



Results Presentation FY2021
Analyst Briefing



Business Updates



Distribution

Demand recovery following vaccination rollout and easing of COVID-19 restrictions.

Supply-demand imbalances led to higher chemical prices.

Broad based recovery across wide spectrum of our market segments.

Through our associated co in Thailand, acquired a distributor of chemicals used in personal care products.



Manufacturing

Custom-blending volumes also recovered as customers started to restock its inventory in response to higher demand.

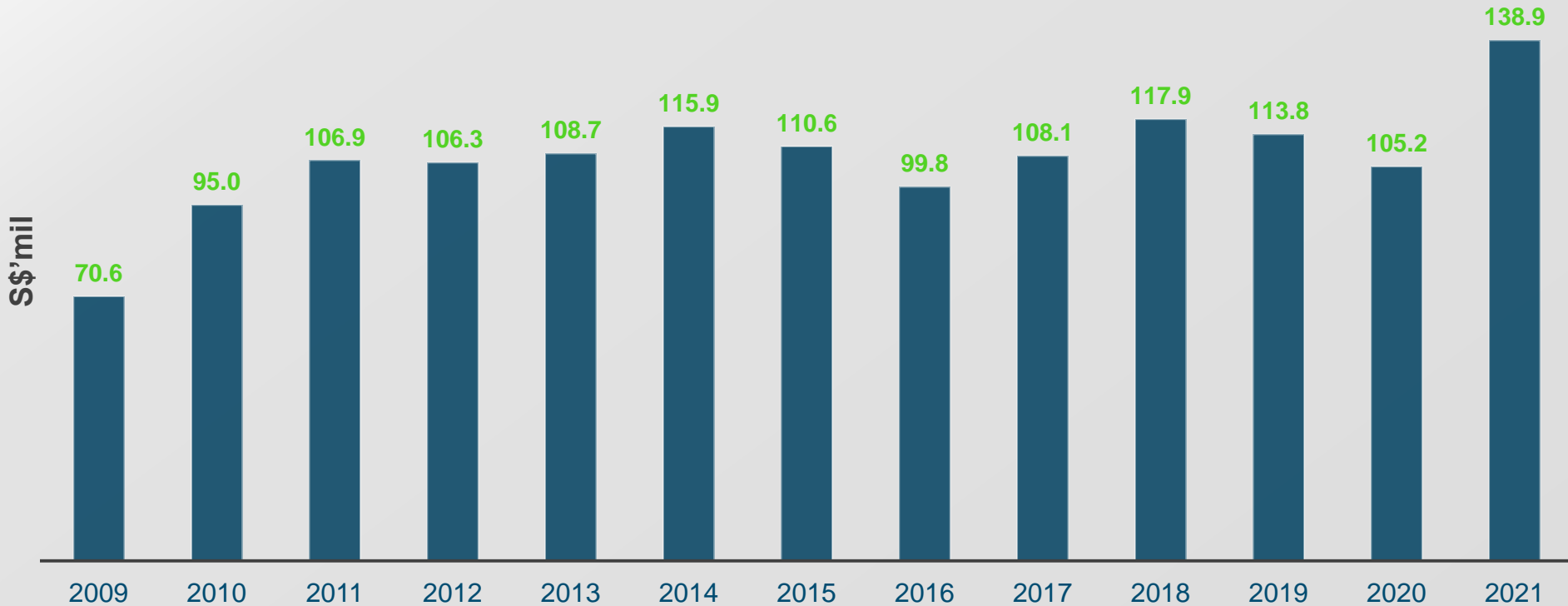


Financial Performance

Profit & Loss Highlights

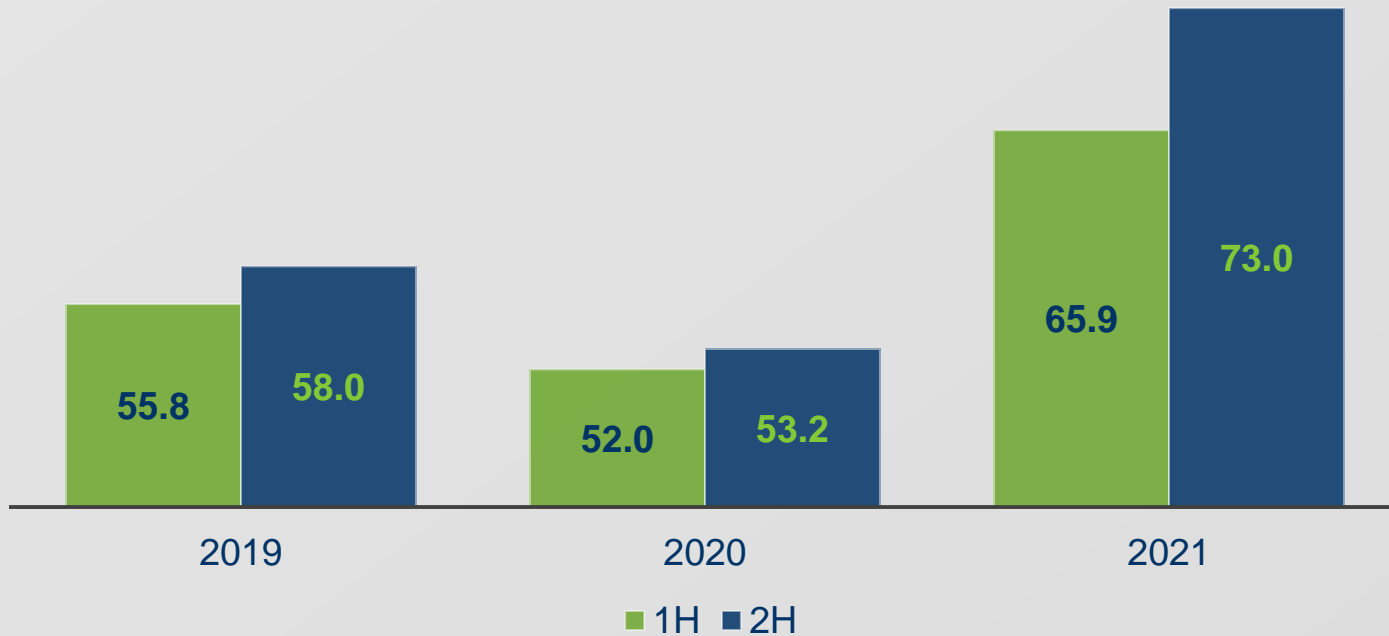
- Record Sales and Profit.

