



Results Presentation 1H FY2021  
Analyst Briefing



# Business Updates

# 1H 2021: Emerging Signs of Recovery



## Distribution

COVID-19 Impact: 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 industries



## Manufacturing

Custom-blending volumes picked up as customers started to restock its inventory

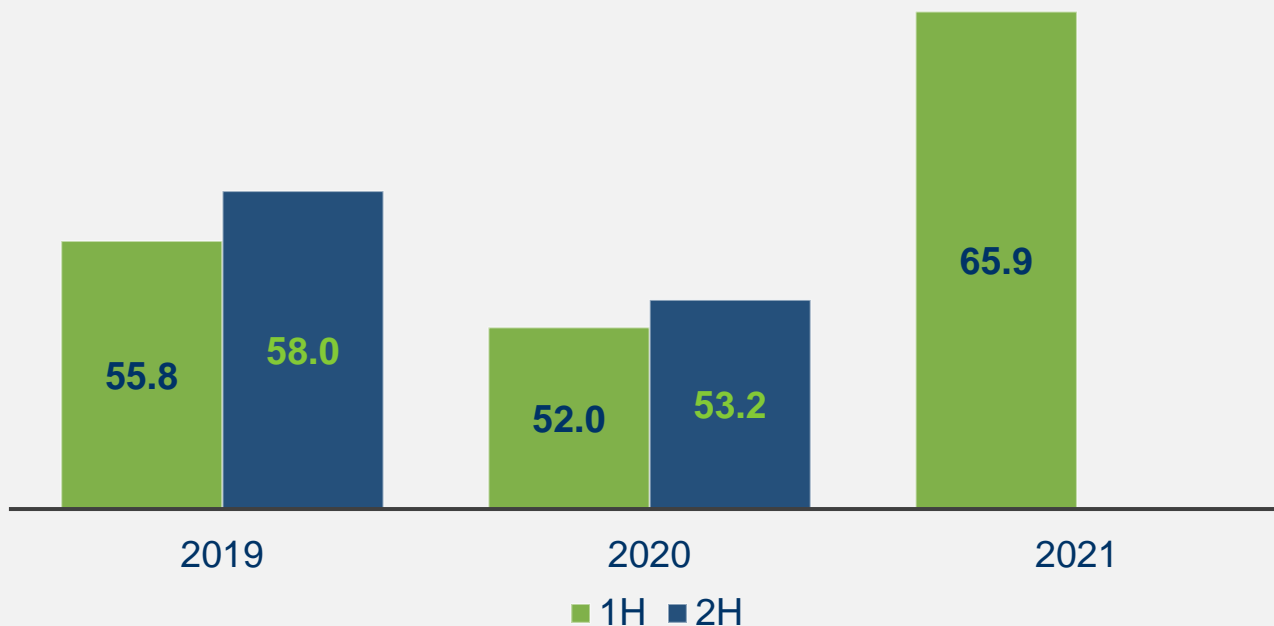




# Profit & Loss Highlights

S\$'mil	1H 2020	1H 2021	Var	Var %	
Sales	52.0	65.9	13.9	26.7%	▲
Gross Profit	13.2	16.4	3.2	24.2%	▲
Gross Profit Margin %	25.4%	24.9%	(0.5% pt)	-	▼
EBITDA	4.2	5.5	1.3	30.5%	▲
NPBT	3.3	4.6	1.3	40.3%	▲
NPAT	2.8	3.8	1.0	34.0%	▲
ROE %	10.6%	13.8%	3.2% pts	-	▲
EPS(cents)	2.03	2.83	0.80	39.4%	▲

## Half-year Sales(S\$'mil)



- COVID-19 impact felt most in 2Q and 3Q 2020
- Business sentiment in 1H 21 improved following vaccination rollouts and gradual withdrawal of COVID-19 restrictions
- Sales in 1H 21 boosted by both demand and price recovery
- Sales in 1H 21 higher than pre-pandemic level

