



Results Presentation FY2017
Analyst Briefing



Business Updates



Distribution

Business confidence improved following a dip in 2H 2016.
Business activity momentum picked up in our core market segments.
Broader portfolio of customers and products.



Manufacturing

Manufacturing activity faced lower demand.



Megachem Thailand

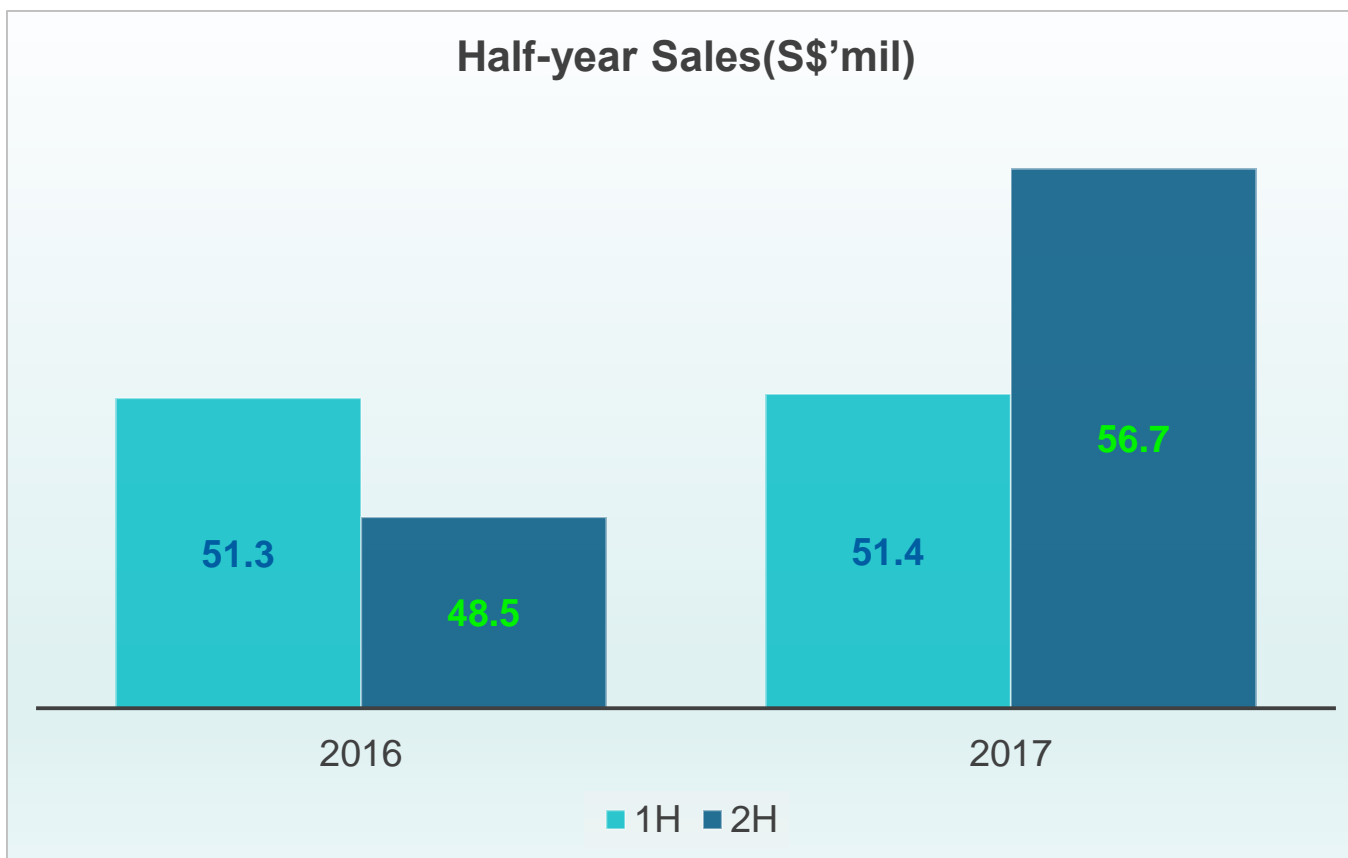
- Strong IPO debut on 23 February 2017. Opened at 2.74 baht per share, 45% above issue price of 1.89 baht per share.
- Reported positive full year results.



