

Results Presentation For Analysts Full Year ended 31 Dec 2014



Performance Review

- Global growth picked up only marginally in 2014, to 2.6 percent, from 2.5 percent in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies
- While activity in the United States and the United Kingdom has gathered momentum, the recovery has been sputtering in the Euro Area and Japan. China, meanwhile, is undergoing a carefully managed slowdown
- The chemical industry fared reasonably well in 2014 amid a still-exigent global operating backdrop that has been exacerbated by lumpiness in Europe and a cooling Chinese economy

12.2% increase in quantity of chemicals sold

3,000 over products sold

2,000 over customers

40 countries covered

4.7% increase in manufacturing production volume

Another year of record level sales



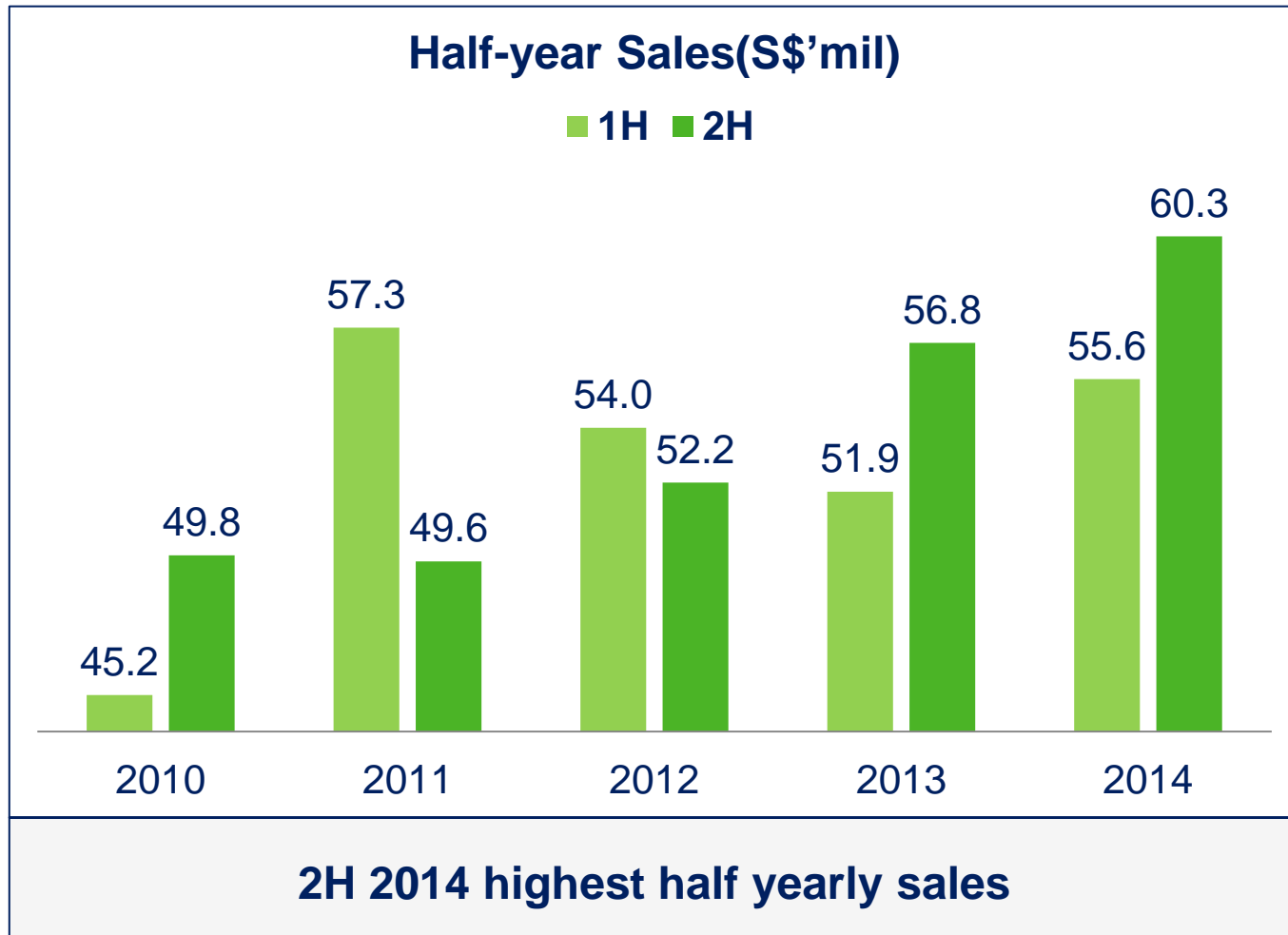
P&L Highlights

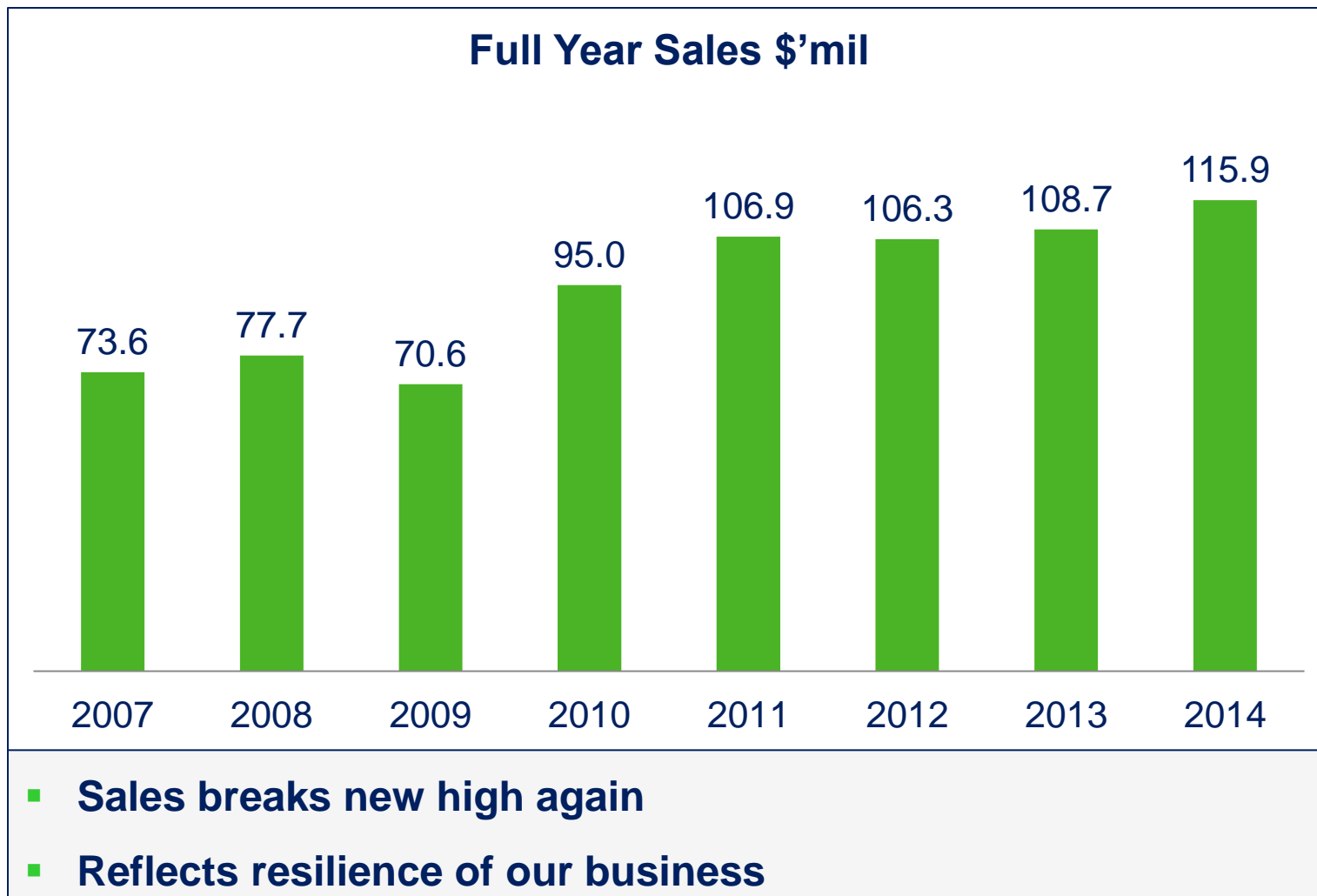
S\$'mil	1H 13	2H 13	1H 14	2H 14	2H14 vs 2H13	Var %	2H14 vs 1H14	Var %
Sales	51.9	56.8	55.6	60.3	3.5	6.1%	4.7	8.4%
Gross Profit	10.4	11.1	11.0	12.5	1.3	12.1%	1.5	13.7%