# Sales breakdown by Business Segments

## Distribution

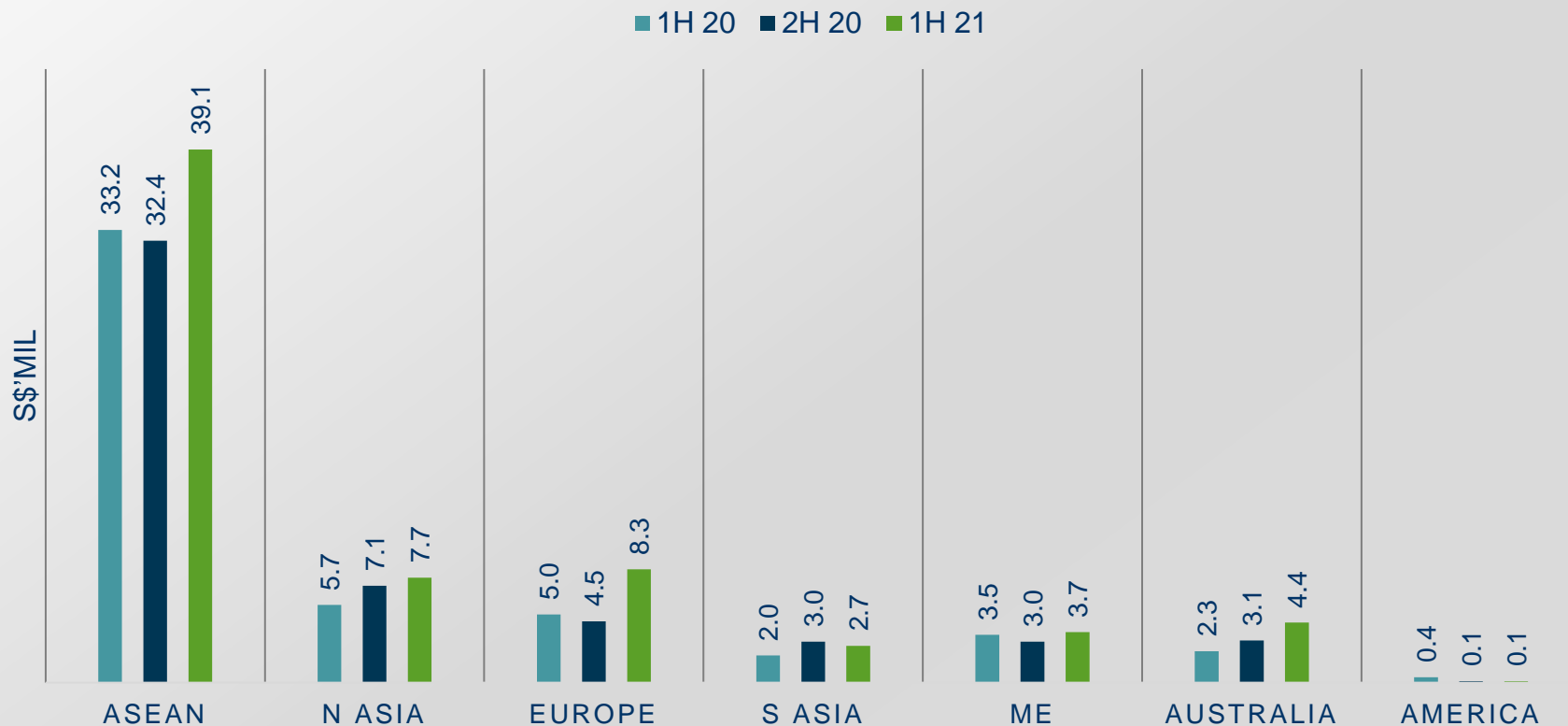


## Manufacturing



- Sales from both business activities were higher than pre-pandemic levels

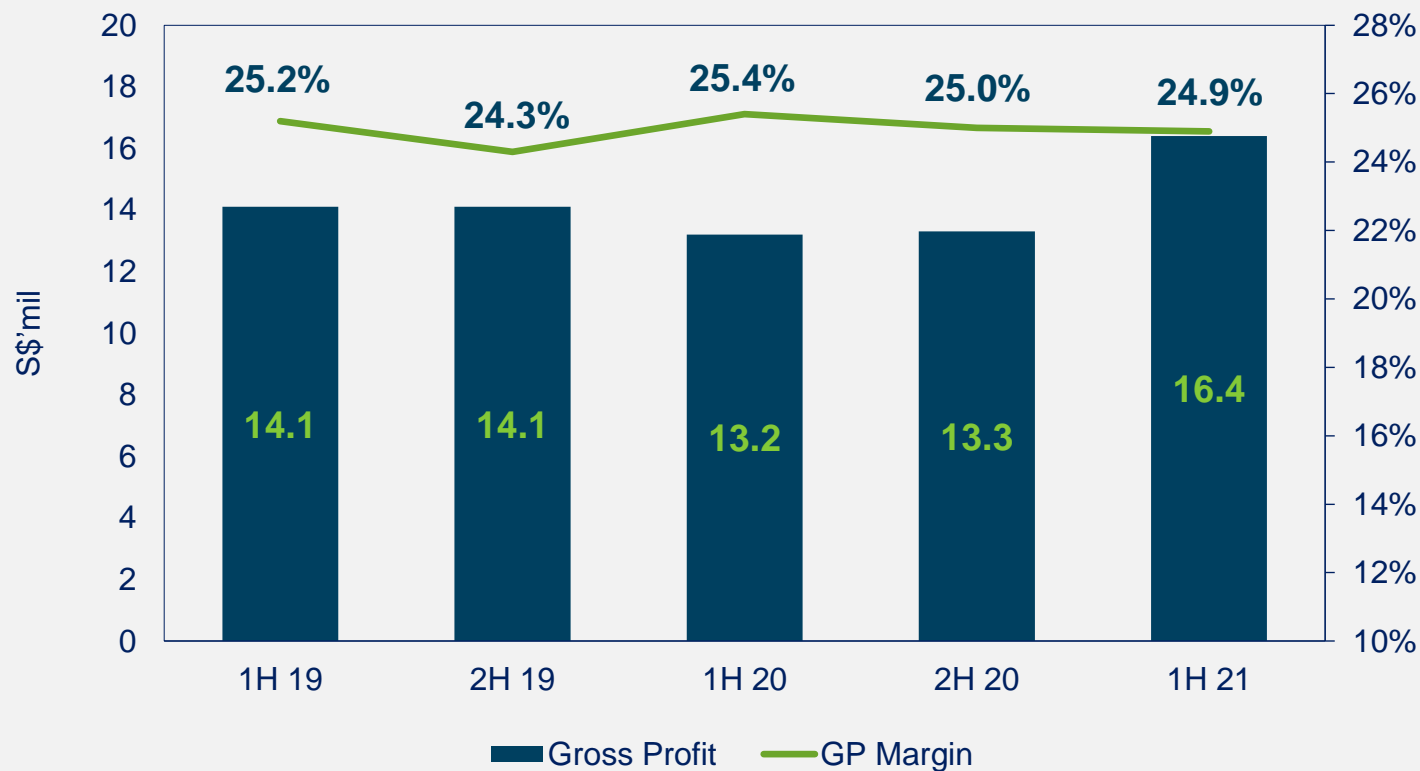
# Sales Breakdown by Geographic Markets



- Broad-based recovery seen across our geographic market segments



# Gross Profit



- Gross profit increased in tandem with higher sales
- Gross profit margin remains fairly stable despite higher material and freight cost

# Expenses

- Total expenses increased S\$1.5 mil or 12.7% to S\$13.4 mil

S\$'000	1H 20	1H 21	Var	Remarks
Receivables Impairment	54	81	27	Slower payment during COVID-19 lockdown but no significant impairment of receivables
Employee compensation	7,195	8,275	1,080	Higher performance-linked rewards In tandem with better performance
FX loss	-	216	216	Stronger USD @ AUD, Rupiah, Rupee
Finance cost	425	371	(54)	Lower interest rates

