



Results Presentation FY2018
Analyst Briefing



Business Updates



Distribution

Record sales despite a benign macro-economic landscape.
Broad-based growth across many of our geographic markets.



Manufacturing

Better performance on higher customers' demand.



Megachem Thailand

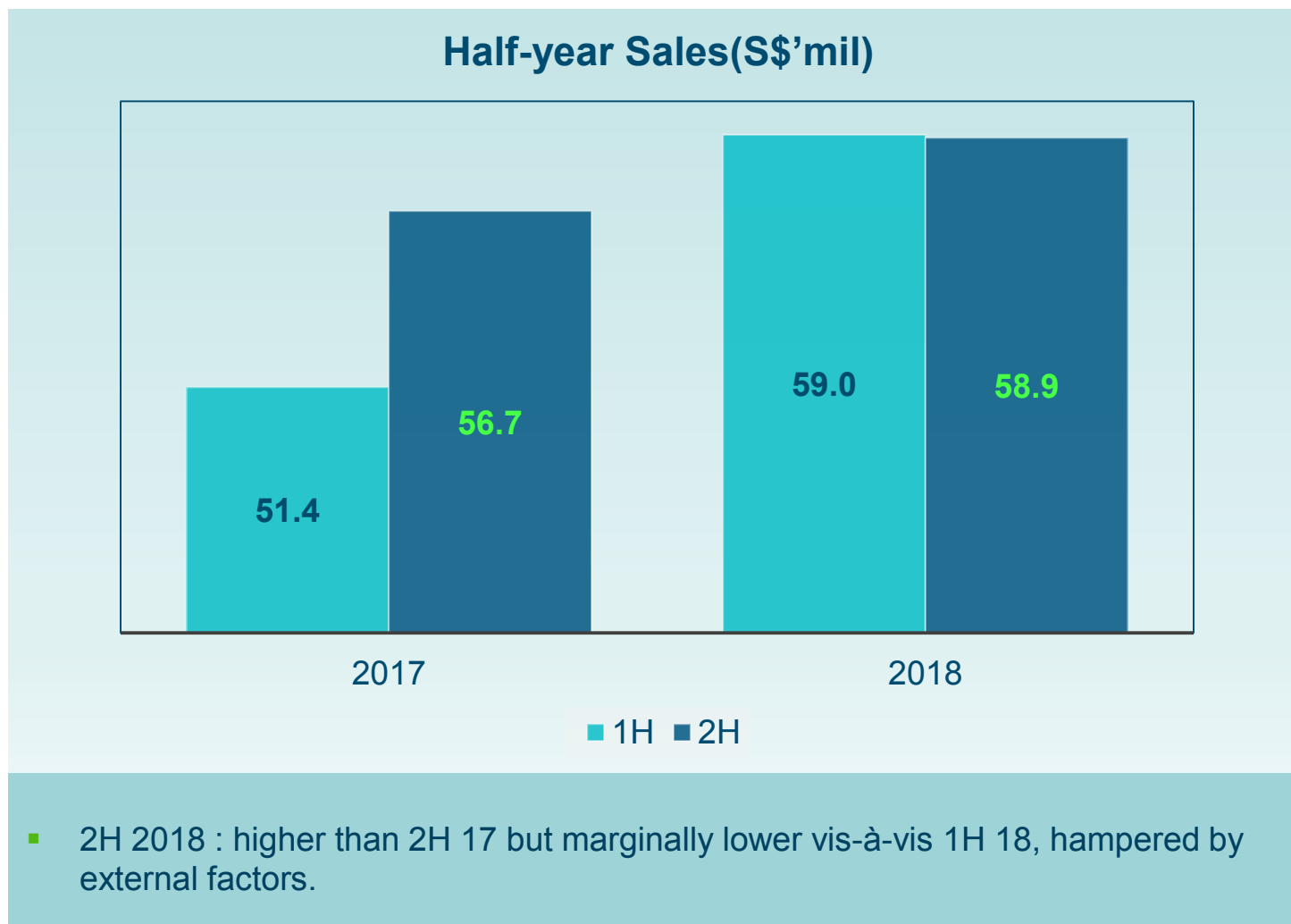
- Acquired a Thai importer and distributor of chemical products.
- Embarked on expansion by venturing into Myanmar in 2H 2018.