Gross Profit Margin	20.1%	19.6%	19.7%	20.7%	1.1% pt		1.0% pt	
Expenses	9.5	10.1	10.0	10.7	0.6	5.4%	0.7	7.1%
Other Income	0.06	0.15	0.13	0.34	0.19	123.1%	0.21	153.9%
Share of Assoc Profit	1.06	0.65	0.47	0.55	(0.1)	(15.6%)	0.08	17.0%
NPBT	2.1	1.8	1.6	2.7	0.9	49.1%	1.1	68.0%
NPAT	1.5	1.3	1.1	2.1	0.8	61.5%	0.9	79.5%
NPAT margin %	2.9%	2.2%	2.1%	3.4%	1.2% pt		1.3% pt	
EBITDA	3.0	2.7	2.5	3.7	1.0	36.0%	1.1	44.9%
EBITDA Margin %	5.7%	4.8%	4.6%	6.1%	1.3% pt		1.5% pt	
EPS	1.01	0.87	0.76	1.32	0.45	51.7%	0.56	73.7%
ROE %	6.8%	5.7%	5.0%	8.4%	2.7% pt		3.4% pt	

P&L Highlights

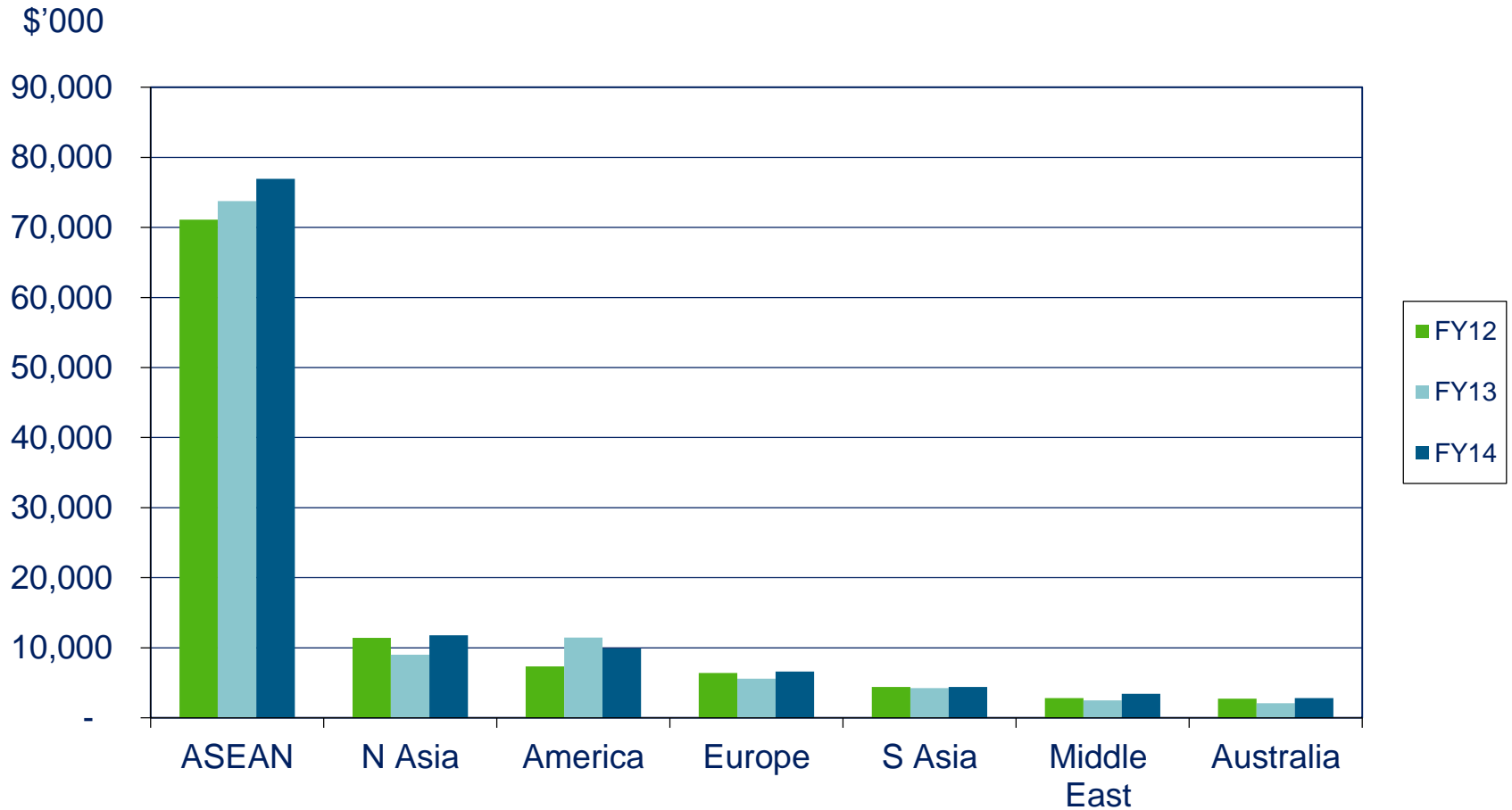
S'mil	FY13	FY14	Var	Var %
Sales	108.7	115.9	7.2	6.7%
Gross Profit	21.6	23.5	1.9	8.7%
Gross Profit Margin %	19.9%	20.2%	0.3% pt	
Expenses	19.7	20.7	1.0	5.2%
Other Income	0.21	0.47	0.26	122%
Share of Assoc Profit	1.7	1.0	(0.7)	(40.9%)
NPBT	3.9	4.3	0.4	10.6%
NPAT	2.8	3.2	0.4	14.6%
NPAT margin %	2.6%	2.8%	0.2% pt	
EBITDA	5.7	6.2	0.6	9.9%
EBITDA Margin %	5.2%	5.4%	0.2% pt	
ROE %	6.2%	6.6%	0.4% pt	
EPS(cents)	1.88	2.08	0.2	10.6%