# Other Income

- Other income amounted to S\$0.7 mil, a decrease of S\$0.3 mil or 30.5%

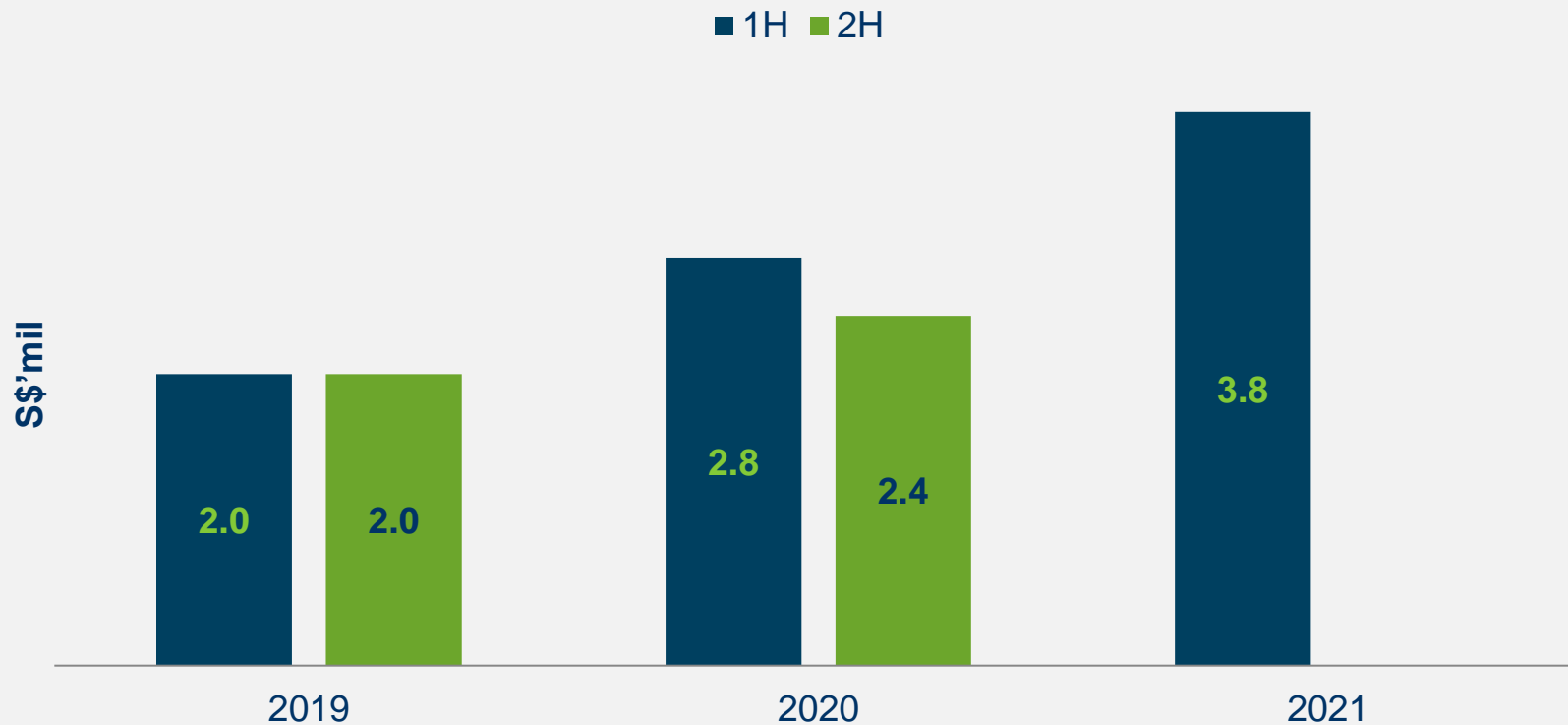
S\$'000	1H 20	1H 21	Var	Remarks
Receivables recovered	100	168	68	Includes recovery of debts from Venezuela
FV gain from listed equity	27	200	173	Price appreciation of investment in a listed equity
Grant income	635	243	(392)	Lower COVID-19 government assistance
FX	134	-	(134)	FX loss compared to a gain in 1H 20

