



## NEWS RELEASE

### MEGACHEM REPORTS 7.4% INCREASE IN H1 2024 REVENUE TO S\$65.2 MILLION

- *Higher revenue attributed to rising chemical demand and higher sales across key geographic markets*
- *Adjusted net profit after tax at S\$1.7 million, 79.8% higher than H1 2023, excluding a net impact from fire incident*
- *Maintains healthy financial position with net gearing ratio of 0.28 times<sup>1</sup>*
- *Interim dividend of 0.5 cents per share declared for H1 2024*

**Singapore, 13 August 2024** – Megachem Limited (“**Megachem**” or the “**Company**”, and together with its subsidiaries and associated companies, collectively the “**Group**”), a global one-stop specialty chemical solutions provider, today reported a 7.4% increase in revenue to S\$65.2 million for the half year ended 30 June 2024 (“**H1 2024**”). After adjusting for the impact of the fire, H1 2024 net profit after tax stood at S\$1.7 million, which represents an increase of S\$0.8 million or 79.8% over the previous corresponding period ended 30 June 2023 (“**H1 2023**”).

Mr. Sidney Chew (“**Mr Chew**”), Managing Director of the Group, said, “Demand for chemicals is on the mend and we saw key geographic markets record higher sales as a direct result of that, coupled with inventory continuing to normalise across the industry following last year’s period of destocking. Our performance in H1 2024 is a testament to our business resilience and robust business model. Whether this growth trajectory can be sustained in the second half of 2024 is largely dependent on external factors such as economic and industry outlook.”

---

<sup>1</sup> As at 30 June 2024.

## **Performance Review for H1 2024**

Megachem recorded a revenue of S\$65.2 million, an increase of 7.4% as compared to S\$60.7 million recorded in H1 2023. The increase in revenue reflects favourable market conditions as evident in the broad-based rise in revenue across its geographic markets and business activities.

In terms of geographical segment, revenue from ASEAN, the Group's largest market, grew by 5.6% to S\$37.6 million in H1 2024 compared to S\$35.6 million recorded in H1 2023. Meanwhile, revenue from Europe, which is the Group's second largest market, saw an increase of 3.0% to S\$8.6 million in H1 2024 compared to S\$8.3 million recorded in H1 2023. Other market segments such as Australia, North & South Asia similarly registered increase in sales between H1 2023 and H1 2024, while Middle East and Africa saw marginal decline.

Total operating expenses increased by S\$5.5 million or 45.5% year-on-year, largely due to the various expenses incurred from the fire incident such as demolition and decontamination costs, waste disposal costs and higher warehouse storage charges. Other expenses including higher employee compensation, insurance expenses and net foreign exchange translation losses also contributed to the increase in operating expenses. Adjusting for the impact of the fire incident, total operating expenses for H1 2024 would have increased by S\$1.4 million or 11.0% year-on-year.

Megachem recorded a net profit after tax of S\$2.0 million in H1 2024, 113.3% higher year-on-year. Adjusting for the impact of the fire incident, Megachem would remain in the black with a net profit after tax of S\$1.7 million, S\$0.8 million or a 79.8% increase from H1 2023. The Group's liquidity remained consistent, with cash and bank balances falling by 2.2% to S\$13.3 million as at 30 June 2024. Net gearing ratio remains stable at 0.28 times as at 30 June 2024, declining from 0.30 times as at 31 December 2023 in line with lower borrowings.

Earnings per share for H1 2024 came in at 1.5 cents as compared to earnings per share of 0.61 cents in H1 2023. Net asset value per share increased to 38.73 cents as at 30 June 2024, from 37.48 cents as at 31 December 2023.

### **Proposed Dividend**

For H1 2024, the Board of Directors declared an interim tax exempt dividend of 0.5 cents per share, representing a 33.3% payout ratio.

### **Outlook**

Looking ahead to the second half of the year, uncertainties persist given ongoing geopolitical conflicts such as the Russia-Ukraine war and the Israel-Hamas conflict. Despite the pause in interest rate hikes, interest rates remain high and continue to reverberate across the economy and business activities.

“While macroeconomic and geopolitical uncertainties are still at the forefront, the global economy is exhibiting signs of modest recovery. Inventories will continue to normalise, lending to more favourable and stable business conditions. Our long-term growth strategy, backed by our resilient business model and prudent financial discipline, will pave the way to seize more opportunities in the region and beyond,” concluded Mr Chew.

### **Updates on Fire Incident**

On 5<sup>th</sup> July 2023, Megachem informed shareholders via an SGX announcement that a fire broke out on the same day at 132 Pioneer Road where its warehouse is located. Currently, the groundwork for rebuilding the warehouse has commenced, following the completion of the demolition, waste contamination and disposal phase. Various professionals required for the rebuilding have been appointed.

The Permit to Commence Work has just been obtained on 31 July 2024. Barring any setbacks, Megachem expects the construction to commence by end of August 2024 and slated for completion by end of 2025.

While the reconstruction of the warehouse will increase the Group's cost in the short term, the new warehouse, which is larger, safer and more environmentally friendly, will lower warehousing cost and enhance Megachem's competitiveness in the long term.

### **About Megachem Limited**

Established in 1988, Megachem is a one-stop specialty chemical solutions provider. We provide integrated value-added services including distribution and contract manufacturing of specialty chemicals to meet our customers' requirements.

The Group distributes its products globally through its extensive distribution network in Singapore, Malaysia, Indonesia, Thailand, the Philippines, Vietnam, Myanmar, China, India, Middle East, Australia and the United Kingdom.

Megachem distributes over 1,000 different types and grades of specialty chemicals, with a wide range of applications to an established and diversified base of more than 2,000 industrial customers, comprising mostly well-known multinational companies. The Group serves a wide spectrum of industries including water treatment, metal finishing, construction, oil and gas, food, beverage, flavours, fragrance, pharmaceuticals, polymers, coatings, electronics, rubber and plastics.

To enhance the Group's competitive edge and complement its strength in distribution, Megachem provides integrated services such as the contract manufacturing of specialty chemicals and other ancillary services for its customers.

For more information, please visit [www.megachem.com.sg](http://www.megachem.com.sg).

---

*This press release has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").*

*This press release has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.*

*The contact person for the Sponsor is Mr Bernard Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00, AIA Tower, Singapore 048542.*

---

|                       |  |
|-----------------------|--|
| ISSUED ON BEHALF OF : | Megachem Limited   |
| BY :                  | Citigate Dewe Rogerson Singapore Pte Ltd<br>158 Cecil Street<br>#05-01<br>Singapore 069545 |
| CONTACT :             | Ms Dolores Phua / Mr Eric Seow<br>at telephone   |
| DURING OFFICE HOURS : | 6534-5122  |
| EMAIL :               | <a href="mailto:Megachem@citigatedewerogerson.com">Megachem@citigatedewerogerson.com</a>   |

---