Sales



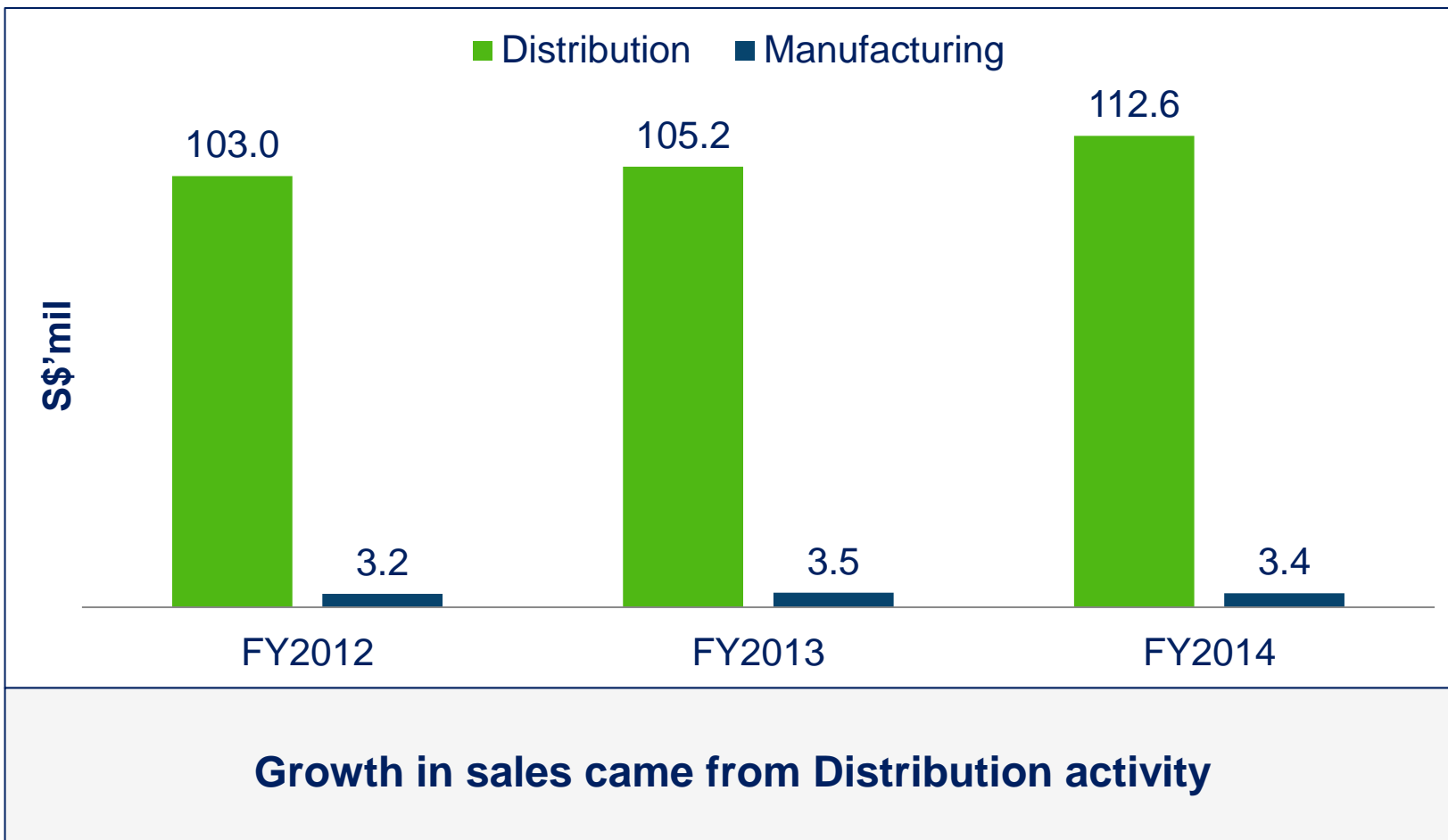


Sales by Geographic Markets



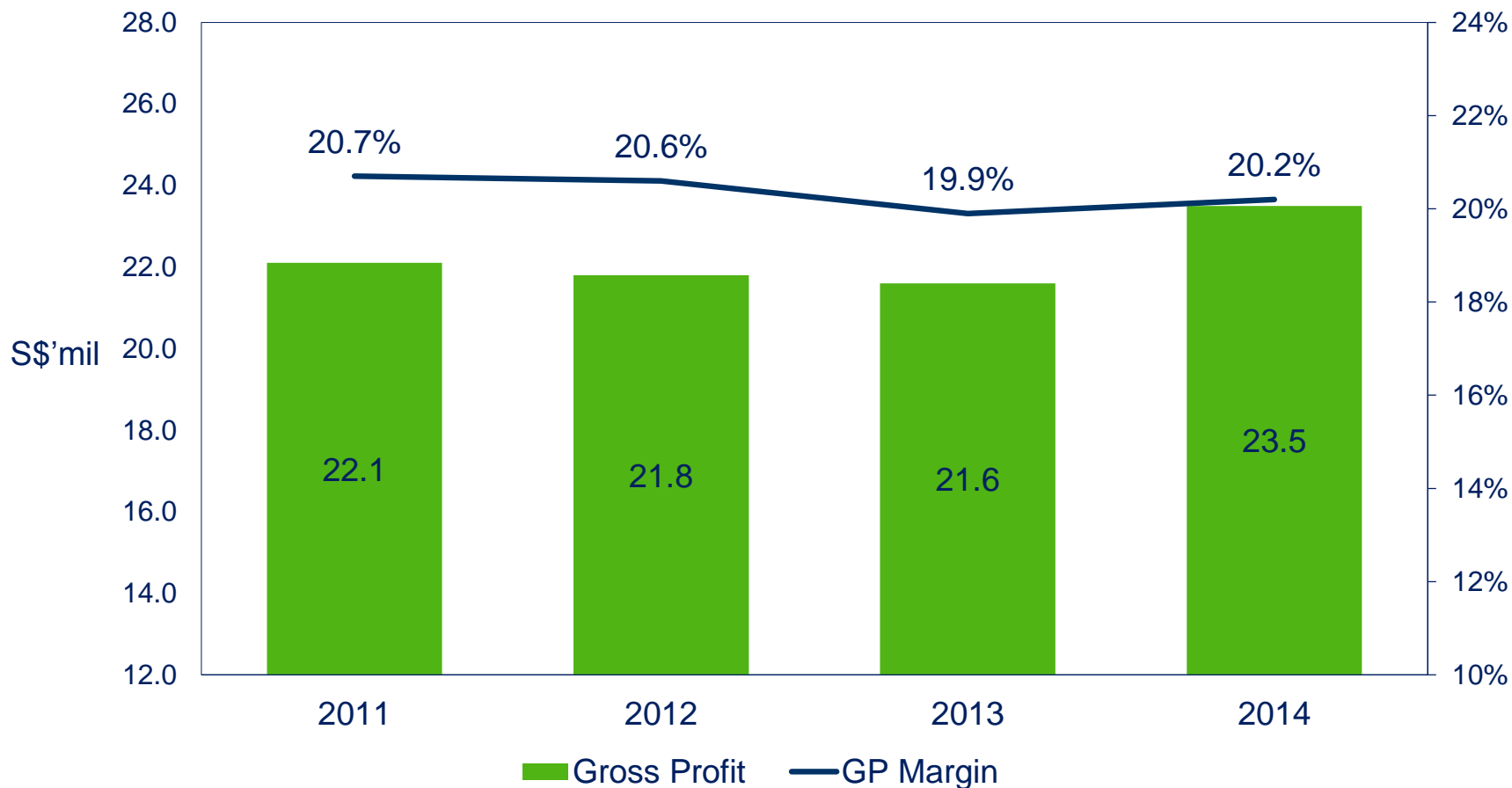
All markets were higher except America and Africa

Sales breakdown by Business Activity



Note: Manufacturing sales represent mostly fee income

Gross Profit