S\$'mil	FY19	FY20	FY21	Var	Var %	
Sales	113.8	105.2	138.9	33.7	32.0%	▲
Gross Profit	28.2	26.5	34.1	7.6	28.7%	▲
Gross Profit Margin %	24.8%	25.2%	24.6%	(0.6% pt)	-	▼
EBITDA	7.0	7.7	11.1	3.4	44.1%	▲
NPBT	5.0	5.9	9.2	3.2	54.7%	▲
NPAT	4.0	5.3	8.0	2.7	52.0%	▲
NPAT Margin %	3.5%	5.0%	5.8%	0.8% pt	-	▲
EPS(cents)	2.88	3.85	5.82	1.97	51.2%	▲



- Sales increased in FY21 due to higher sales volume and prices.
- Strong rebound in sales following a marginal dip in 2020.
- Higher than pre-COVID levels, hitting new record.
- Business elevated to a new level
- Seizing opportunities after each crisis.

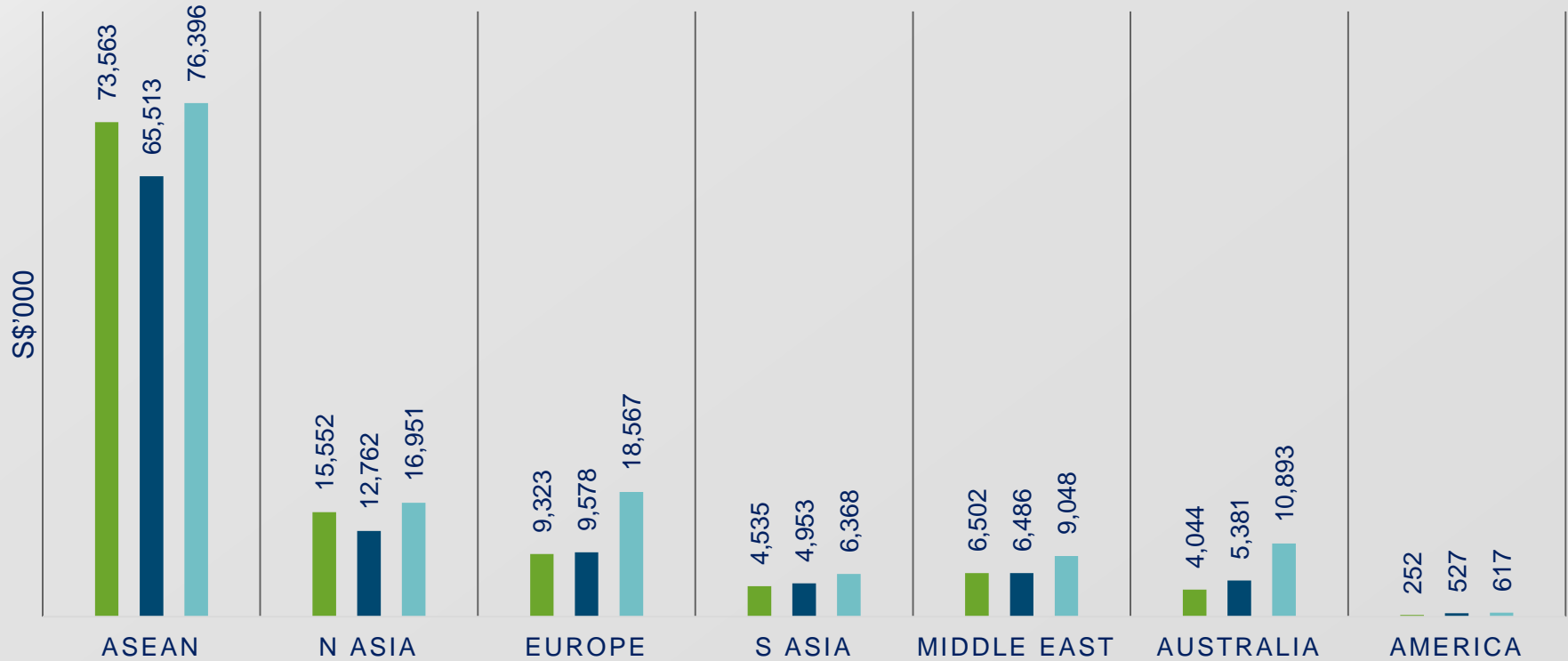
Half-year Sales(S\$'mil)



- COVID-19 impact felt most in 2Q and 3Q 2020.
- Business sentiment improved towards end of 2020 and demand recovered in 2021.
- Strong finish to the year 2021.