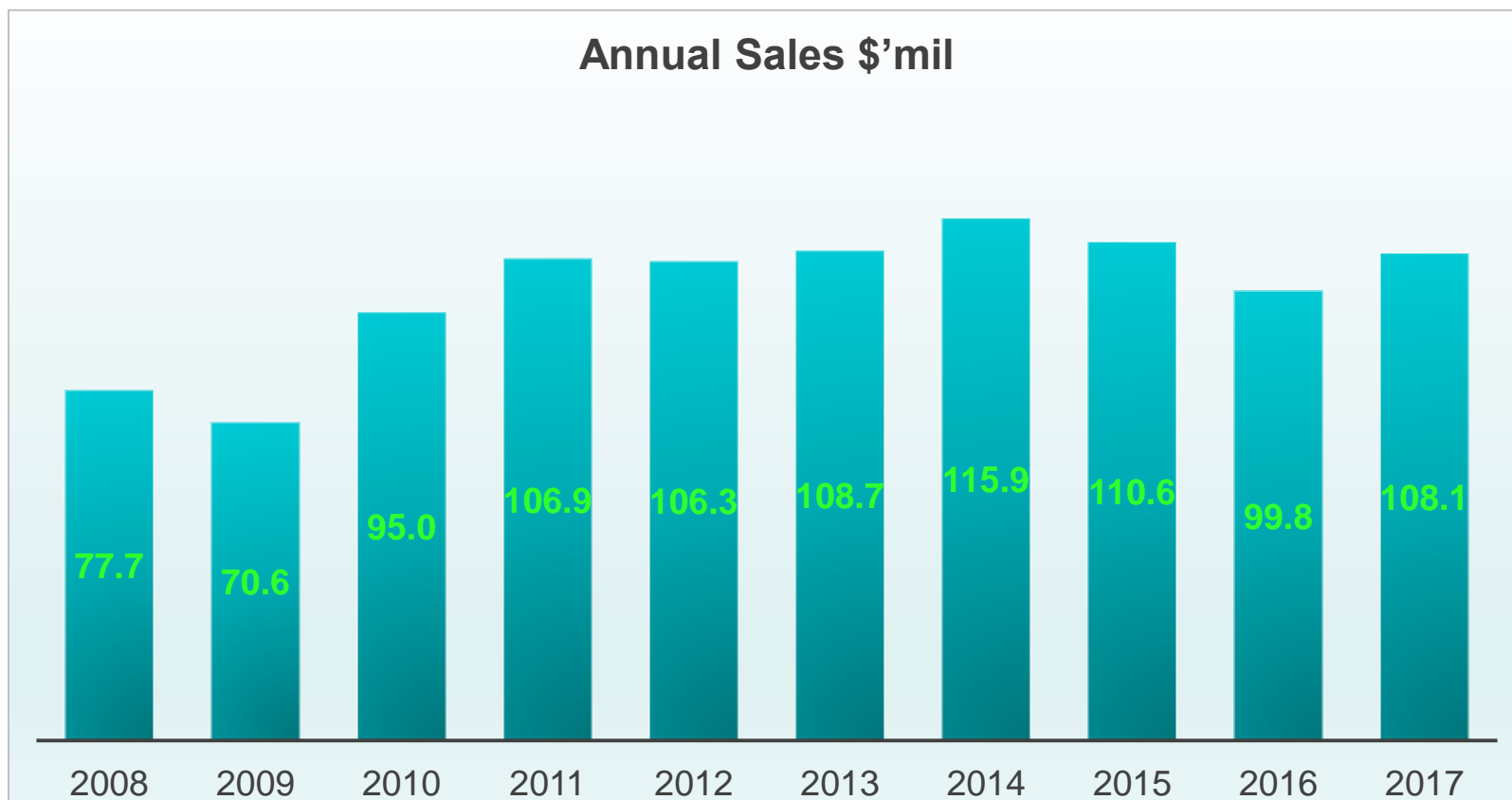
Financial Performance

Profit & Loss Highlights

S\$'mil	FY 16	FY17	Var	Var %	
Sales	99.8	108.1	8.3	8.4%	▲
Gross Profit	25.3	26.6	1.3	5.3%	▲
Gross Profit Margin %	25.3%	24.6%	-0.7% pts	-	▼
EBITDA	5.6	6.8	1.2	22.0%	▲
NPBT	3.6	5.2	1.6	42.9%	▲
NPAT	2.2	4.2	2.0	88.1%	▲
ROE %	4.9%	9.5%	4.6% pts	-	▲
EPS(cents)	1.53	3.18	1.65	107.8%	▲

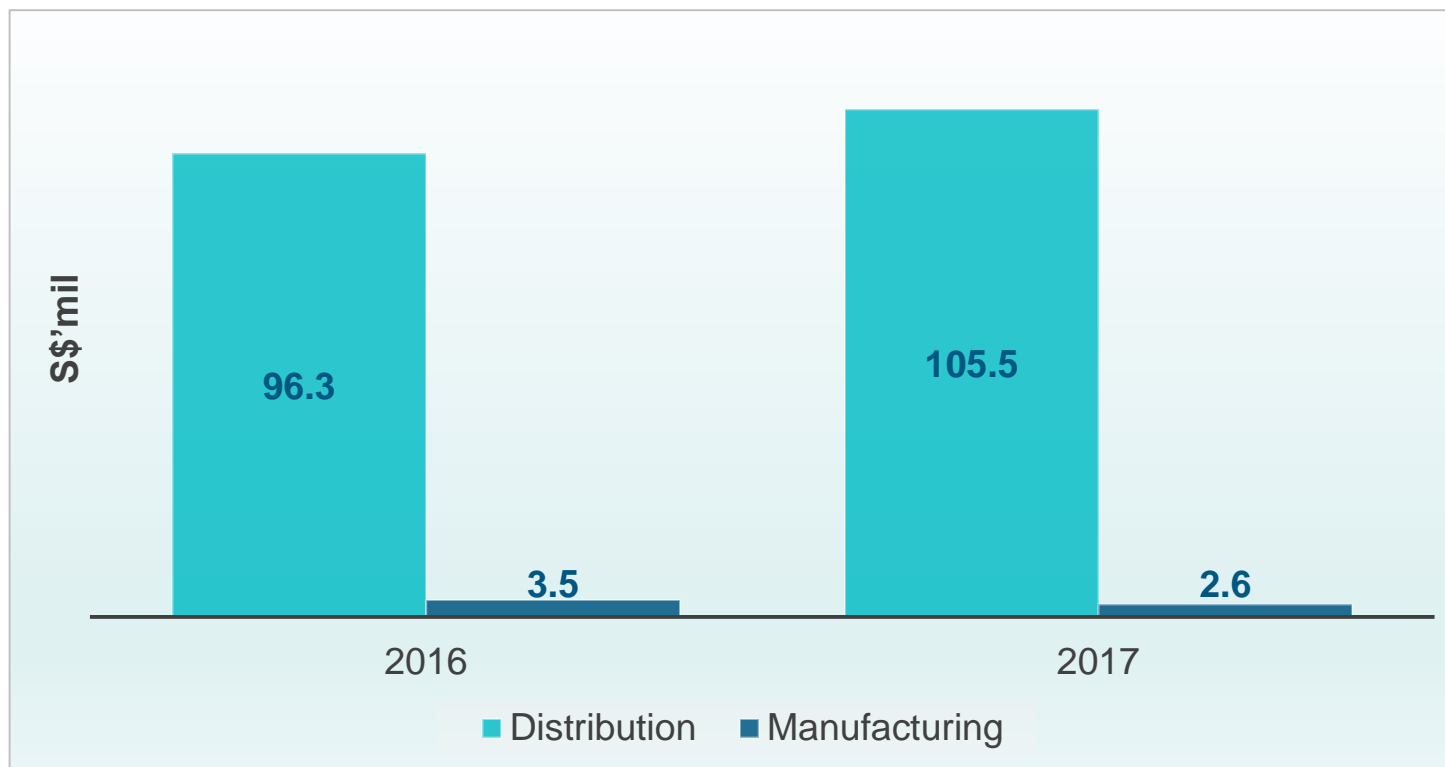


- Sales accelerated in 2H 2017 bolstered by broad-based growth across our major market segments.
- 2 consecutive half-yearly sales growth after a dip in 2H 2016.