- **Despite higher inventory write-off, gross profit margin increased.**
- **Lower gross profit margin since 2012 due to higher depreciation from plant expansion.**

Expenses

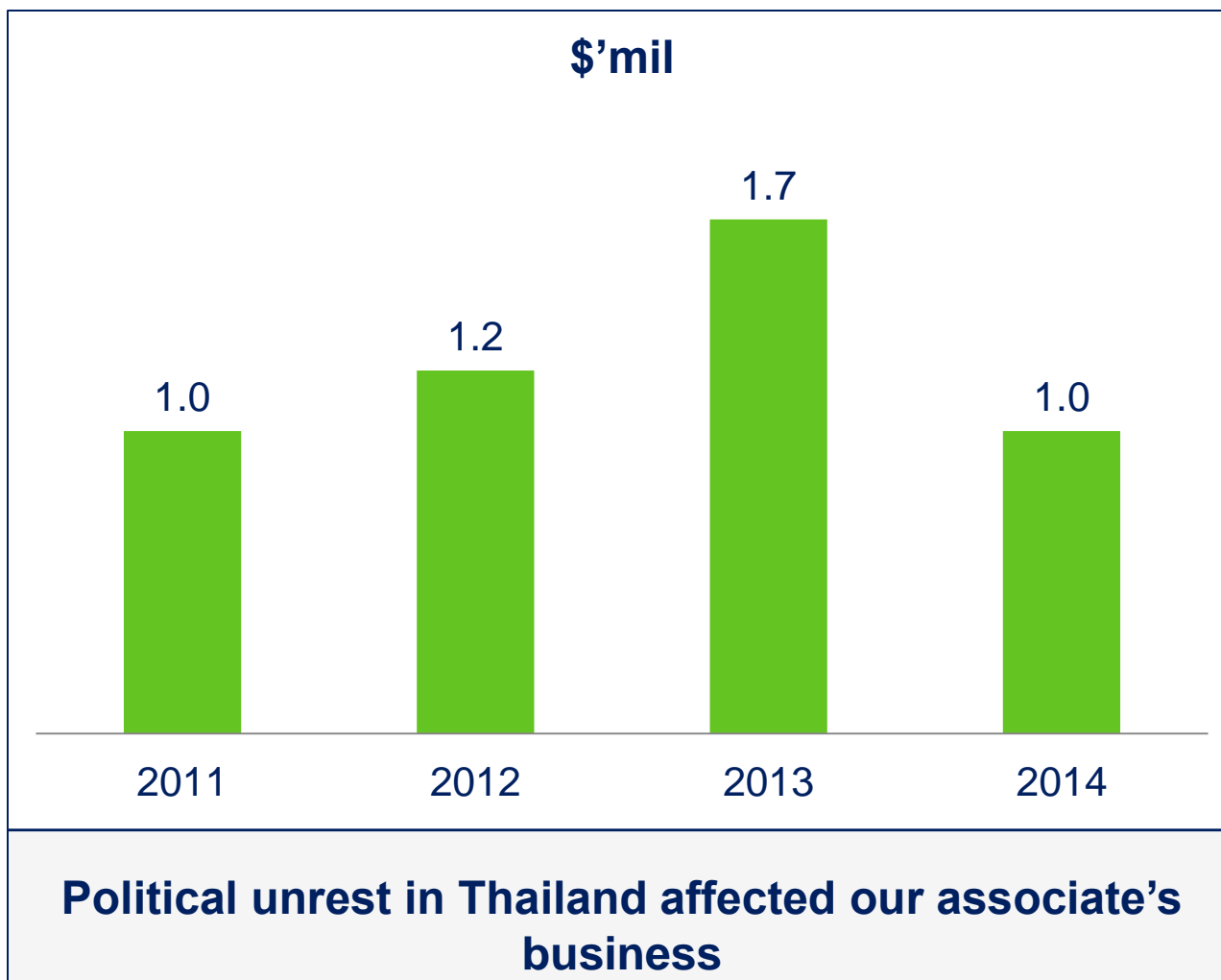
- Total expenses increased by S\$1.0 mil or 5.2% to S\$20.7 mil