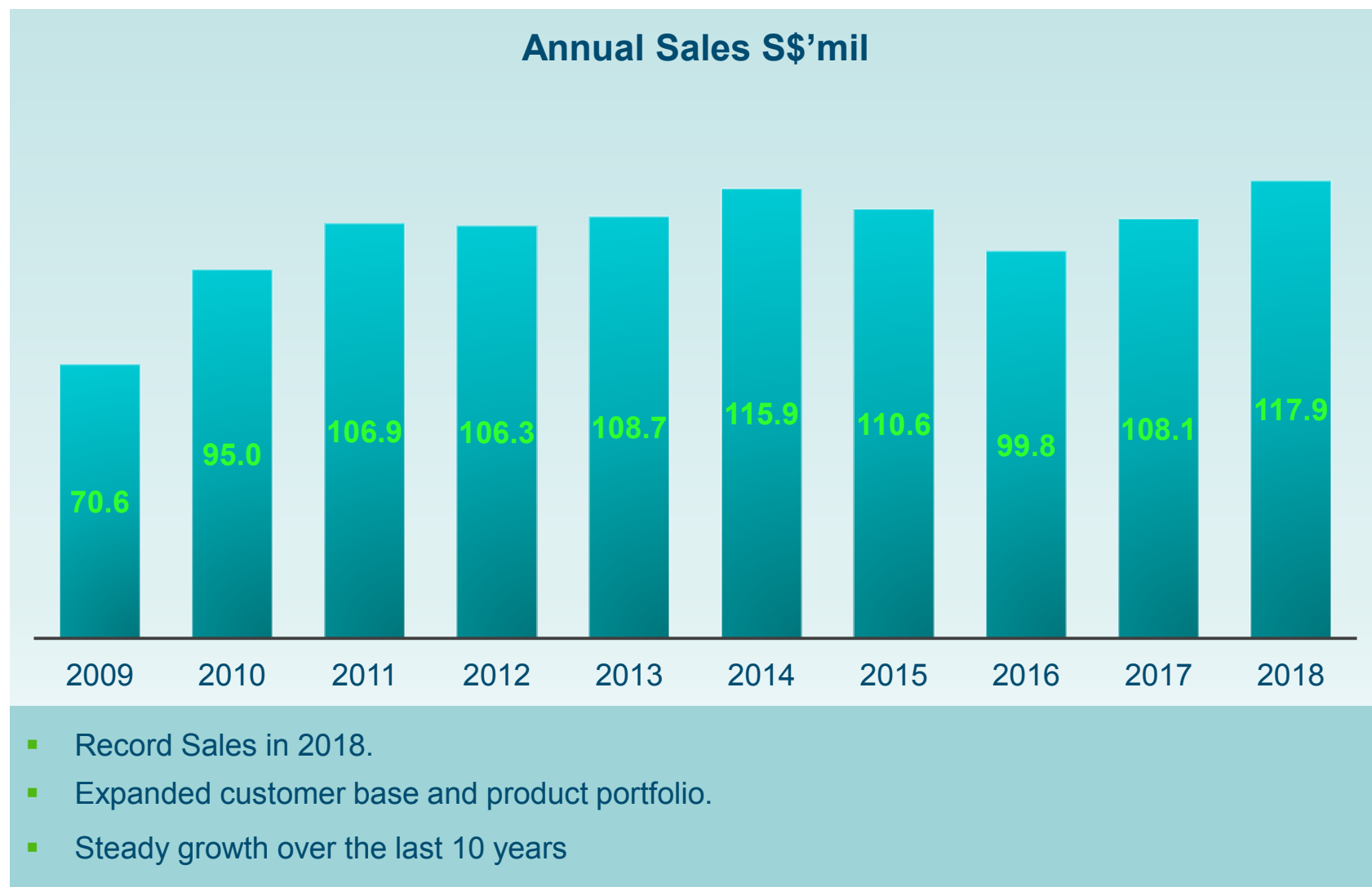


Financial Performance

Profit & Loss Highlights

S\$'mil	FY17	FY18	Var	Var %	
Sales	108.1	117.9	9.8	9.0%	▲
Gross Profit	26.6	29.4	2.8	10.7%	▲
Gross Profit Margin %	24.6%	25.0%	0.4% pts	-	▲
EBITDA	6.8	6.9	0.1	1.7%	▲
NPBT	5.2	5.4	0.2	3.3%	▲
NPAT	4.2	4.3	0.1	1.9%	▲
ROE %	9.5%	8.7%	-0.8% pt		▼
EPS(cents)	3.18	3.06	-0.12	-3.8%	▼