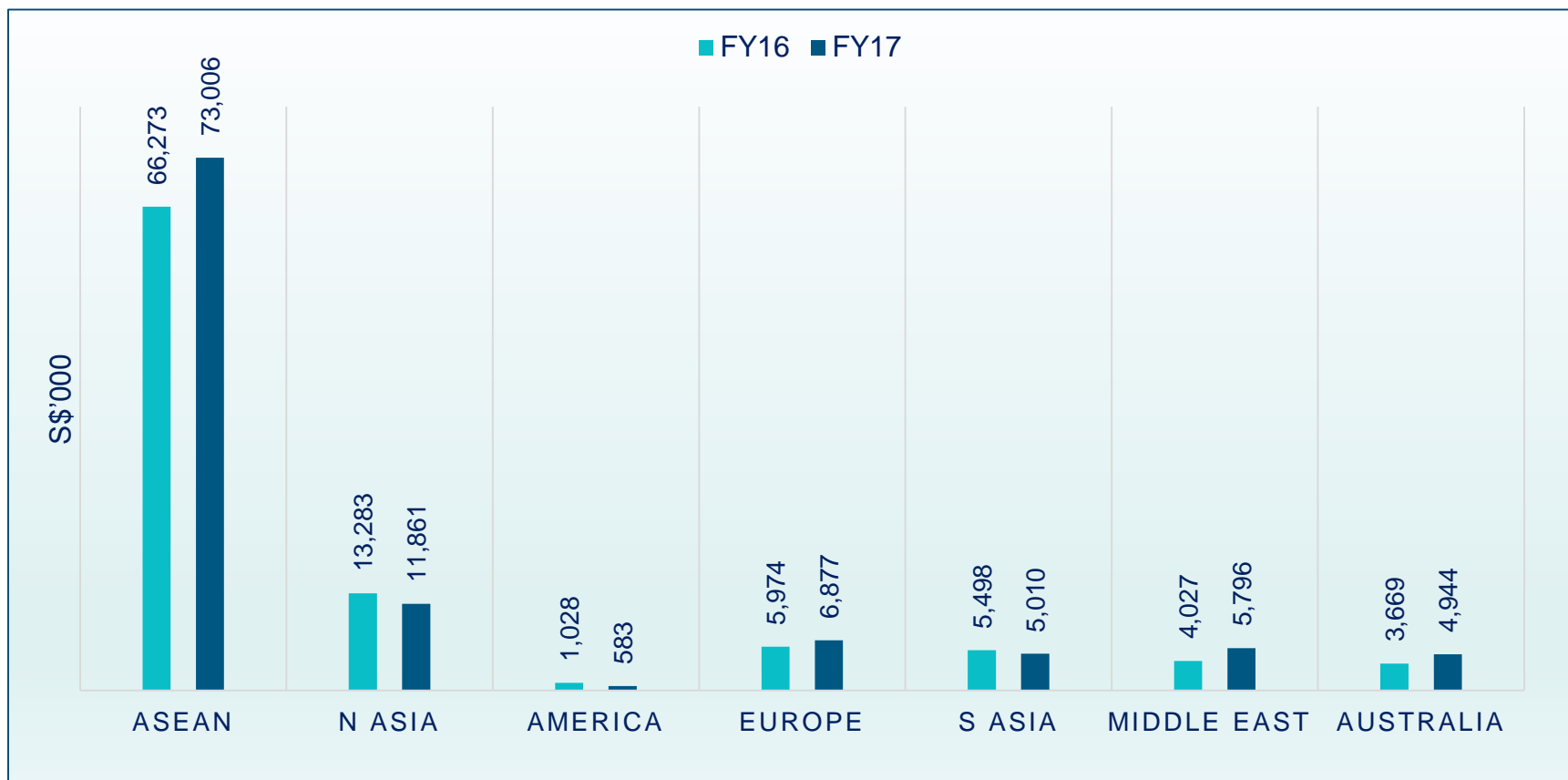
- Sales back on track after a dip last year, backed by upturn in global economy.
- Customer base and product portfolio expanded.
- Steady growth over the last 10 years

Sales breakdown by Business Segments



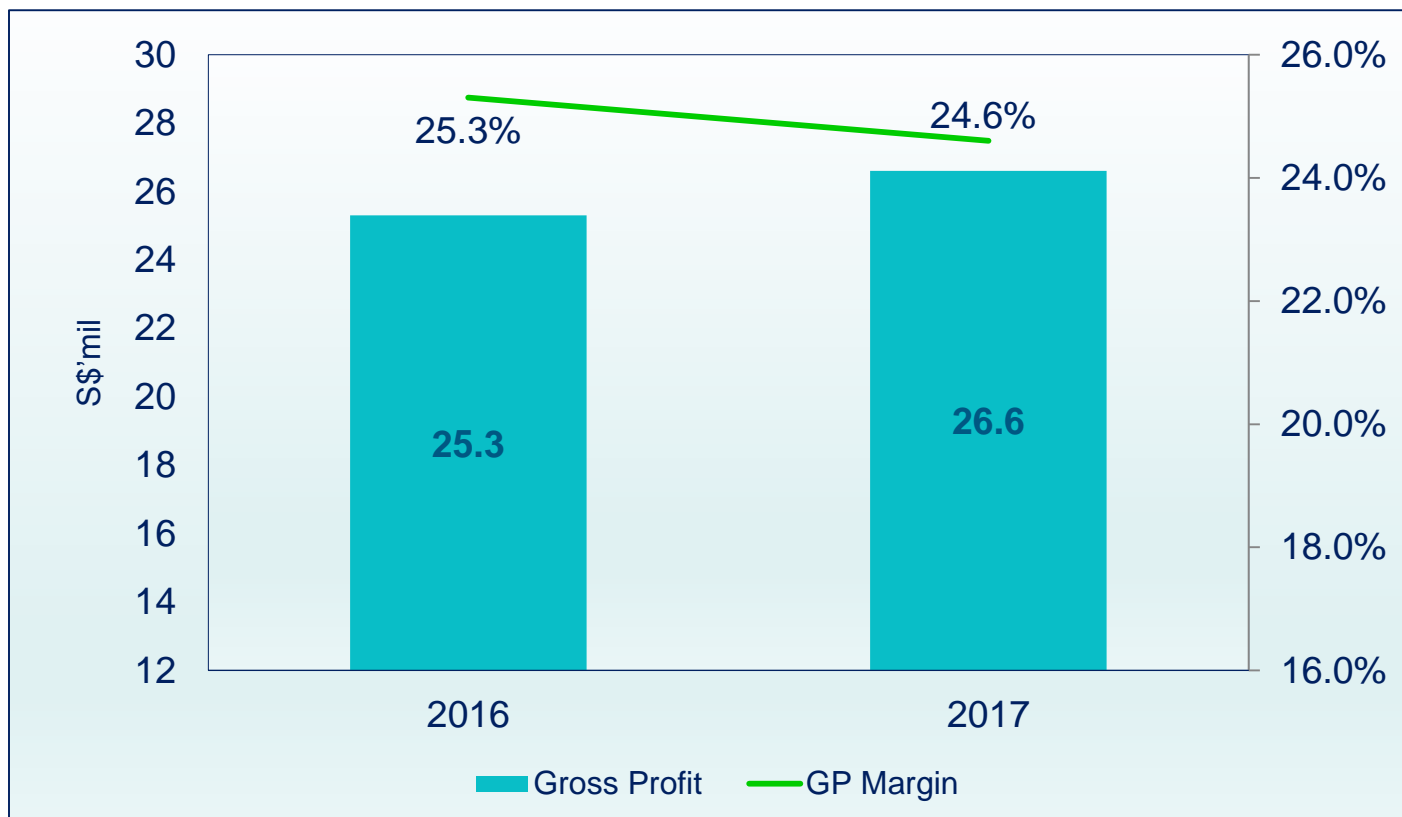
- Growth in sales came from Distribution activity
- Demand for Contract Manufacturing activity fell.