# Share of Associate's Profit



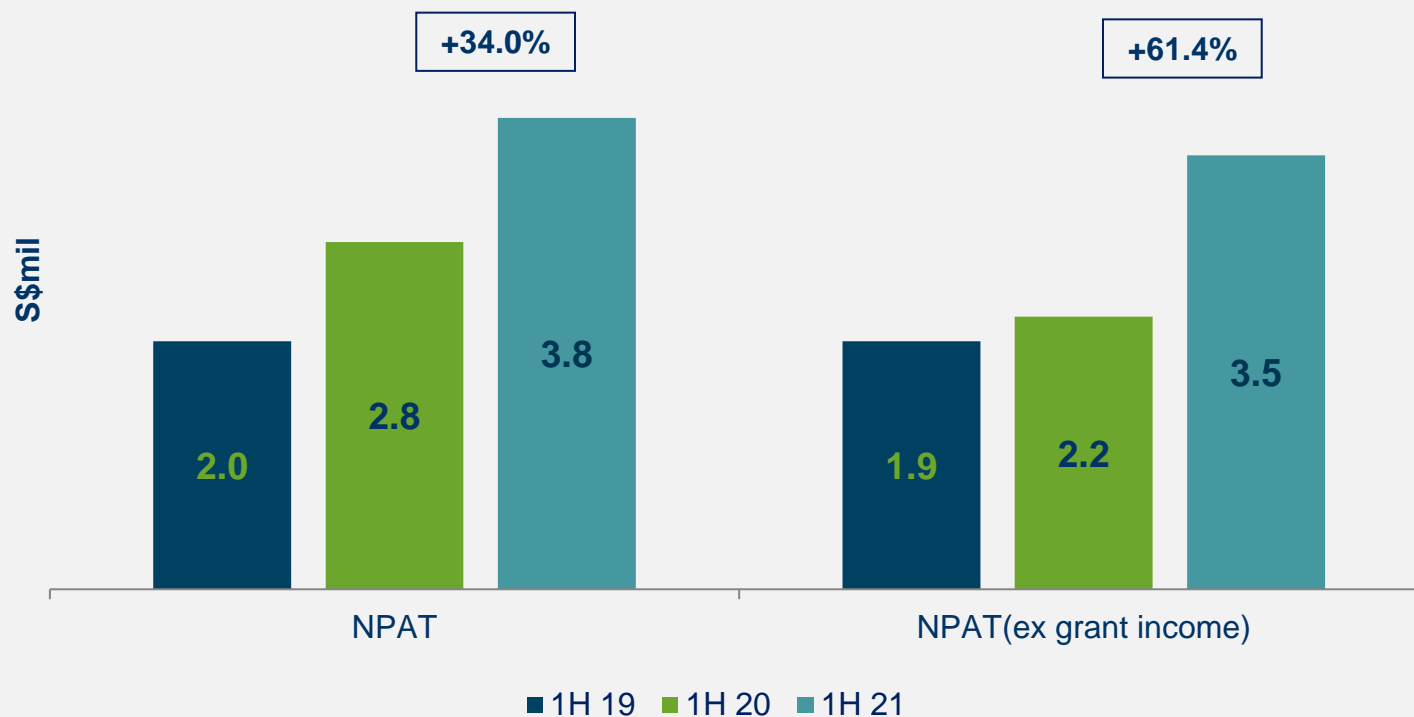
- Demand for cleaning chemicals normalized after a surge in 1H 2020
- Performance better than pre-pandemic level

# Net Profit After Tax



- On the back of demand recovery and price increase, 1H 2021 net profit after tax was higher than both 1H and 2H 2020
- Net profit after tax higher than pre-pandemic level

# Net Profit After Tax



- NPAT(excluding grant) was 61.4% higher



# Balance Sheet

## Financial Discipline → Sound Balance Sheet

S\$'mil	FY2020	1H 2021	Var	
Cash	16.2	14.1	(2.1)	Payment for warehouse construction.
Borrowings	19.3	27.9	8.6	Financing for higher working capital requirement
Shareholders Equity(less MI)	52.4	54.5	2.1	Positive earnings less dividend
Gearing (times)	0.37	0.51	0.14	Net gearing 0.25 x
Current ratio (times)	2.2	1.9	(0.3)	Liquidity remains sound
Inventory(net)	24.4	29.4	5.0	Higher inventory to meet customers requirement
Inventory T/O (days)	133	114	(19)	Faster inventory turnover reflects better market demand
Trade Receivables(net)	23.6	26.9	3.4	In line with higher sales
Receivables T/O (days)	80	71	(9)	No major signs of deterioration
NTA/share (cents)	39.33	40.88	1.55	

# Cashflow

## Cash position remains healthy

\$'mil	FY2020	1H 2021	
Cash from/(used in) operating activities	6.1	(6.5)	Higher working capital
Cash used in investing activities	(2.4)	(2.2)	Construction of warehouse in Malaysia
Cash from/(used in) financing activities	(2.8)	6.0	Financing for higher working capital net of dividend paid
Net change in cash	1.0	(2.7)	
Beginning cash and cash equivalents	14.9	15.9	
Ending cash and cash equivalents	15.9	13.2	



Share Performance :  
Enhancing Shareholders' Long Term Value

# Share Statistics

## Share Information (as at 11 August 2021)

Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	45 cents
52 weeks Low	29 cents
Price (as at 11 August 2021)	39.0 cents
No of Shares	133,300,000
Earnings per share 1H FY21	2.83 cents
Historical P/E <sup>(a)</sup>	8.4 x
Market Capitalisation (as at 11 August 2021)	\$51.9 mil
NTA/share	40.88 cents
Price/Book Ratio <sup>(b)</sup>	0.95