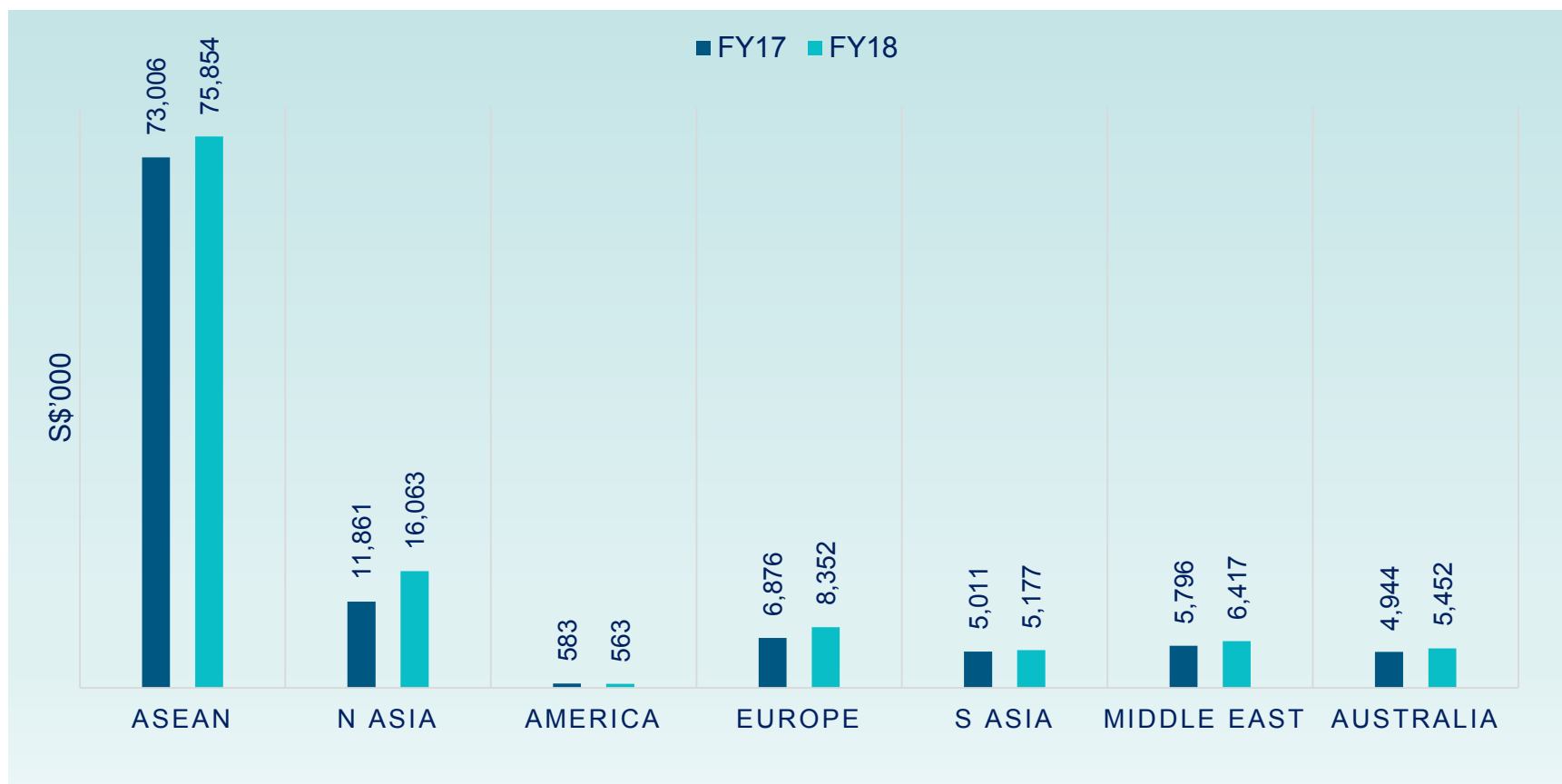


Sales breakdown by Business Segments



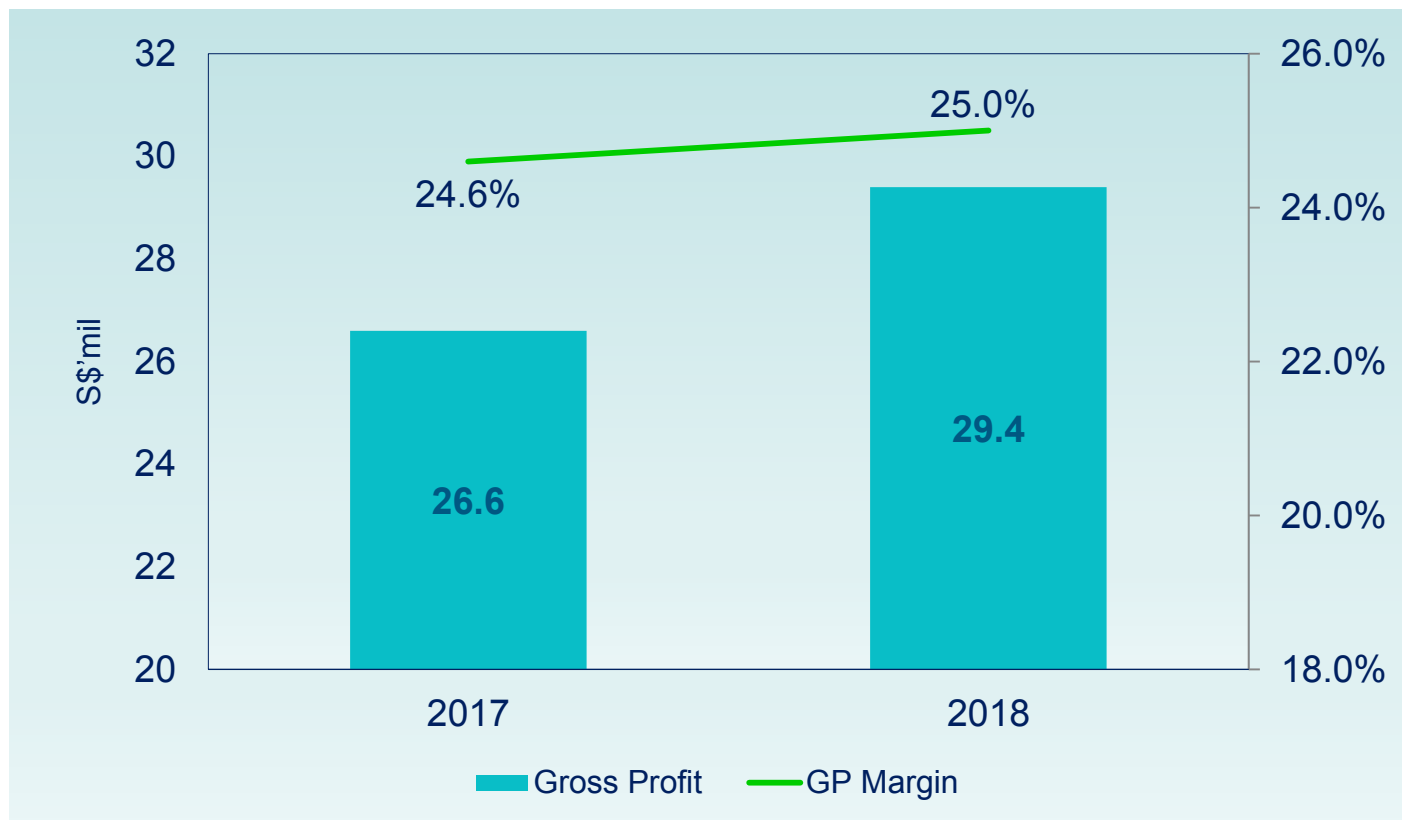
Growth in sales came from both Distribution and Manufacturing activities.