Sales Breakdown by Geographic Markets



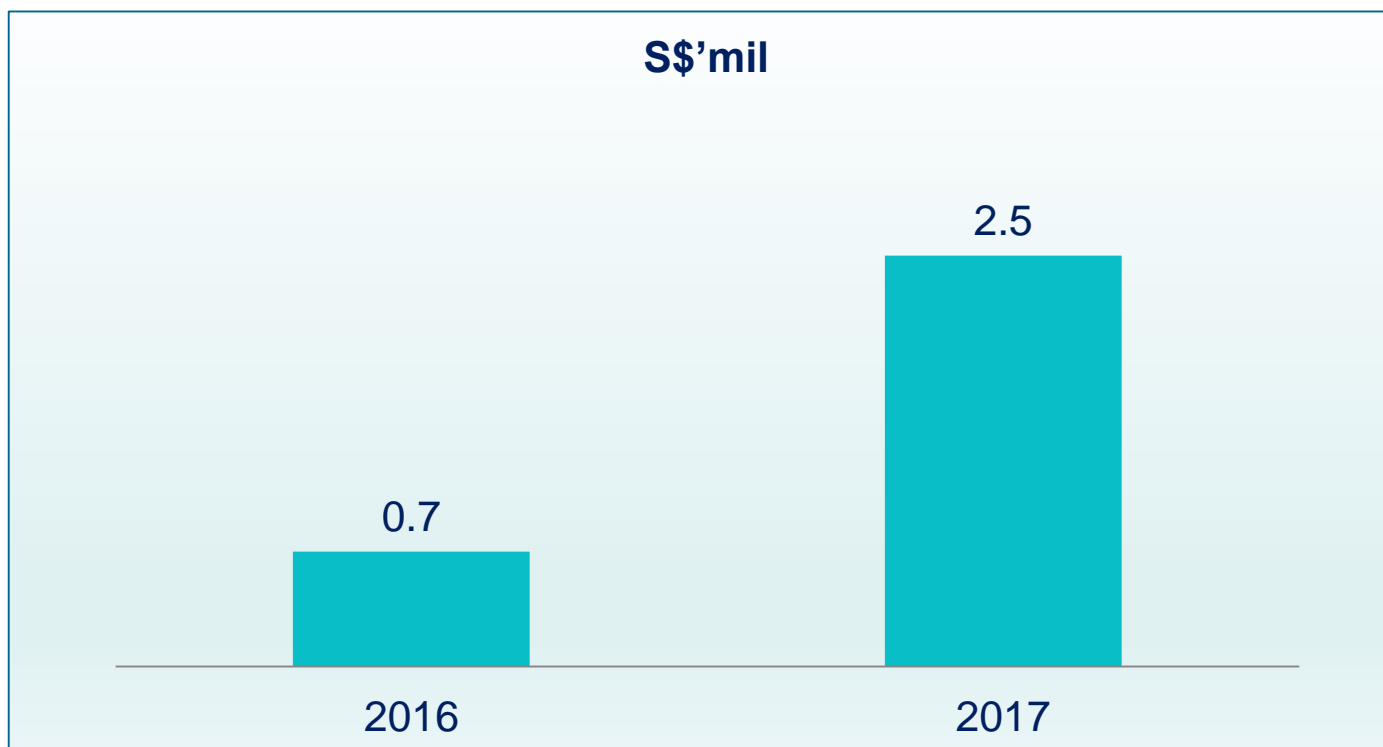
- Growth seen in our core market segments in ASEAN.
- ASEAN : the biggest contributor to sales growth.
- Intensified sales efforts led to higher sales in Europe, Middle East and Australia.
- Markets in North Asia, South Asia and America bucked the trend.

Gross Profit



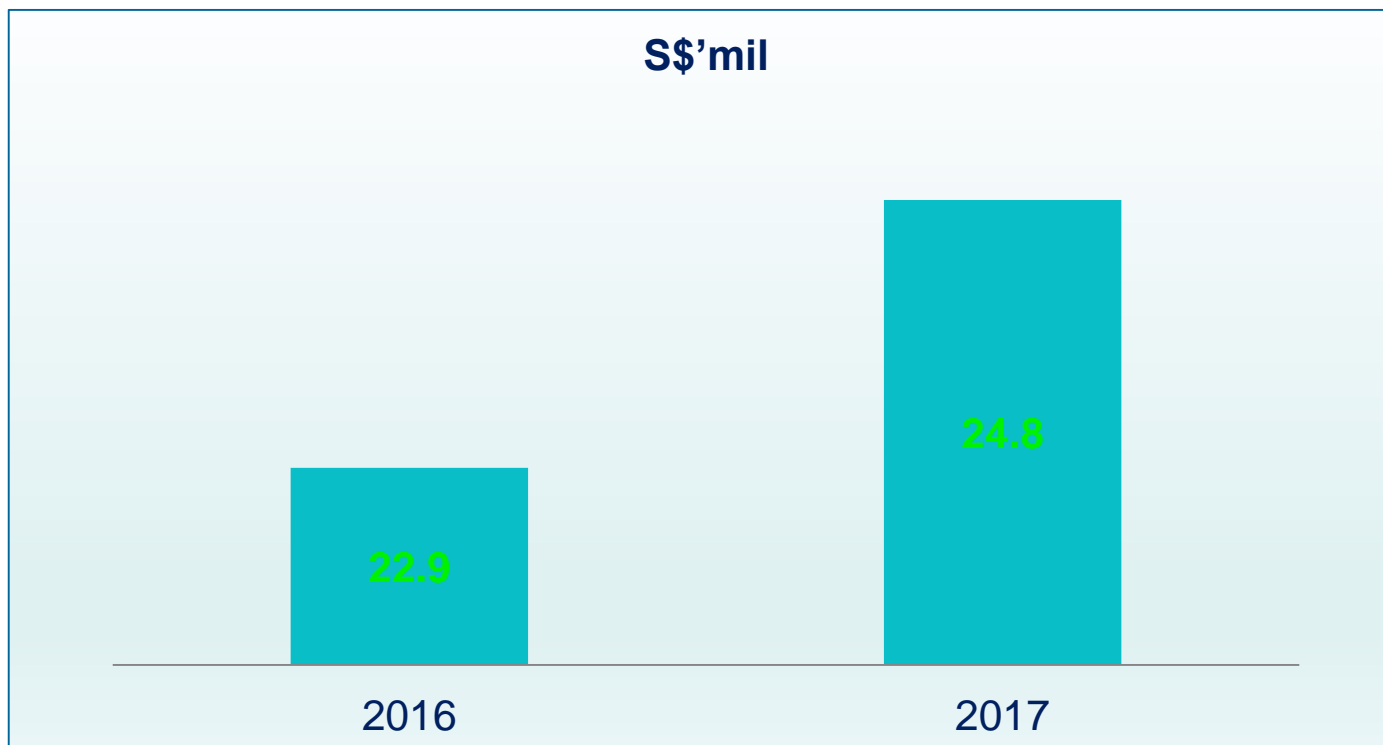
- Gross profit increased S\$1.3 mil or 5.3% in line with higher sales.
- Higher inventory write down and lower sales from contract manufacturing caused gross profit margin to fall marginally.