S\$'000	FY 2013	FY2014	Var	Var %	
Staff Cost	10,698	11,711	1,013	9.5%	Increase in headcount, salary, performance rewards
FX & Fair Value loss	659	-	(659)	(100%)	Sharp fall in IDR and INR in 2H13
Professional Fees	531	689	158	29.8%	Facility fees for land in Malaysia, trademarks
Rental	1,751	2,098	347	19.8%	Higher inventory and warehousing rates
Impairment of trade receivables	95	121	25	26.6%	Mainly Indonesia, India and Venezuela
Finance cost	376	492	116	30.8%	Higher borrowings

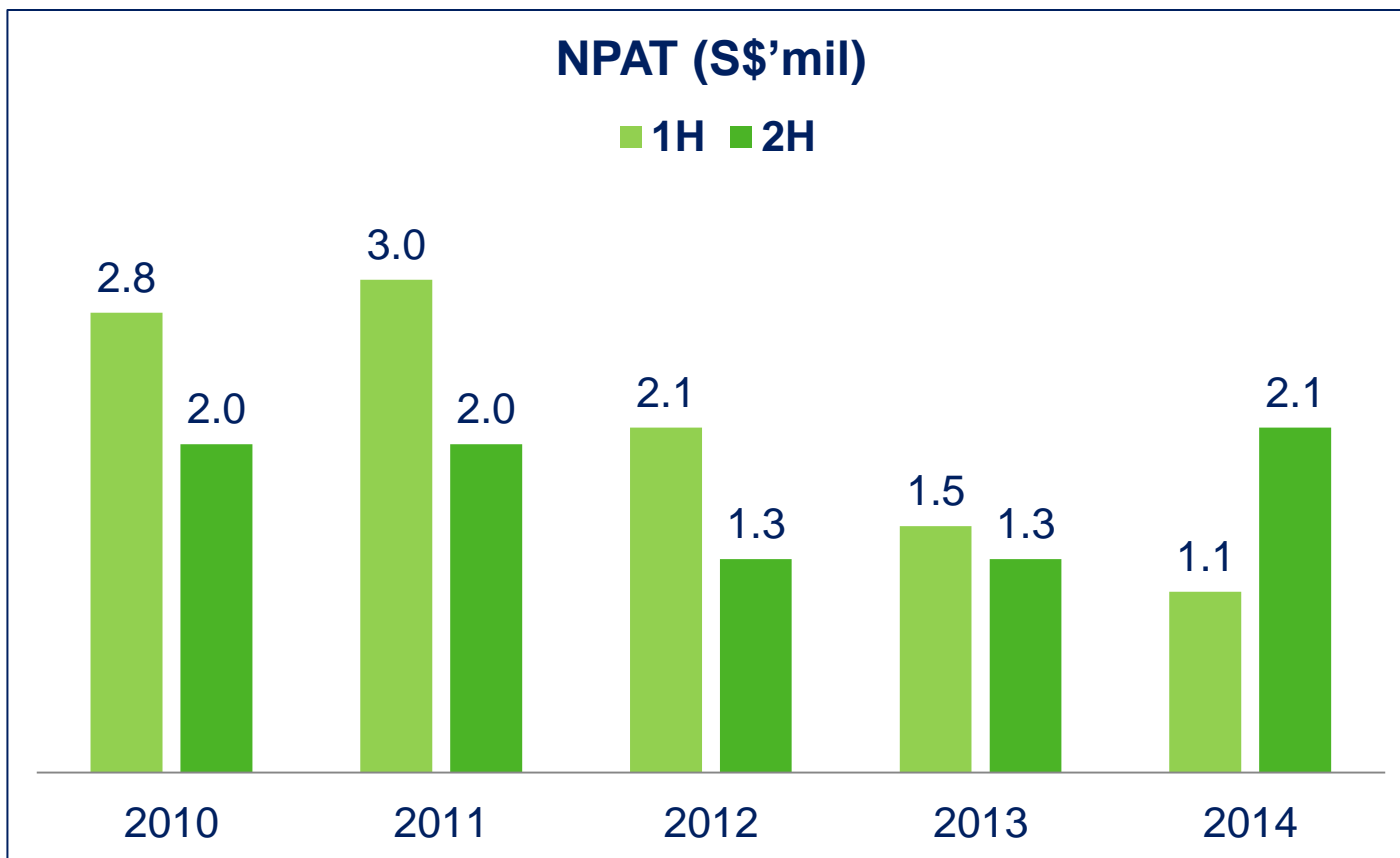
- Total other income increased S\$258,000 to S\$470,000

S\$'000	FY2013	FY2014	Var	Var %
Bad Debt recovered	8	63	55	696%
Change in fair value of financial asset-FX contracts	93	47	(46)	(49%)
Change in fair value of financial assets-equity	9	60	51	566%
FX gain	-	190	190	100%
Grant Income	15	41	26	176%