Sales Breakdown by Geographic Markets



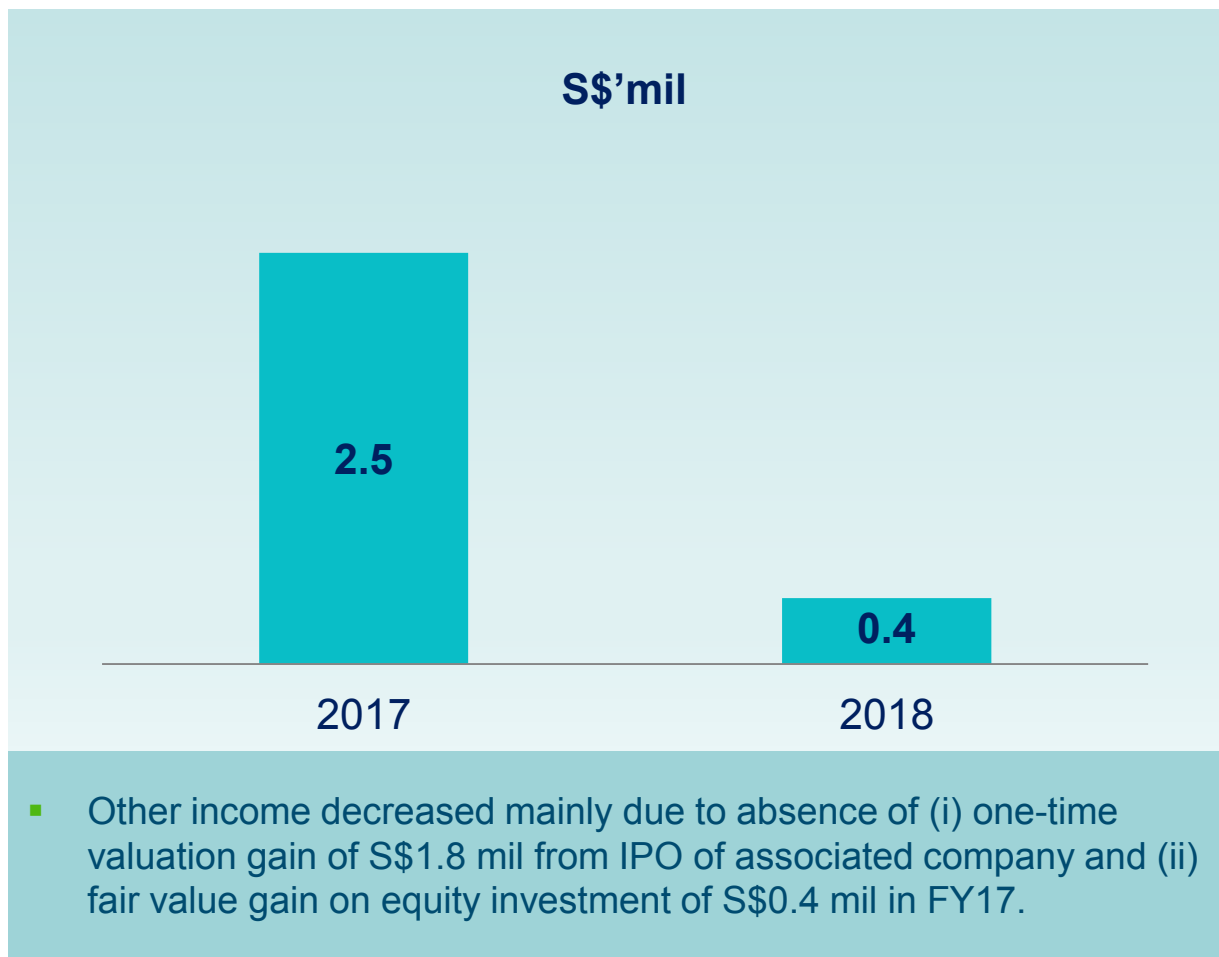
- Broad-based growth across most of our markets.
- Led by North Asia, ASEAN and Europe.

Gross Profit



- Gross profit increased S\$2.8 mil or 10.7% in line with higher sales.
- Lower inventory write-off led to marginal increase in gross profit margin.