Other Income



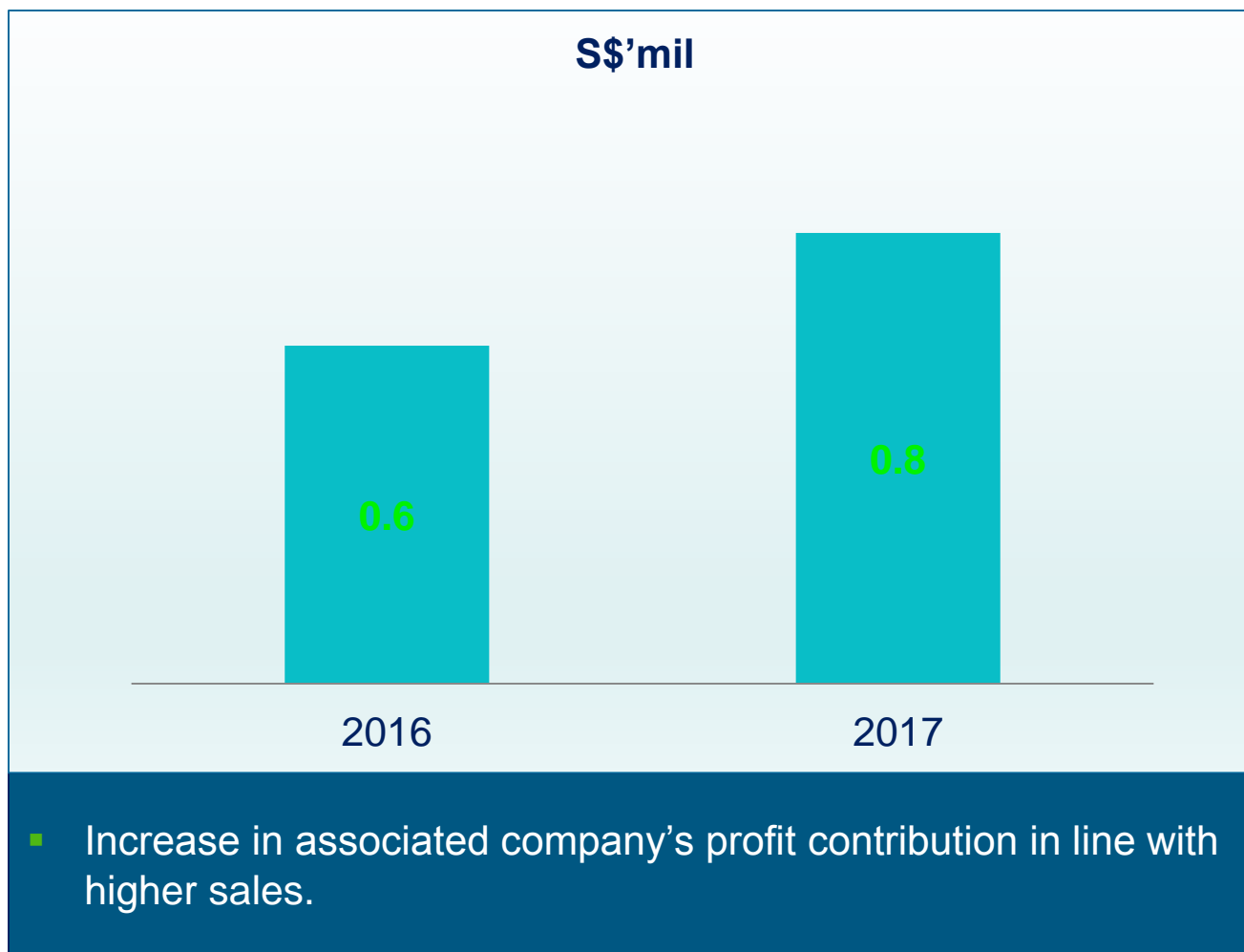
- Other income increased due mainly to (i) one-time valuation gain of S\$1.8 mil from IPO of associated company and (ii) fair value gain on equity investment of S\$0.4 mil.