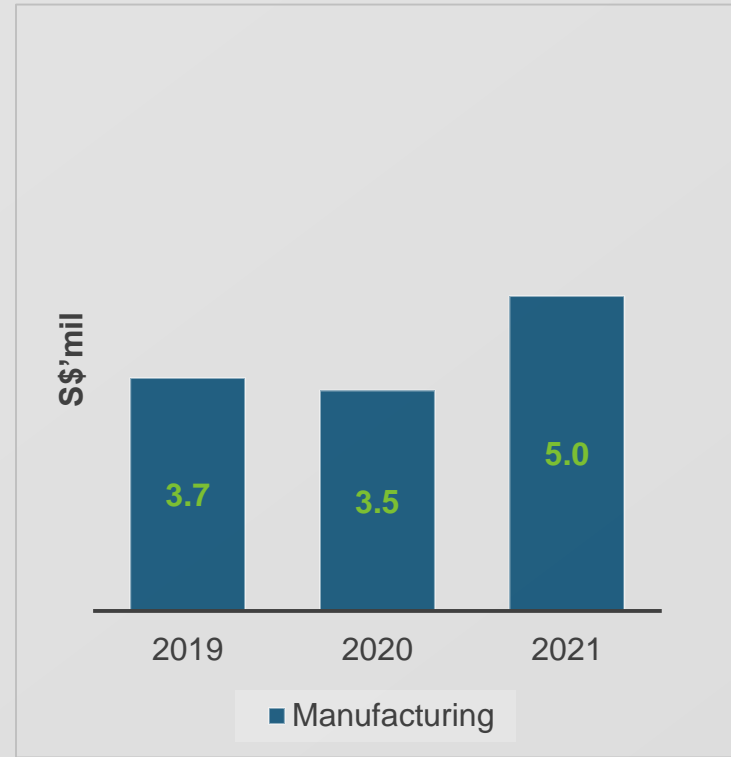
Sales Breakdown by Geographic Segments

■ FY19 ■ FY20 ■ FY21



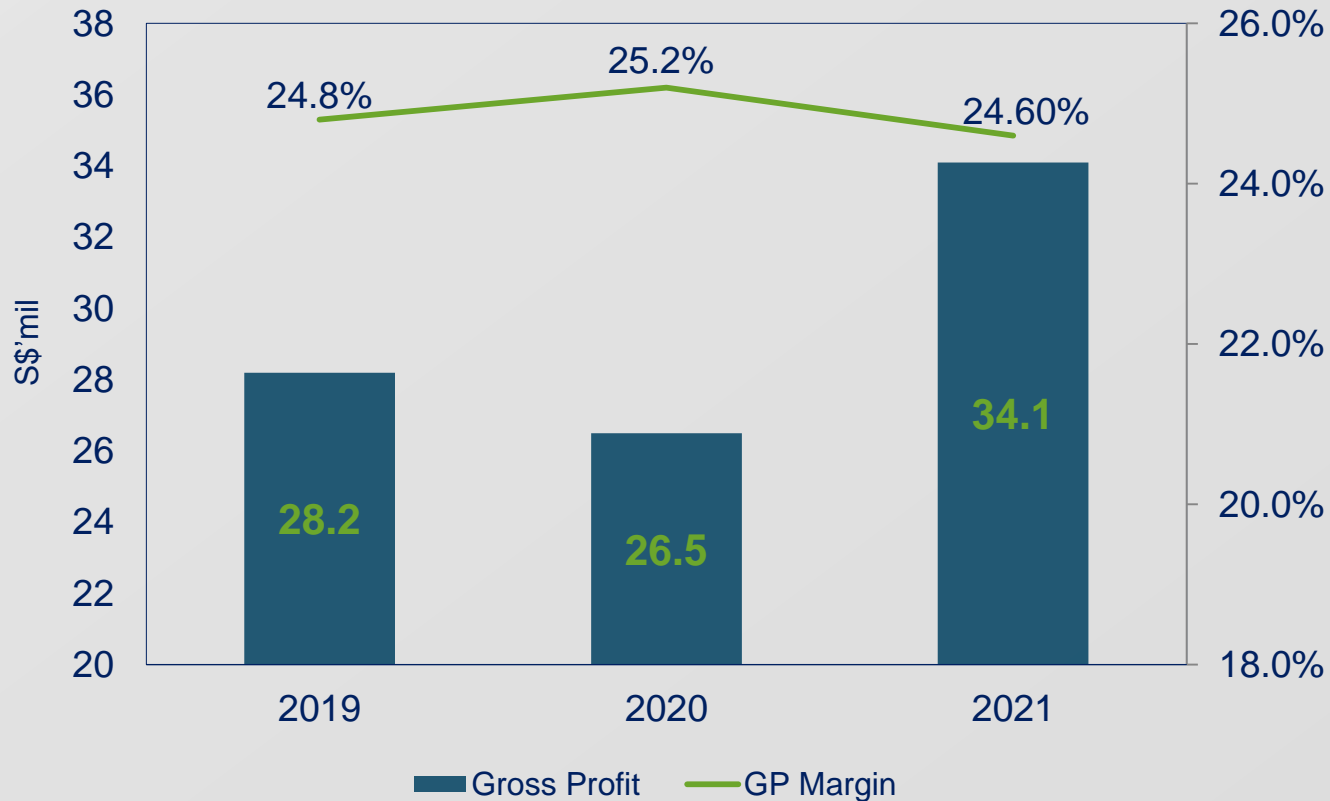
- Broad-based growth across all geographic market segments.
- Higher than pre-COVID level.