Other Income

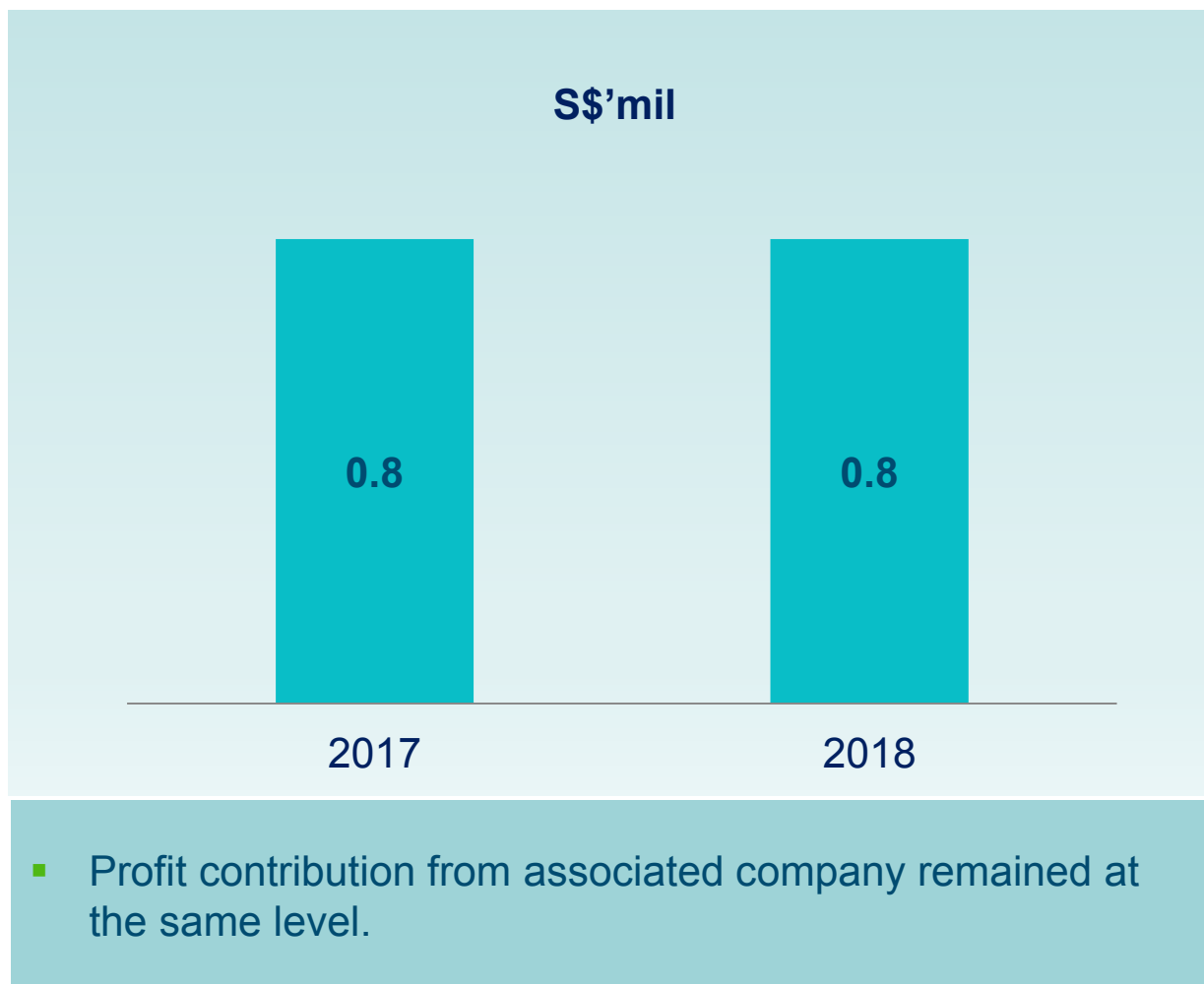


Expenses

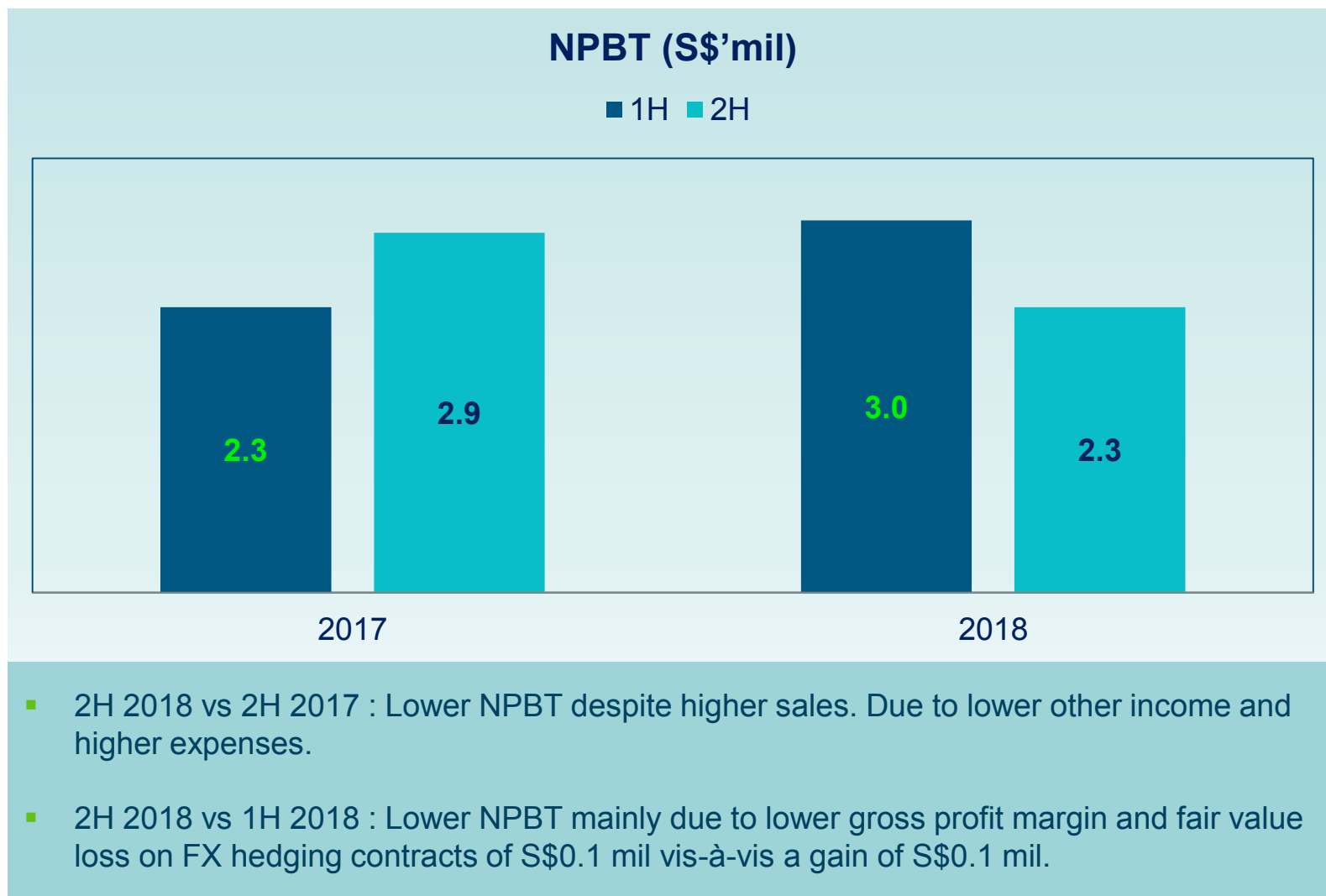
	FY17	FY18	Var	Remarks
Receivables Impairment	1,382	338	(1,044)	Full impairment of S\$1.1 mil for Venezuela receivables in 2017
Fair value loss on equity investment	-	240	240	Fair value loss vis-à-vis a gain of S\$0.4 mil in 2017
FX loss	825	748	(77)	Mainly unrealized losses
Staff Cost	13,399	14,439	1,041	Salary Increment, higher headcount
Rental	2,643	2,816	173	
Finance cost	533	750	217	Higher borrowings and interest rate.