Expenses

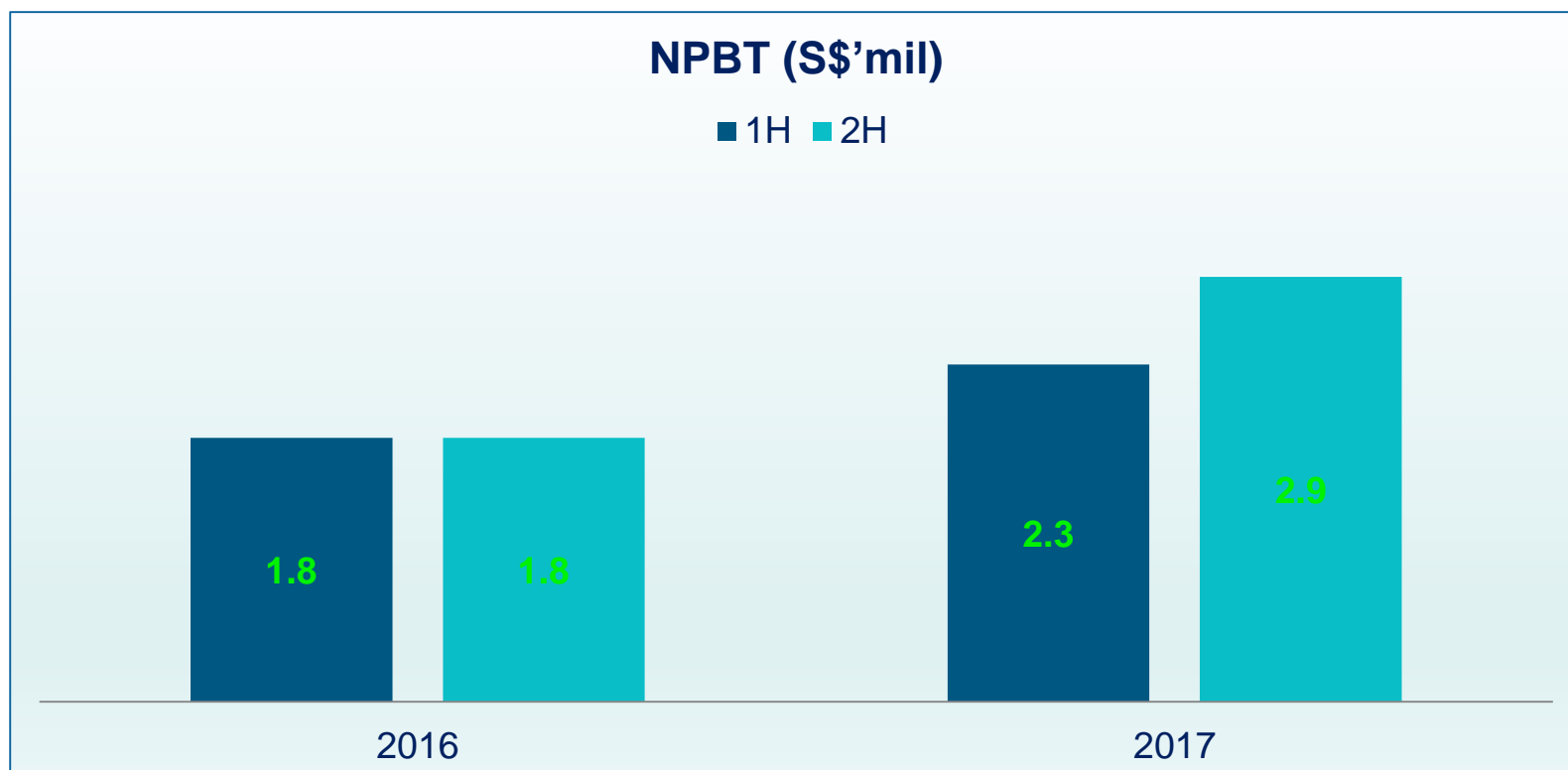


- Increase mainly due to (i) increase in receivables impairment of S\$0.3 mil, (ii) FX loss of S\$0.8 mil vs FX gain of S\$0.3 mil in FY16 and (iii) higher staff cost of S\$0.6 mil.
- Venezuela receivables have been fully impaired.
- Excluding Venezuela receivables impairment and FX loss, total expenses increased S\$0.8 mil or 3.6%.