Share of Associate's Profit

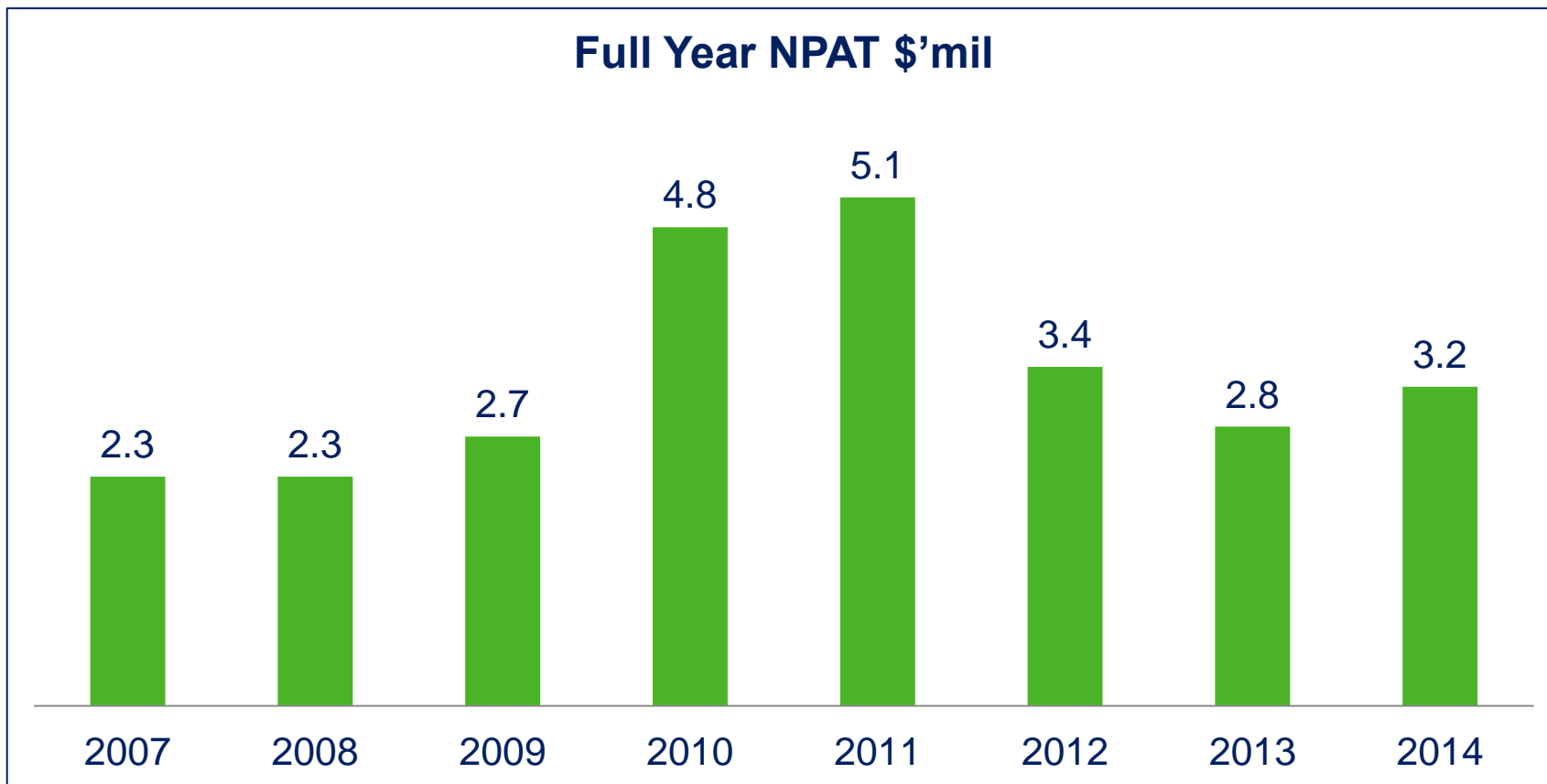


Net Profit After Tax



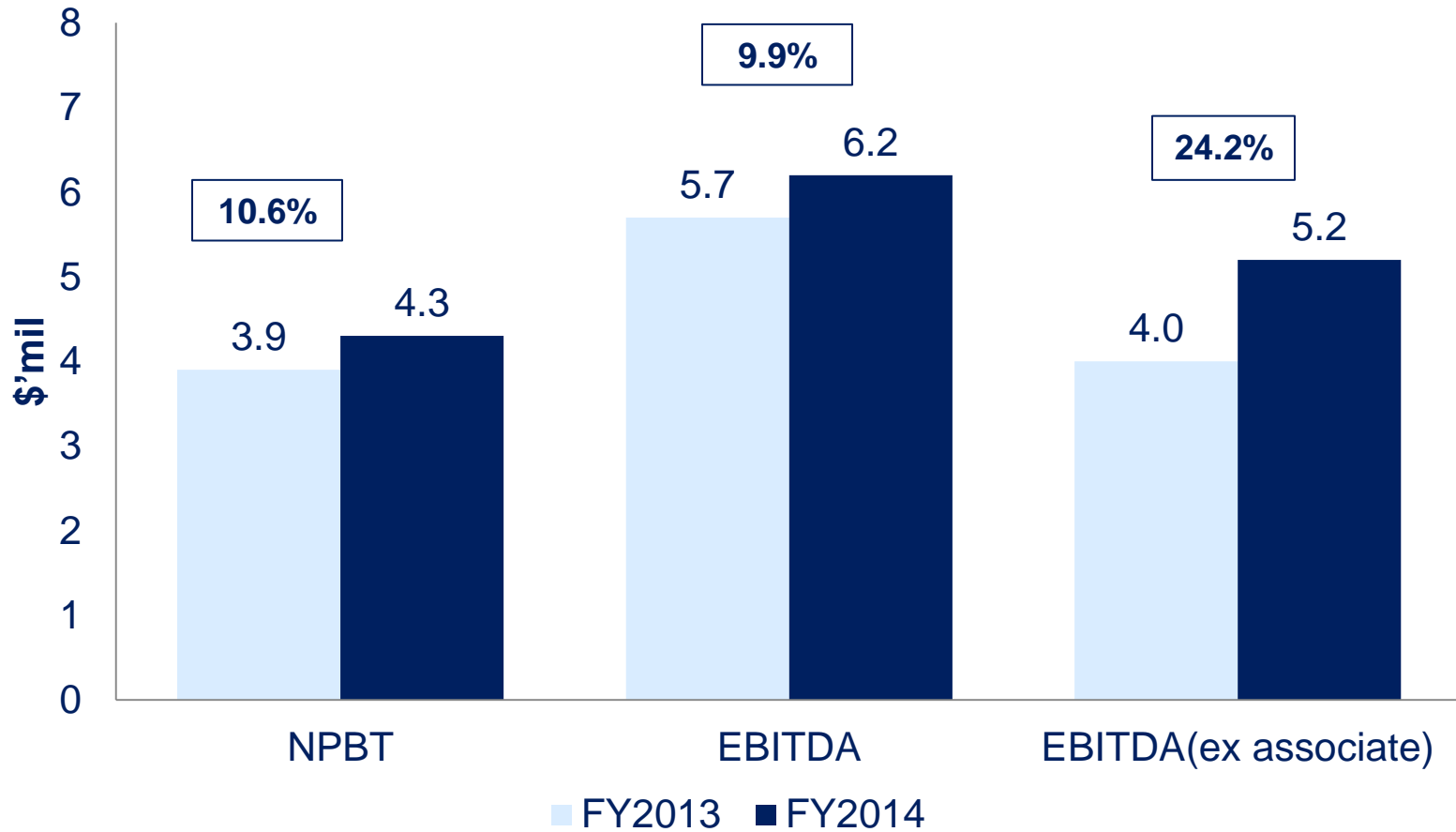
- Lower 1H 14 net profit after tax due to lower contribution from associated company
- Record sales in 2H 14 drove profit higher

Net Profit After Tax



- **2014 vs 2013: S\$0.4 mil or 14.6%**
- **Higher sales, gross profit margin offset higher expenses and lower contribution from associate**

NPBT/EBITDA



- Higher increase in EBITDA if we exclude the lower contribution from associate.