Sales breakdown by Business Segments



- Both activities have grown beyond pre-COVID level.

Gross Profit



- Gross profit increased S\$7.6 mil or 28.7% along with higher sales.
- Gross profit margin remained relatively stable despite supply side price pressure and higher freight cost

Expenses

- Total expenses increased S\$3.6 mil or 14.8% after a dip of 3.2% in FY 20.

S\$'mil	FY2020	FY2021	Var	Var %	Remarks
Receivables Impairment	0.1	0.1	-	-	No significant deterioration in receivables.
FX loss	-	0.2	0.2	n m	Net FX gain in FY 2020 shown in other income.
Transport	0.7	0.9	0.2	23.1%	In line with higher sales.
Employee Remuneration	14.5	17.7	3.2	22.0%	In line with better performance.
Finance cost	0.7	0.8	0.1	10.7%	Due to higher borrowings to fund higher sales.

Other Income

S\$'mil	FY2020	FY2021	Var	Remarks
FV gain on equity investment	0.1	0.2	0.1	Share price appreciation of listed security, Meghmani Ltd.
Trade receivable Recovered	0.36	0.34	-	Includes recovery of debts from Venezuela.
Interest Income	0.2	0.1	(0.1)	Interest from bank deposits.
Net FX gain	0.05	-	(0.05)	Loss of S\$161,000 vs Gain of S\$52,000 in FY 2020.
Grant income	1.1	0.3	(0.8)	Job Support Scheme ceased.

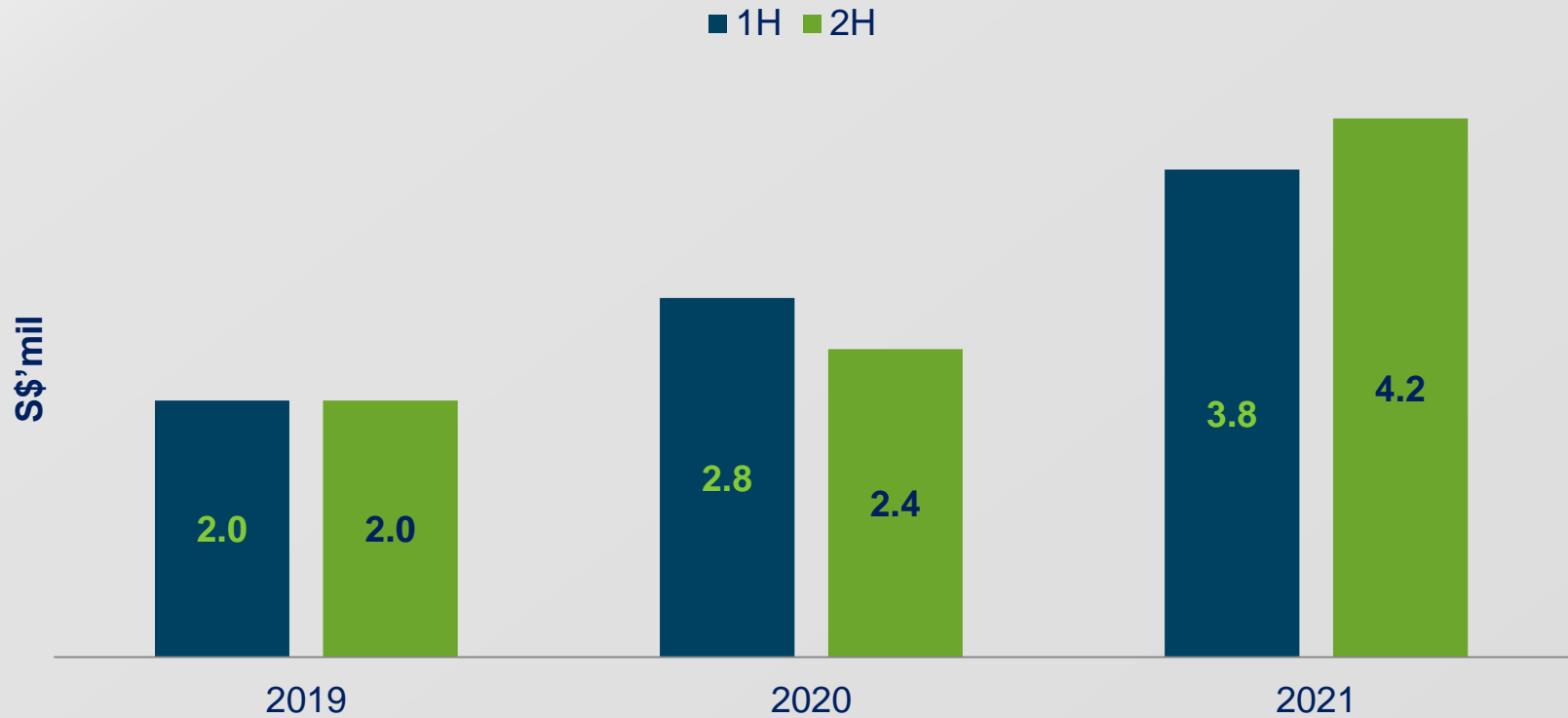
- Other income decreased by S\$0.8 mil or 42% mainly due to lower grant income.