- Total expenses (including finance cost) totalled S\$25.3 mil, higher by S\$0.5 mil.
- Total expenses (adjusting for impairment of Venezuela debt) would have increased by S\$1.5 mil or 6.4%.

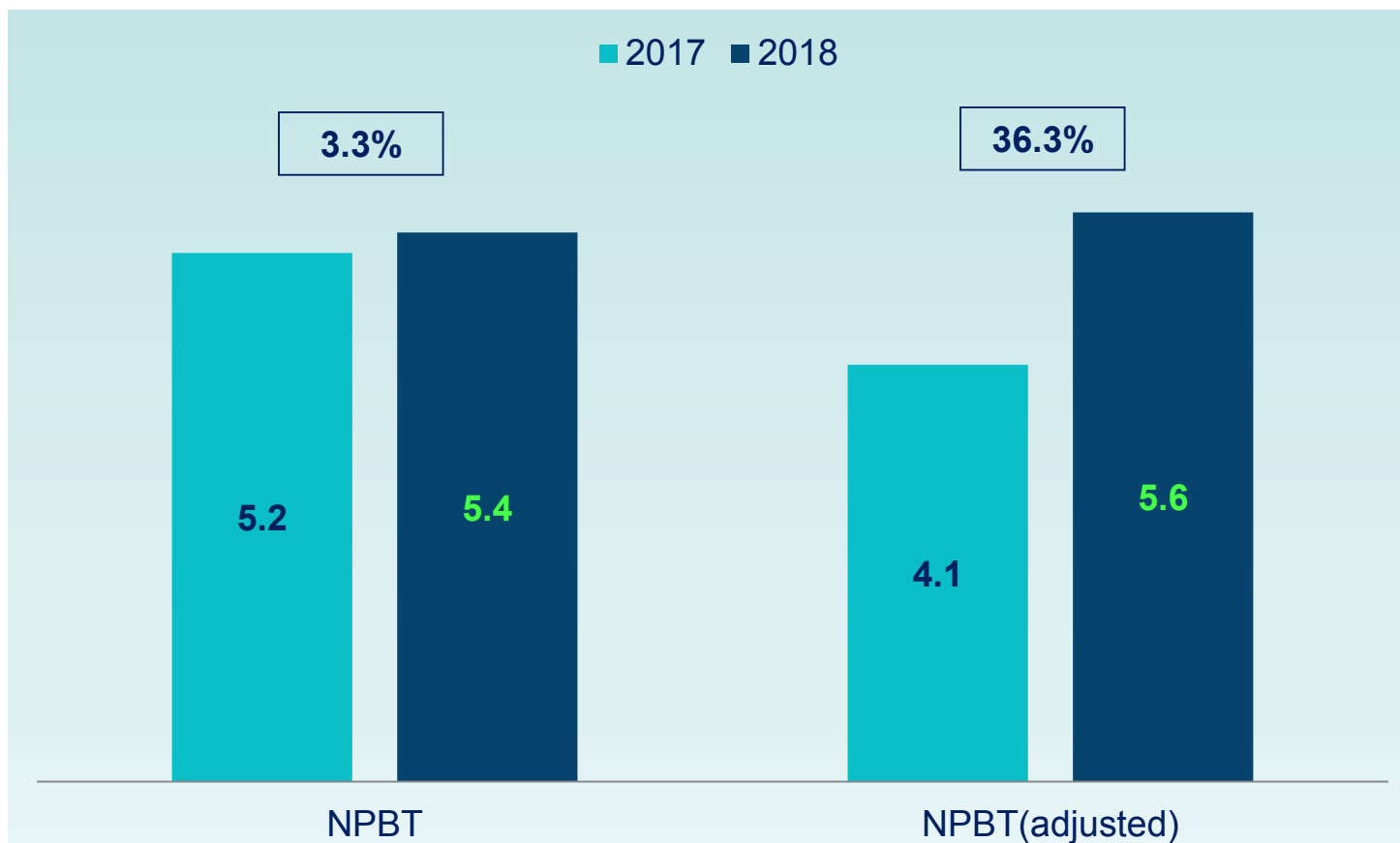
Share of Associate's Profit



Net Profit Before Tax

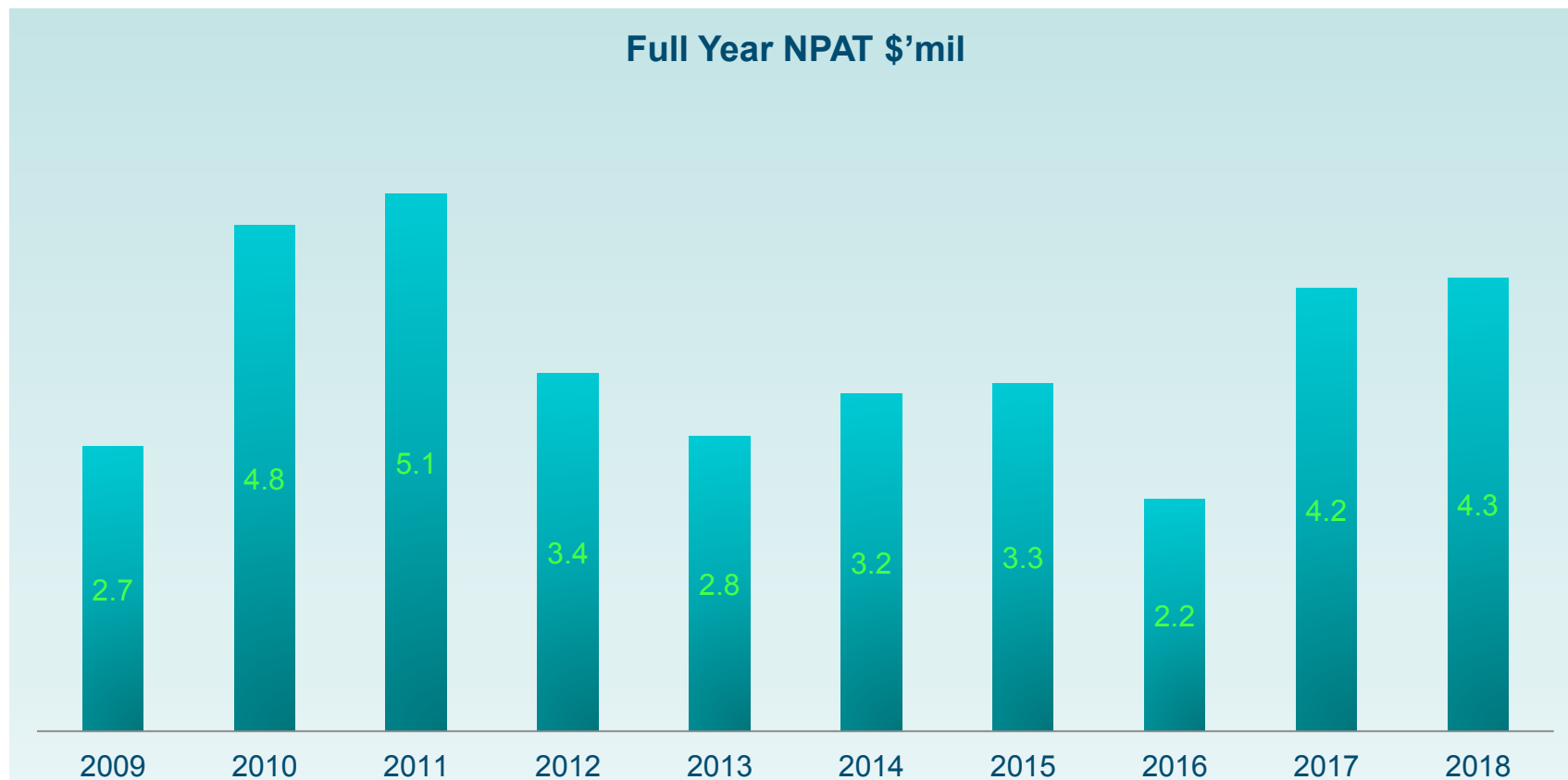


Net Profit Before Tax



- Higher sales and gross profit led to higher NPBT.
- Adjusting for associated company IPO gain of S\$1.8 mil, Venezuela receivables impairment of S\$1.1 mil and FV gain on equity investment of S\$0.4 mil in FY17, NPBT in FY18 would effectively be S\$1.5 mil or 36.3% higher than FY17.

Net Profit After Tax



- Profit from FY2012-2016 partly affected by higher depreciation following plant expansion as well as investment in new markets.
- Plant has been fully depreciated at end of FY2017.
- Profit growth trend back on track.

Balance Sheet

S\$'mil	FY 2017	FY2018	Var	
Cash	9.3	12.2	2.9	Positive operating cash-flow.
Borrowings	16.7	19.5	2.8	Funding for working capital requirement.
Shareholders Equity(less MI)	44.6	47.2	2.6	Higher net offset by dividend payment.
Gearing (times)	0.37	0.41	0.04	Net gearing 0.15 times. Comfortable level.
Current ratio (times)	2.1	2.1	-	Sound liquidity.
Inventory(net)	23.9	26.1	2.2	In line with higher sales.