Balance Sheet

S\$'mil	2013	2014	Var	
Cash	8.5	9.0	0.5	
Borrowings	17.7	21.9	4.2	Increase for funding trade and capex
Shareholders Equity	40.3	41.9	1.6	
Gearing (times)	0.44	0.52	0.08	Higher borrowings but gearing still comfortable
Current ratio (times)	1.76	1.74	(0.02)	
Inventory(net)	19.8	21.5	1.7	Higher inventory in line with increase in sales
Inventory T/O (days)	90	90	-	
Trade Debtors(net)	25.5	29.4	3.9	In line with higher sales
Receivables T/O (days)	85	89	4	
Property, Plant & Equipment	11.8	14.0	2.2	Land purchase in Malaysia
NTA/share (cents)	30.24	31.45	1.21	

Cashflow

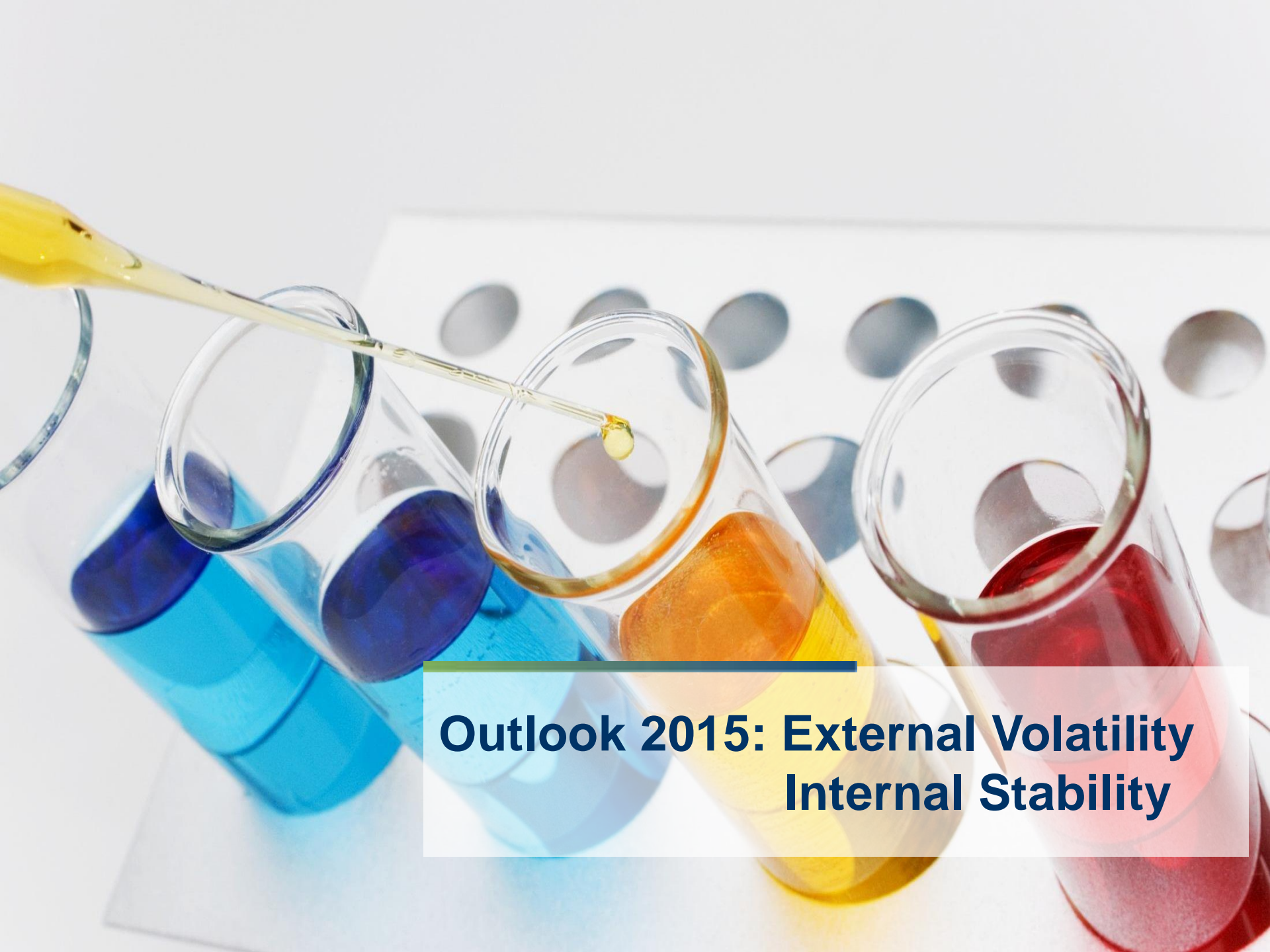
\$'000	FY2013	FY2014	
Cash from Operating activities	1,562	83	Positive cashflow from profitable operations offset by funding for higher receivables and inventory
Cash used in Investing activities	(565)	(2,075)	Progressive payments for land in Malaysia
Cash provided by Financing Activities	(649)	2,538	Higher borrowings to meet increased working capital needs
Net change in Cash	348	546	
Beginning Cash	8,056	8,439	
Ending Cash	8,439	8,999	

P&L Summary

- Higher sales and gross profit
partially offset by
 - Higher operating expenses
 - Lower contribution from
associate
- => Higher Profit

Balance Sheet Summary

- Gearing at a comfortable level
 - Sound liquidity management
 - Cashflow: working capital
requirement increases with
sales
- ⇒ Financial condition remains
stable



**Outlook 2015: External Volatility
Internal Stability**

- The IMF made the steepest cut to its global-growth outlook in three years, with diminished expectations almost everywhere except the U.S. The world economy will grow 3.5 percent in 2015, down from the 3.8 percent pace projected in October 2014.
- Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade

⇒ **Global economic uncertainty lingers on but growth momentum remains intact**

- Specialty chemicals will grow a bit faster than the overall economy this year with bright spots including cosmetic ingredients and catalysts for plastics. However, specialty chemicals used for extracting oil and gas may suffer in the face of the current energy glut.-source: American Chemical Society
- (January 27, 2015) – The [Chemical Activity Barometer \(CAB\)](#), a leading economic indicator created by the American Chemistry Council (ACC), increased 0.2 percent this month, following a 0.1 percent slide in December, as measured on a three-month moving average (3MMA). Accounting for adjustments, the CAB remains up 3.6 percent over this time last year

Risks

- Global economy positive but still fragile
- Interest rate expected to increase
- FX volatility continues to be a challenge
- Will oil price rebound?