Share of Associate's Profit



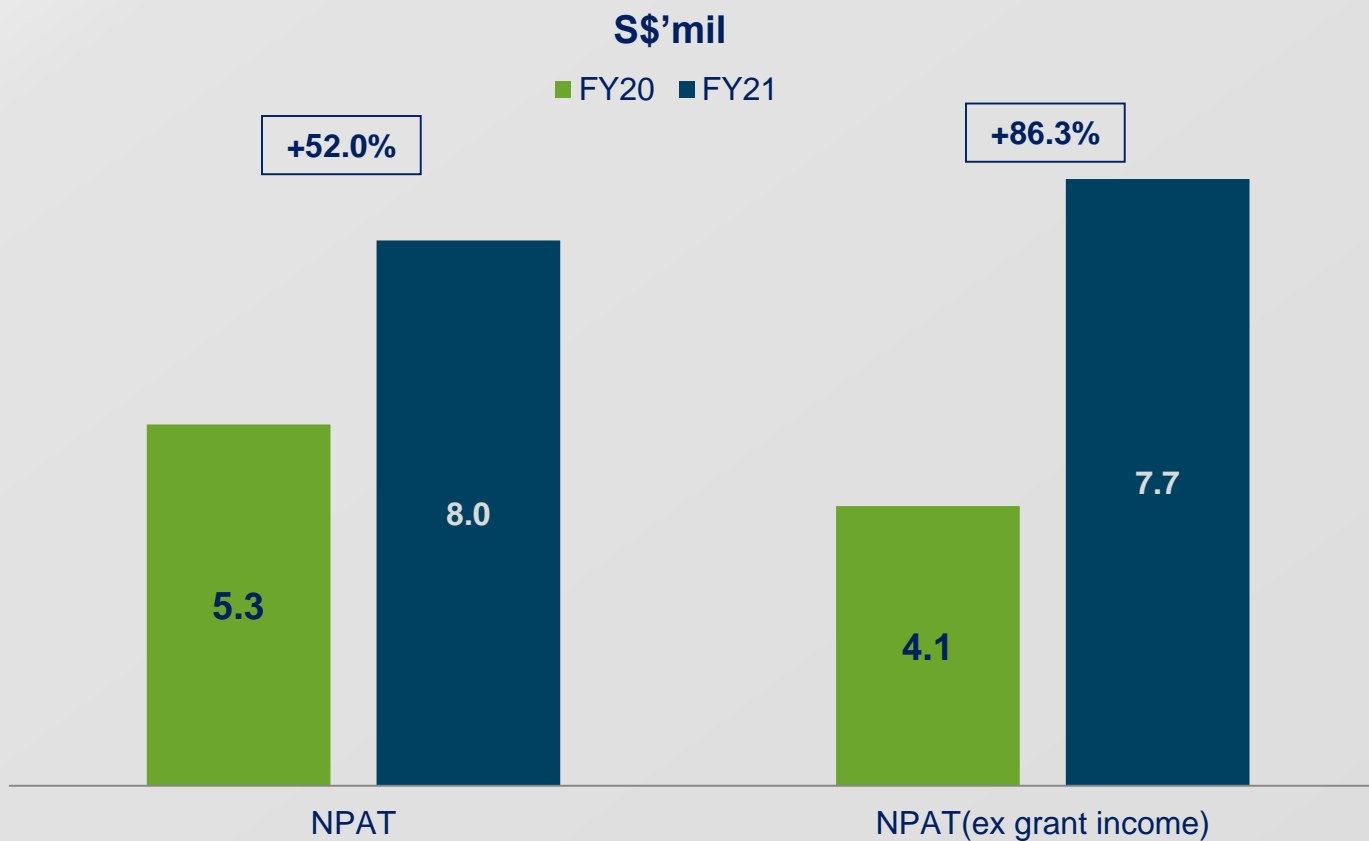
- Surge in demand for cleaning chemicals in 2020 stabilized in 2021 in Thailand.
- In Oct 2021, acquired a distributor of chemicals used in the manufacturing of personal care products

Net Profit After Tax



- Strong recovery in sales led to sequential growth in net profit.

