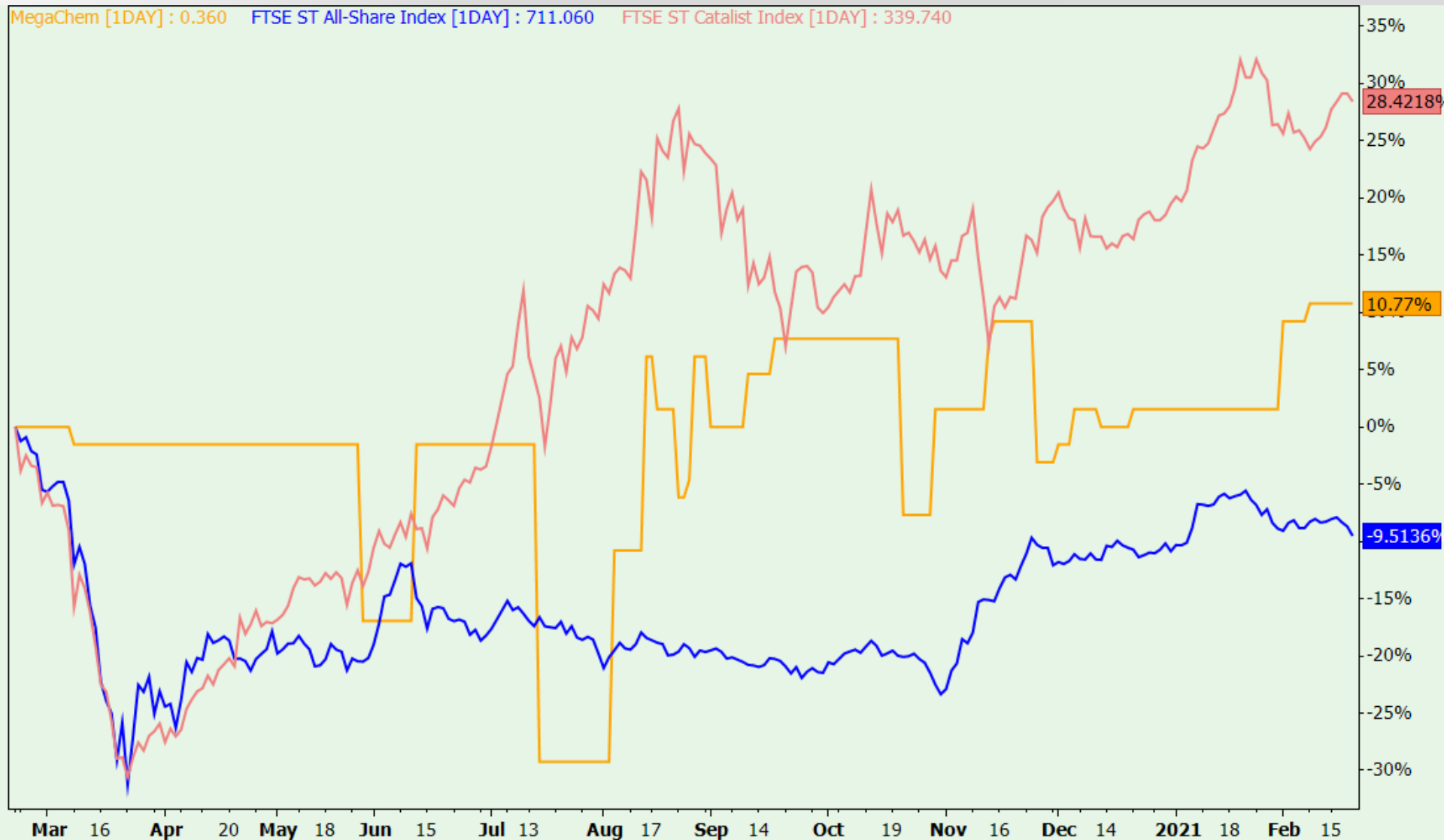




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Share Price Performance

Share price chart : 1 year to 19 Feb 2021

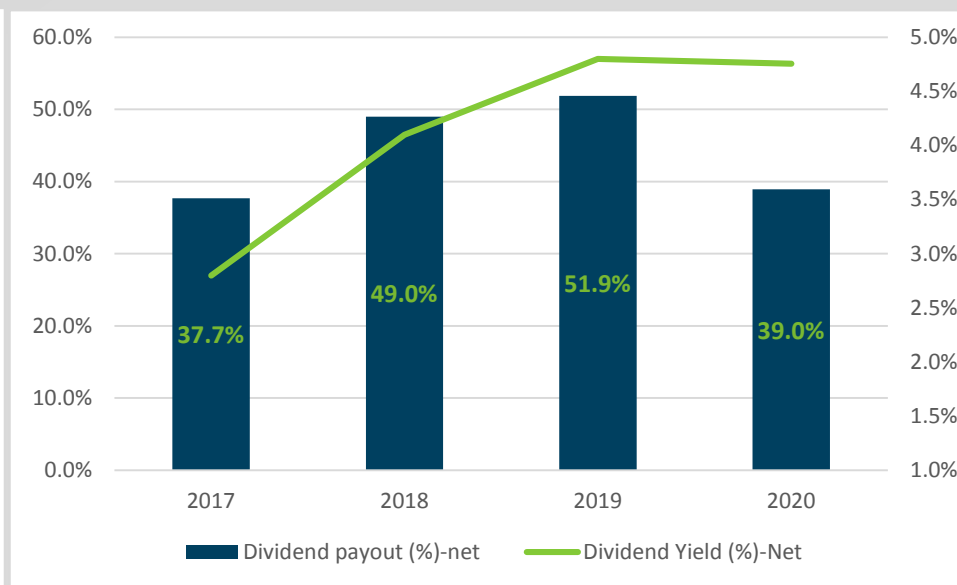
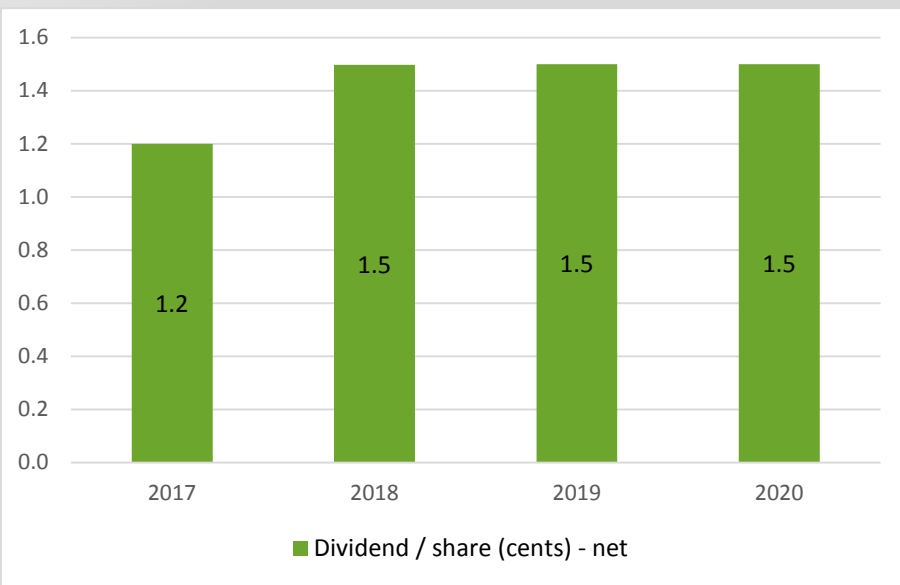


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FY2020 Final Dividend

	cts/share
Interim Dividend	0.5
Final Dividend	1.0



* Average price is the average of 31 December 2019 closing price of 30 cents/share and 31 December 2020 closing price of 33 cents/share.

** Dividend yield = FY20 dividend per share / average price.

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