Inventory T/O (days)	115	118	3	
Trade Receivables(net)	27.1	23.5	(3.6)	No major signs of deterioration.
Receivables T/O (days)	93	84	(9)	
NTA/share (cents)	33.5	35.4	1.9	

Cashflow

\$'000	FY 2017	FY 2018	
Cash (used in)/from operating activities	(1,144)	2,609	Positive operating cash-flow from profitable operation.
Cash used in investing activities	(173)	(40)	No major capex.
Cash (used in)/from financing activities	(802)	328	Increase in borrowing to fund increase in working capital requirement net of S\$1.8 mil dividend paid.
Net change in cash	(2,118)	2,897	
Beginning cash balance	11,527	9,345	
Ending cash balance	9,345	12,199	Cash position healthy.

P&L Summary

- Sales increased
 - Gross profit increased
 - Lower other income (absence of once-off gain from the Thai associate's IPO)
 - Increase in Expenses
 - No increase in contribution from associated company
- => Higher net profit after tax
- Adjusting for gain from associate's IPO, trade receivables impairment and fair value of equity investment, the increase in net profit before tax was effectively higher than actually reported.

Balance Sheet Summary

- Sound liquidity
 - Cash position healthy
 - Gearing level acceptable
- => Balance sheet stable



Outlook 2019

Growth Momentum facing External Threats.