Net Profit After Tax



- The increase in NPAT was even higher after adjusting for the grant income.

Net Profit After Tax

Full Year NPAT \$'mil



- NPAT in FY21 higher than pre-COVID level and hit new record.
- Scaling new heights

Balance Sheet

Financial Discipline → Sound Balance Sheet

S\$'mil	FY2020	FY2021	Var	
Cash	16.2	11.5	(4.7)	Higher working capital requirement.
Borrowings	19.3	28.9	9.6	Higher borrowings to support higher sales.
Shareholders Equity(less MI)	52.4	57.3	4.9	Positive earnings less dividend
Gearing (times)	0.37	0.51	0.14	Due to higher borrowings. Net gearing 0.31 x.
Current ratio (times)	2.2	1.8	(0.4)	Sound liquidity.
Inventory(net)	24.4	36.4	12.0	Higher chemical prices. To ensure continuity of supply.
Inventory T/O (days)	133	120	(13)	Due to higher demand.
Trade Receivables(net)	23.6	30.6	7.0	In line with higher sales
Receivables T/O (days)	80	73	(7)	No major signs of deterioration.
NTA/share (cents)	39.33	42.95	3.62	

Deploying Cash for Growth

\$'mil	FY2019	FY2020	FY2021	
Cash from operating activities	6.6	6.1	(7.8)	Positive cashflow from profitable operation offset by higher working requirement.
Cash from/(used in) investing activities	0.3	(2.4)	(2.8)	Construction of warehouse in Malaysia internally funded.
Cash from/(used in) financing activities	(4.1)	(2.8)	5.8	Higher bank borrowings for higher working capital requirement. S\$2.4 mil dividend paid.
Net increase/(decrease) in cash	2.7	1.0	(4.8)	Net negative cash generated.
Beginning cash and cash equivalents	12.2	14.9	15.9	
Ending cash and cash equivalents	14.9	15.9	11.1	



FY2022 Outlook

Dawn of a New Growth Cycle



Dawn of A New Growth Cycle

Global Economy

- COVID-19 pandemic
- Tightening of Global Monetary Policy
- China Economic Slowdown
- Acceleration of COVID-19 Vaccination
- Global economy back on track of growth