Share of Associate's Profit

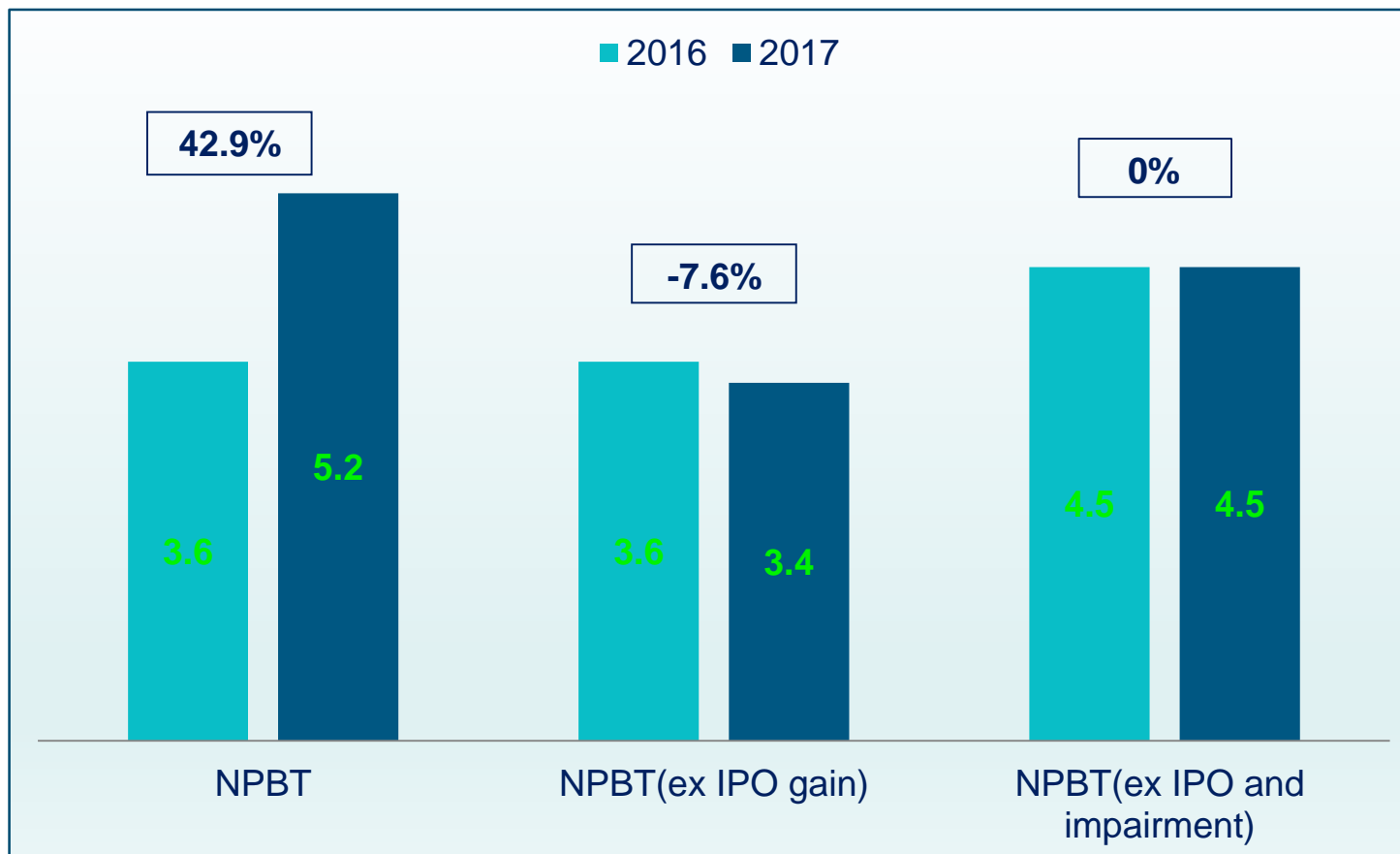


Net Profit Before Tax



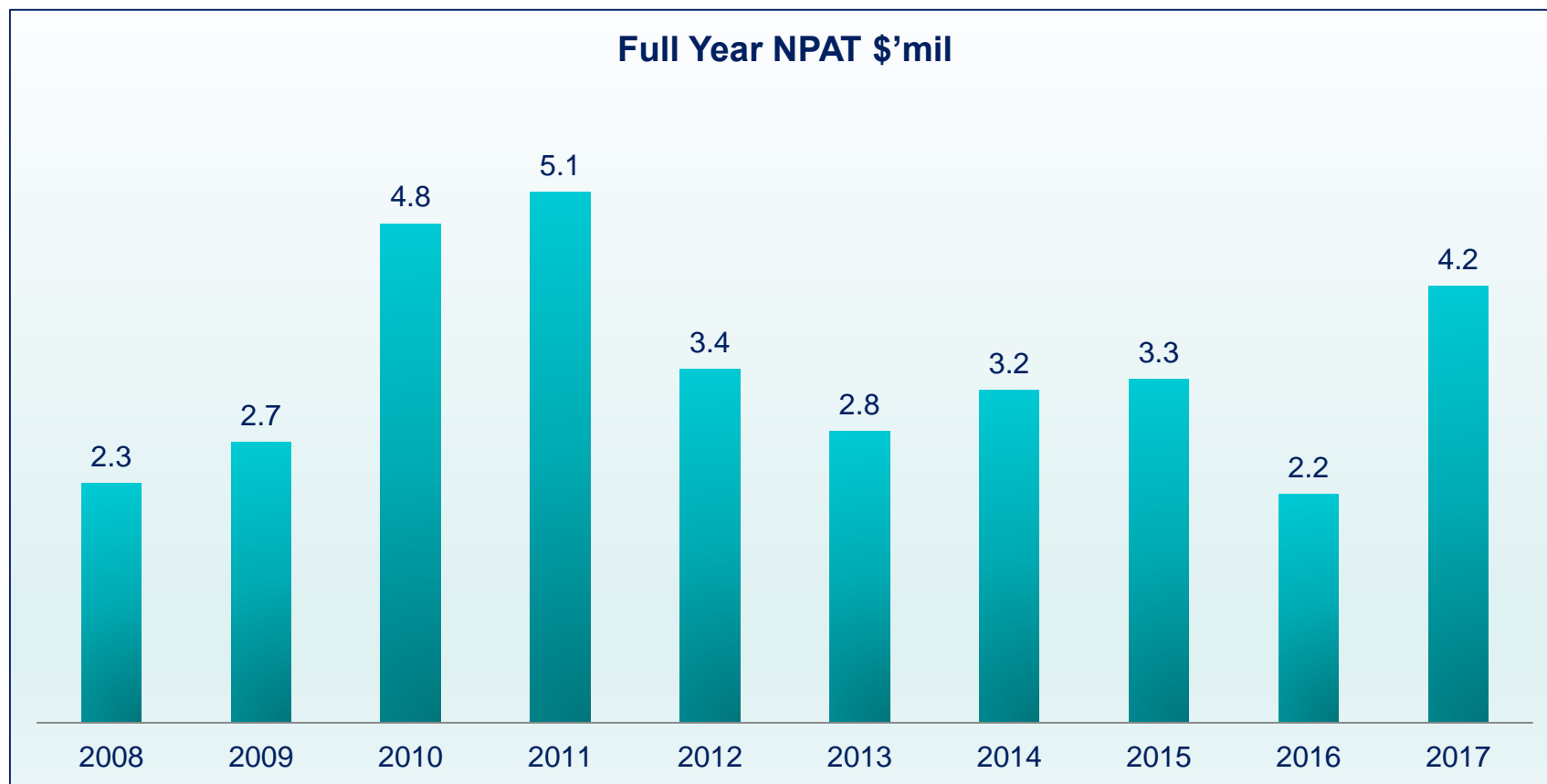
- 2H 2017 vs 2H 2016 : Higher NPBT due mainly to higher sales and fair value gain from equity investment.
- 2H 2017 vs 1H 2017 : Higher NPBT due mainly to higher sales and lower receivables impairment

Net Profit Before Tax



- Higher sales, one-off gain from associated company's IPO, higher profit contribution from associated company, fair value gain on equity investment led to increase in net profit before tax.
- NPBT(adjusted for associated company IPO gain and Venezuela receivables impairment) was flat compared to FY2016.

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.

Balance Sheet

S\$'mil	FY 2016	FY 2017	Var	
Cash	11.6	9.3	-2.2	Higher working capital requirements.
Borrowings	15.3	16.7	1.4	Funding of working capital.
Shareholders Equity(less MI)	42.0	44.6	2.6	Net income offset by dividend payment.
Gearing (times)	0.36	0.37	0.01	Net Gearing 0.16x. Comfortable level.
Current ratio (times)	2.3	2.1	-0.2	Sound liquidity.
Inventory(net)	20.4	23.9	3.5	In line with higher sales.
Inventory T/O (days)	116	115	-1	
Trade Receivables(net)	23.9	27.1	3.1	Venezuela receivables impairment of S\$1.2 mil in FY2017.
Receivables T/O (days)	94	93	-1	
Investment in associated company	3.1	5.5	2.4	(i)one-off gain on IPO of S\$1.8 mil (ii)profit contribution of S\$0.8 mil offset by dividend payment.
NTA/share (cents)	31.5	33.5	2.0	

Cashflow

\$'000	FY2016	FY 2017	
Cash from/(used in) operating activities	3,493	(1,144)	Higher inventory and receivables in line with higher sales.
Cash from/(used in) investing activities	2,257	(173)	No major capex.
Cash used in financing activities	(5,181)	(802)	Increase in borrowing to fund increase in working capital requirement net of dividend paid.
Net change in cash	568	(2,118)	
Beginning cash balance	11,060	11,527	
Ending cash balance	11,527	9,345	Cash position healthy.

Financial Summary

P&L Summary

- Sales increased
- Gross profit increased
- Higher other income(included one-off gain from associate's IPO)
- Expenses increased(Included higher trade receivables impairment – Venezuela and FX loss)
- Higher contribution from associated company

=> Higher net profit after tax

- Excluding trade receivables impairment and one-off associate's IPO gain, net profit before tax was relatively flat.

Balance Sheet Summary

- Sound liquidity
- Cash position healthy
- Gearing level acceptable

=> Balance sheet stable



Outlook : Firmer Footing

Positive economic conditions + Robust Business Model
=> Impetus for Growth for 2018

Growth

Leveraging Asia network for growth

Strengthening key customers
and suppliers relationship

Resilience

Improving operational excellence

Financial discipline



Share Performance :
Enhancing Shareholders' Long Term Value

Share Statistics

Share Information (as at 20 February 2018)