Global Economy

- Weakness in second half of 2018 will carry over to coming quarters, with global growth projected to decline. *Source : IMF*

US Chemical Industry

- Barometer Signals Continued Gains in Activity Through Mid-2019, But Pace of Growth Is Slowing. *Source : ACC*

Europe Chemical Industry

- Chemicals companies perceive no significant improvement during the coming six months. *Source : ECIC*

Higher Interest Rate

- Probability of further hike in interest rates

Currency Volatility

- Increased Currency Volatility

Possibilities and Potential



Asia : A bright spot
Our network : 12 countries, 9 in Asia



Product centricity



Customer centricity



Integrated Solution



Share Performance :
Enhancing Shareholders' Long Term Value

Share Statistics

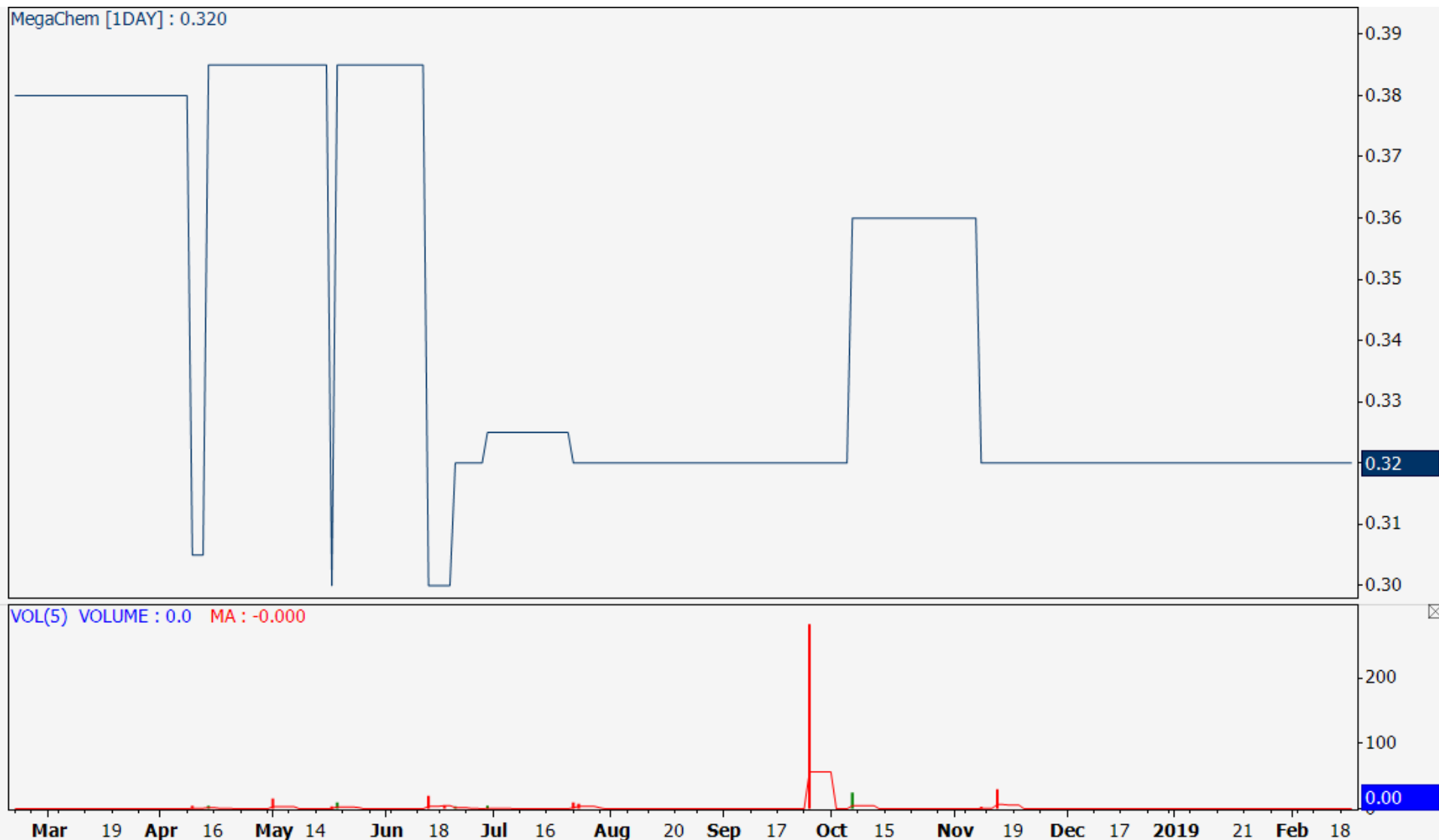
Share Information (as at 21 Feb 2019)	
Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	39 cents
52 weeks Low	30 cents
Price (as at 21 Feb 2019)	32 cents
No of Shares	133,300,000
Earnings per share FY18	3.06 cents
Historical P/E	10.5 x
Market Capitalisation	\$42.7 mil
NTA/share	35.38 cents
Price/Book Ratio	0.90

Note :

(a) P/E = price as at 21 Feb 2019 / EPS FY18

Share Price Performance

Share price chart : 1 year to 21 Feb 2019



Share Price Performance

Share price chart : 1 year to 21 Feb 2019



2018 Final Dividend Proposal

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Average price (cents) *	22.5	21.5	19.75	19.9	22.9	28.0	33.0	36.0	40.0	42.5	36.5
Dividend / share (cents) - net	0.40	1.0	1.2	1.3	1.3	1.0	1.0	1.0	1.2	1.2	1.5
Dividend payout (%) - net	24.1%	50.6%	34.6%	35.7%	54.7%	53.3%	48.0%	45.0%	78.0%	37.7%	49.0%
Dividend Yield (%) - Net **	2.0%	5.1%	6.0%	6.6%	5.0%	3.3%	3.0%	2.8%	3.0%	2.8%	4.1%

Interim Dividend Paid : 0.7 ct
Final Dividend Proposed : 0.8 ct
Total FY2018 : 1.5 cts

Final dividend for FY2018 is subject to shareholders' approval at the coming AGM

* Average price is the average of 31 December 2017 closing price of 41 cents/share and 31 December 2018 closing price of 32 cents/share.

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

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