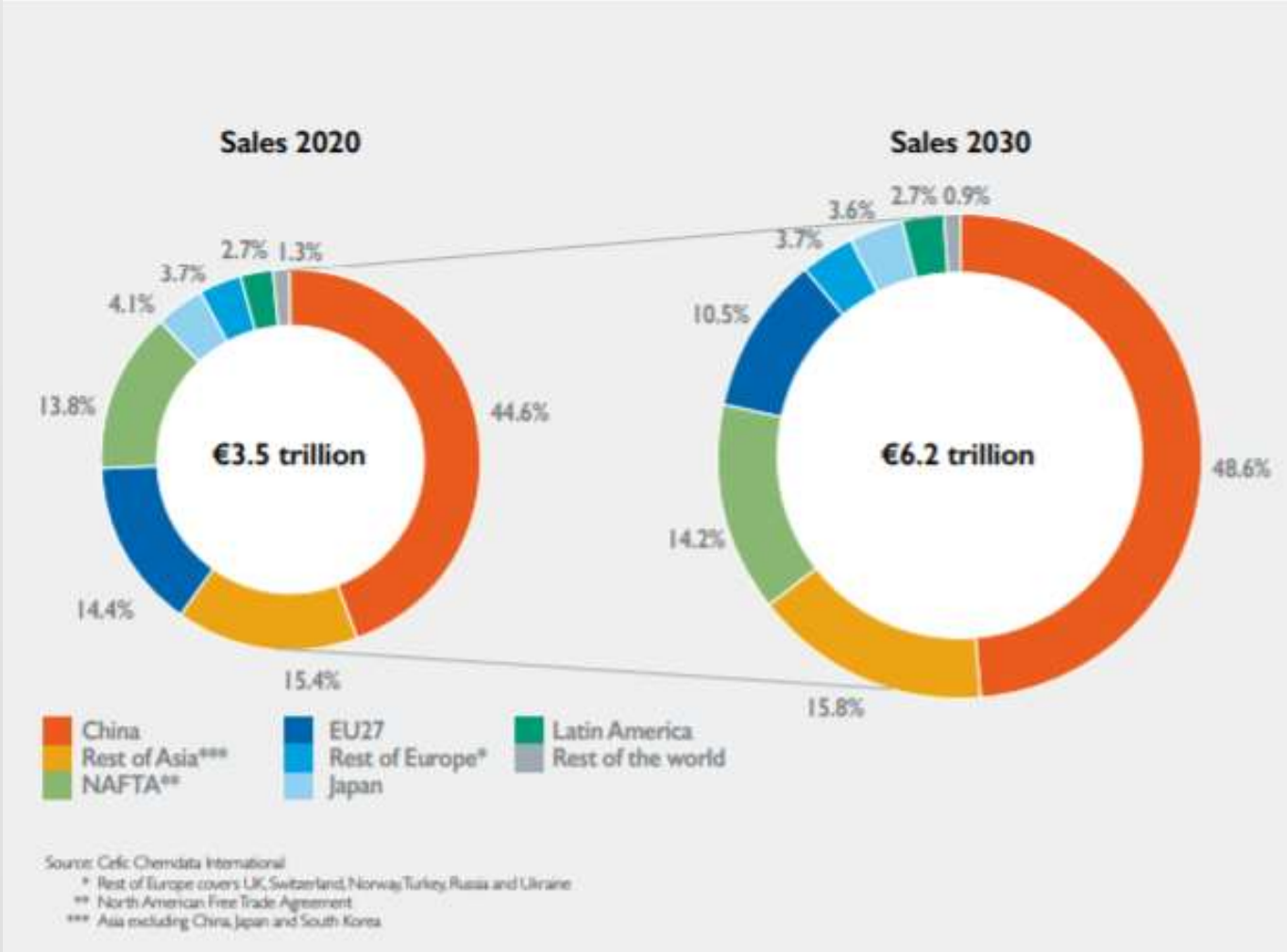
Chemical Industry

- Growth impediments are expected to ease
- Activities in chemical industry are consistent with recovery in economy.

Smoother Growth Trajectory

Chemical Industry Outlook

World chemical sales 2020-2030



Source : https://cefic.org/app/uploads/2022/01/Leaflet-FactsFigures_interactif_V02.pdf

Megachem

- Building strategy around Asia-centric markets
- Developing a strong customer base
- Deepening presence in higher growth sectors
- Offering comprehensive product range
- Strengthening our Supply Sources.

Realising Potential, Capitalising Opportunities



Share Performance :
Enhancing Shareholders' Long Term Value

Share Information (as at 18 February 2022)	
Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	50 cents
52 weeks Low	35.5 cents
Price (as at 18 Feb 2022)	43 cents
No of Shares	133,300,000
Earnings per share FY21	5.82 cents
Historical P/E(a)	7.39 x
Market Capitalisation (as at 18 Feb 2022)	\$57.3 mil
NTA/share	42.95 cents
Price/Book Ratio (b)	1.001

Note :

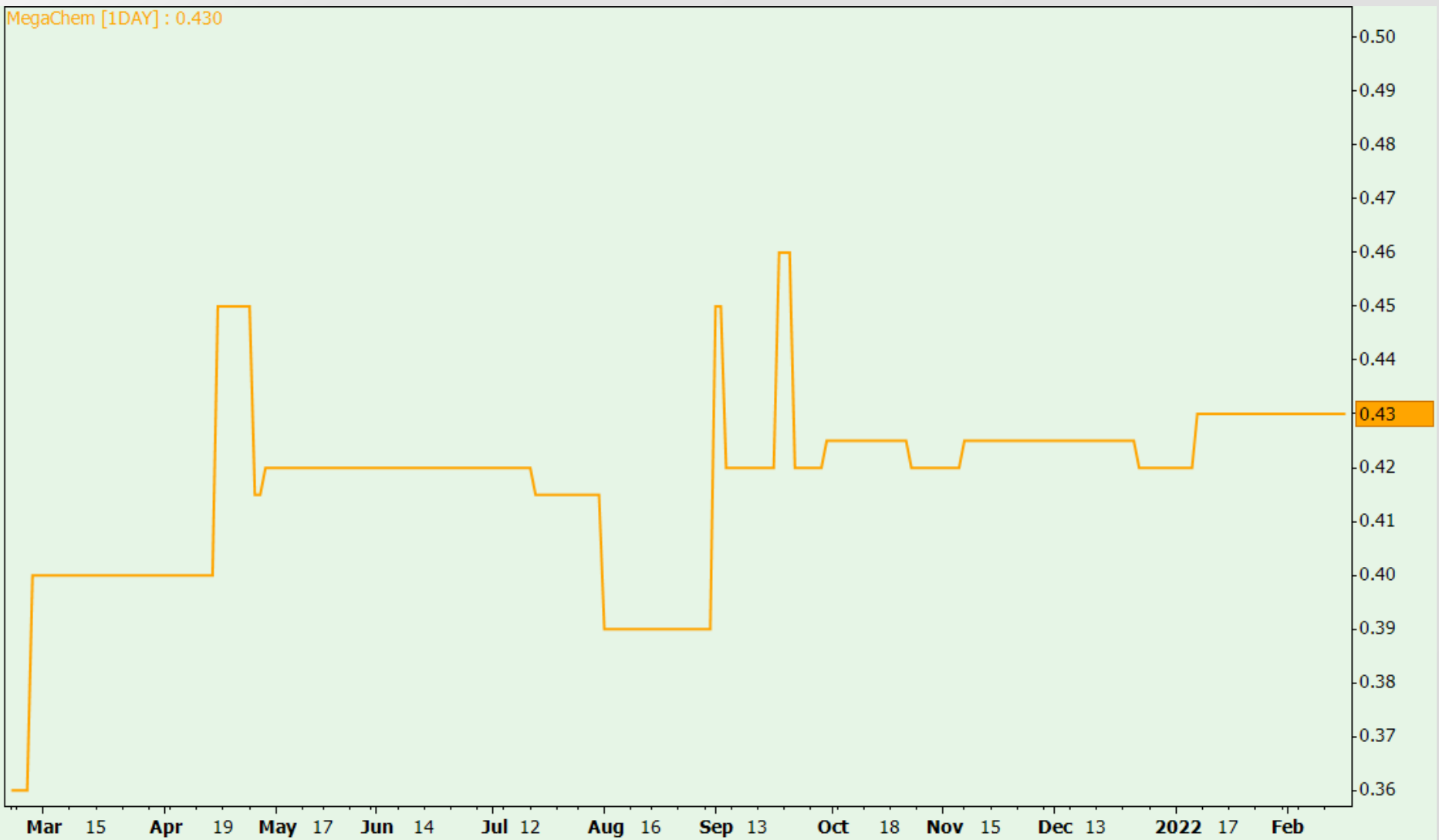
(a) P/E = price as at 18 Feb 2022 / EPS FY2021