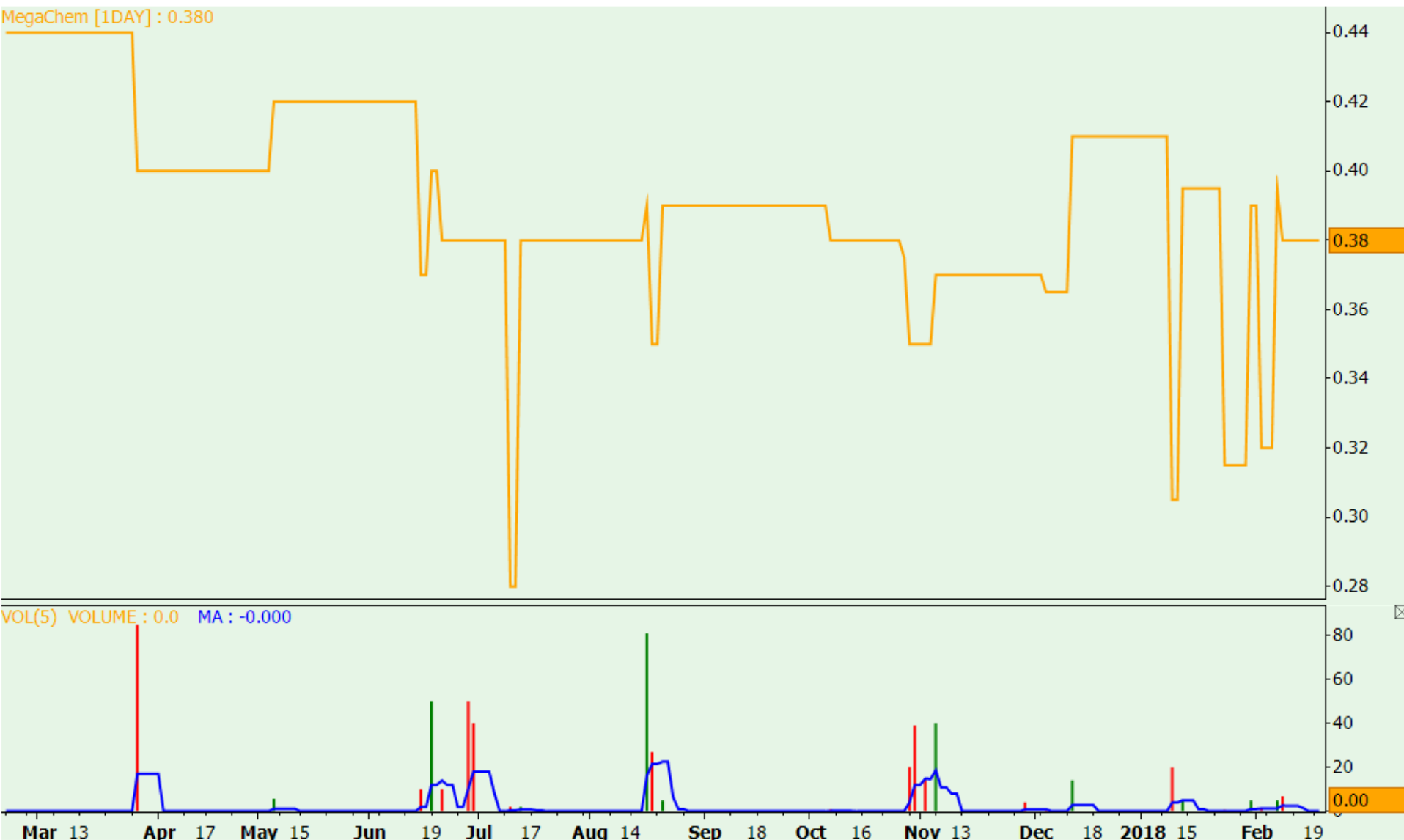
Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	44.0 cents
52 weeks Low	28.0 cents
Price (as at 20 Feb 2018)	38.0 cents
No of Shares	133,300,000
Earnings per share FY17	3.18 cents
Historical P/E	11.9 x
Market Capitalisation	\$50.6 mil
NTA/share	33.5 cents
Price/Book Ratio	1.13

Note :

(a) P/E = price as at 20 February 2018/EPS FY17

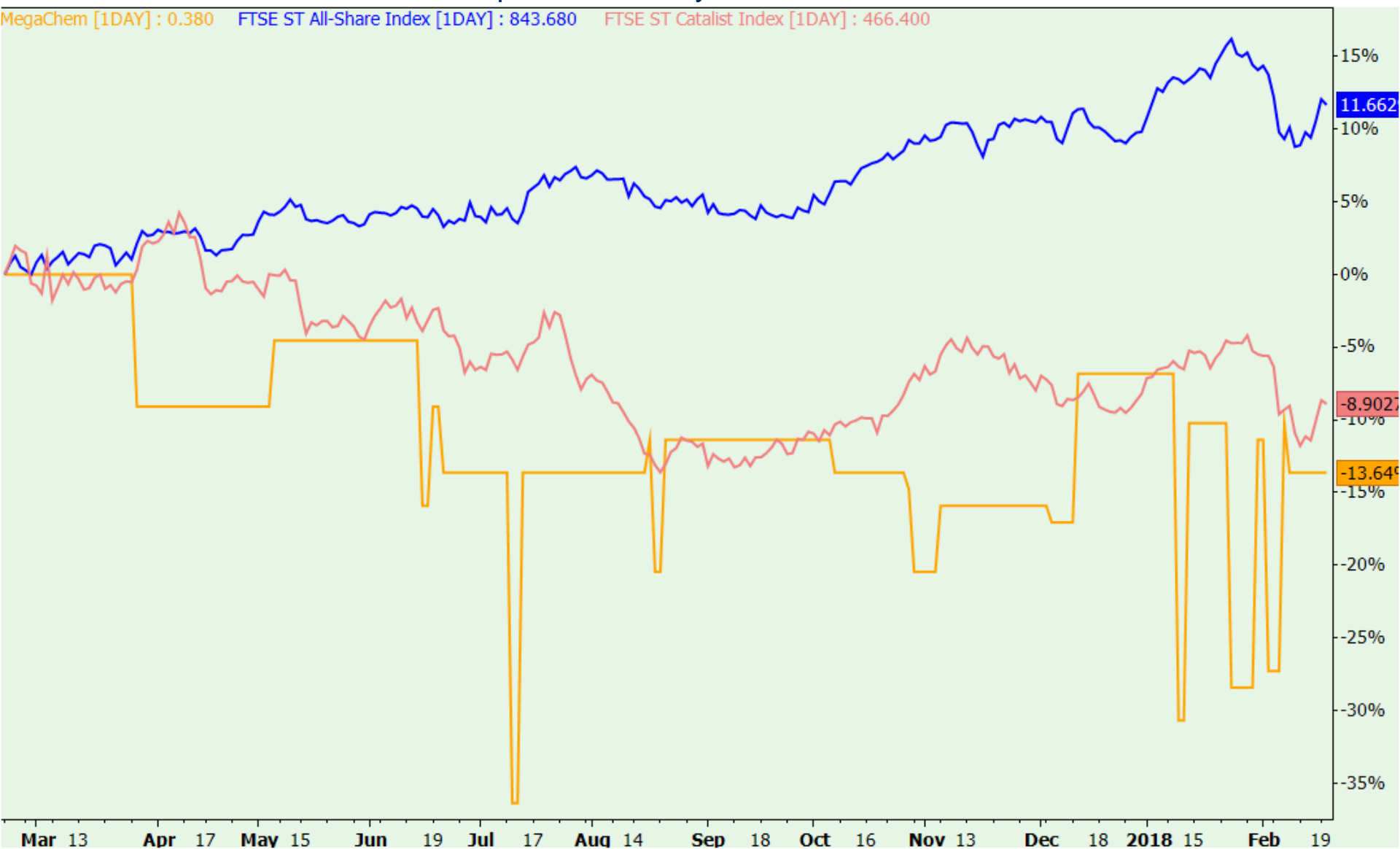
Share Price Performance

Share price chart : 1 year to 20 Feb 2018



Share Price Performance

Share price chart : 1 year to 20 Feb 2018



2017 Final Dividend Proposal

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

Interim Dividend Paid : 0.5 cts
Final Dividend Proposed : 0.7 cts
Total FY2017 : 1.2 cts

Final dividend for FY2017 is subject to shareholders' approval at the coming AGM

* Average price is the average of 31 December 2016 closing price of 44 cents/share and 31 December 2017 closing price of 41 cents/share.

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

Total Shareholder's Return

	%
Dividend Yield	2.8%
Capital Gain *	-6.8%
Total Shareholders Return	-4.0%

* Capital gain is calculated using 31 December 2016 closing price of 44 cents/share and 31 December 2017 closing price of 41 cents/share.

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