Opportunities

- Softer commodity prices including oil should lend support to global economy
- Monetary easing in major economies should boost economic activity
- Economic growth in US is expected to continue
- The outlook for specialty chemical industry remains positive
- Asia network – our platform for future growth

=> Prospects remain positive but downside risks cannot be ignored



**Share Performance:
Enhancing Shareholders' Long Term Value**

145 Jun
140 123.74
25

Chg.	Chg.	Percent. chg.
1.64		1.2
1.98		

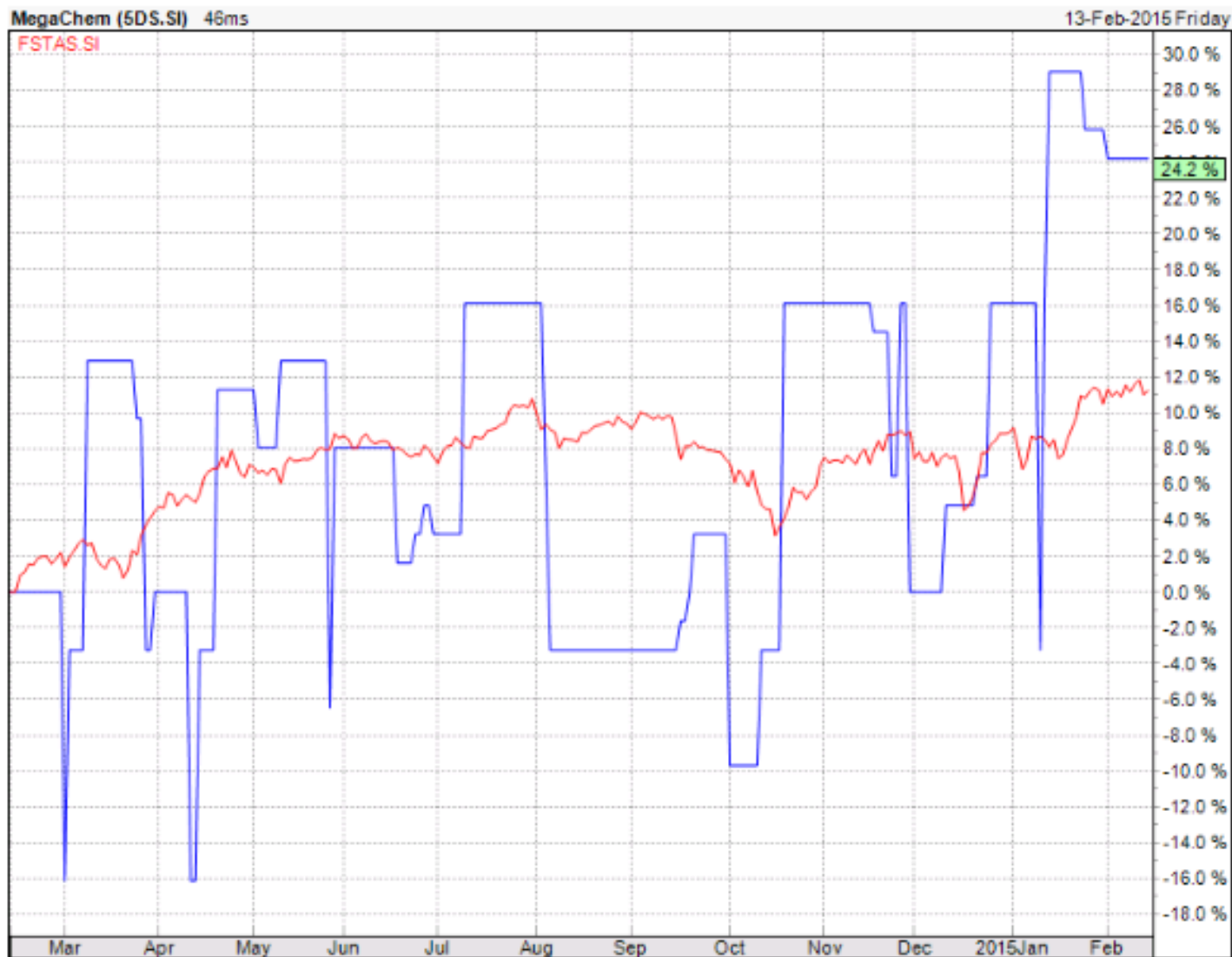
Share Information (as at 13 Feb 2015)

Listing Date	17-Oct-2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	40.0 cents
52 weeks Low	26.0 cents
Price (as at 13 Feb 2015)	38.5 cents
No of Shares	133,300,000
Earnings per share FY2014	2.08 cents
Historical P/E	18.5 x
Market Capitalisation	\$51.32 mil
NTA/share	31.45 cents
Price/Book Ratio	1.22

Share Price Performance



Share Price Performance vs ST All Shares



Share Price Performance vs Catalyst



2014 Final Dividend Proposal

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average price for the year	31.5	28.75	21	16	18.75	22.5	21.5	19.75	19.9	22.9	28.0	33.0
Dividend / share (cents) - net	0.56	0.864	0.576	0.81	0.595	0.40	1.00	1.20	1.30	1.30	1.00	1.00
Dividend payout (%) - net	23.1%	31.9%	30.2%	62.2%	35.1%	24.1%	50.6%	34.6%	35.7%	54.7%	53.3%	48.0%
Dividend Yield (%) - Net	1.8%	3.3%	3.6%	4.9%	2.8%	2.0%	5.1%	6.0%	6.6%	5.0%	3.3%	3.0%

Interim Dividend : 0.3 cts

Final Dividend Proposed : 0.7 cts

Total FY2014 : 1.0 cts

Final dividend for FY2014 is subject to shareholders' approval at the coming AGM

Total Shareholder's Return

	%
Dividend Yield *	3%
Capital Gain **	20.0%
Total Shareholders Return	23%

* Dividend Yield is calculated using full year dividend of 1 cent/share divided by average of 31 Dec 2014 closing price of 36 cents/share and 31 Dec 2013 closing price of 30 cents/share. Subject to approval at coming AGM

** Capital gain is calculated using 31 Dec 2014 closing price of 36 cents/share and 31 Dec 2013 closing price of 30 cents/share

- Strong Business model – an integrated specialty chemical provider
- Profitable track record since inception
- Resilient business – tested through several crises
- Platform being developed for next phase of growth
- Consistent dividend payout

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