(b) Price/Book ratio = price as at 18 Feb 2022 / NTA per share.



Share Price Performance

Share price chart : 1 year to 18 February 2022



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Share Price Performance

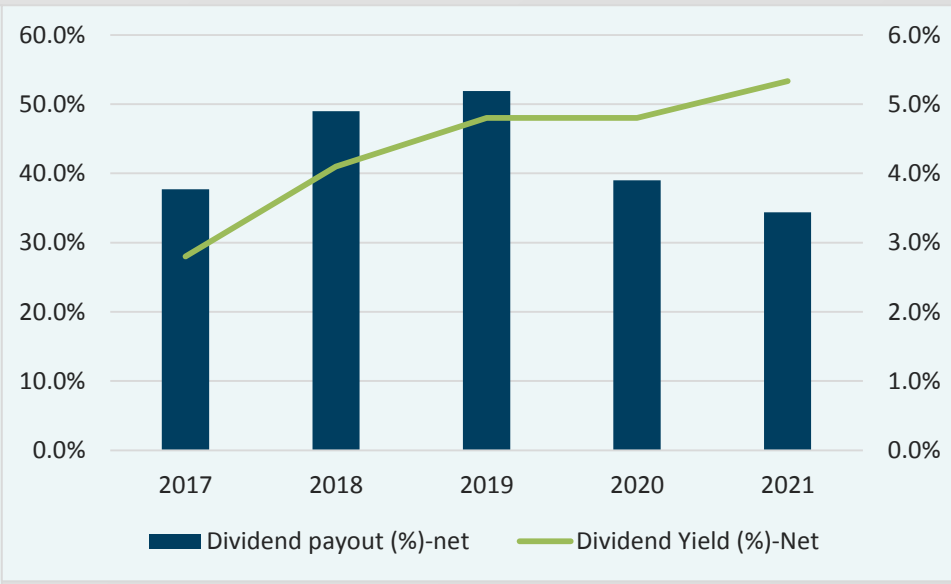
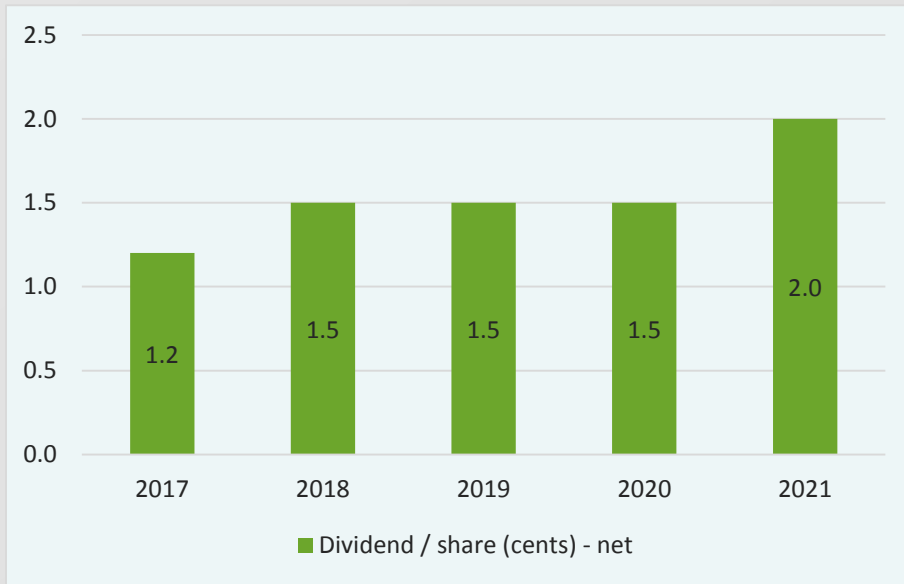
Share price chart : 1 year to 18 February 2022





FY2021 Final Dividend

	FY2021
Interim Dividend (cts/share)	0.8
Final Dividend (cts/share)	1.2
Total FY21 Dividend (cts/share)	2.0
FY21 Dividend Payout	34.4%
Dividend Yield	5.3%



* Average price is the average of 31 December 2020 closing price of 33 cents/share and 31 December 2021 closing price of 42 cents/share.

** Dividend yield = FY21 dividend per share / average price.

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