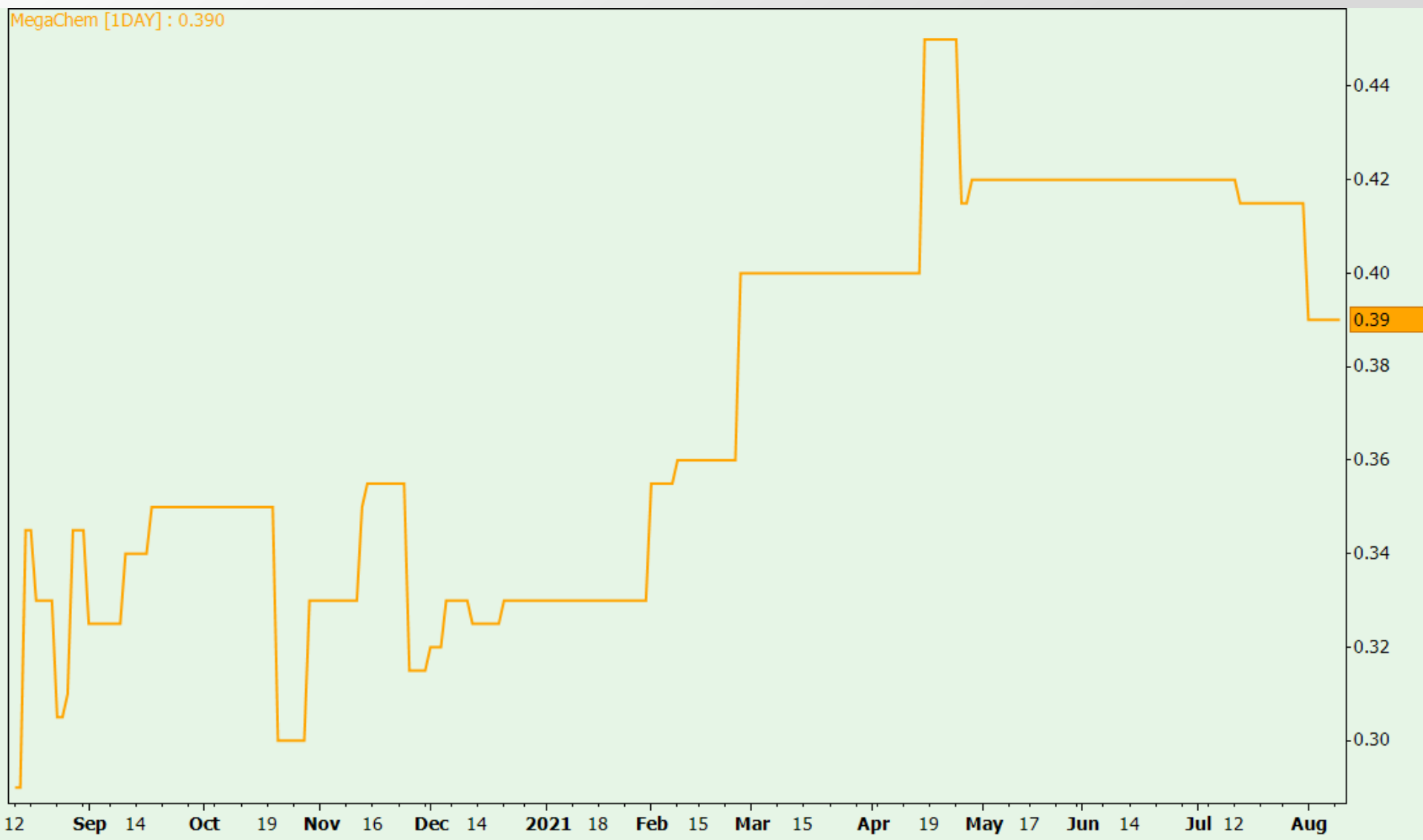
Note:

(a)  $P/E = \text{price as at 11 August 2021} / (\text{EPS 2H FY20} + \text{EPS 1H FY21}) = 39 / 4.65 = 8.4x$

(b)  $\text{Price/Book ratio} = \text{price as at 11 August 2021} / \text{NTA per share}$

# Share Price Performance

Share price chart: 1 year to 11 August 2021



# Share Price Performance

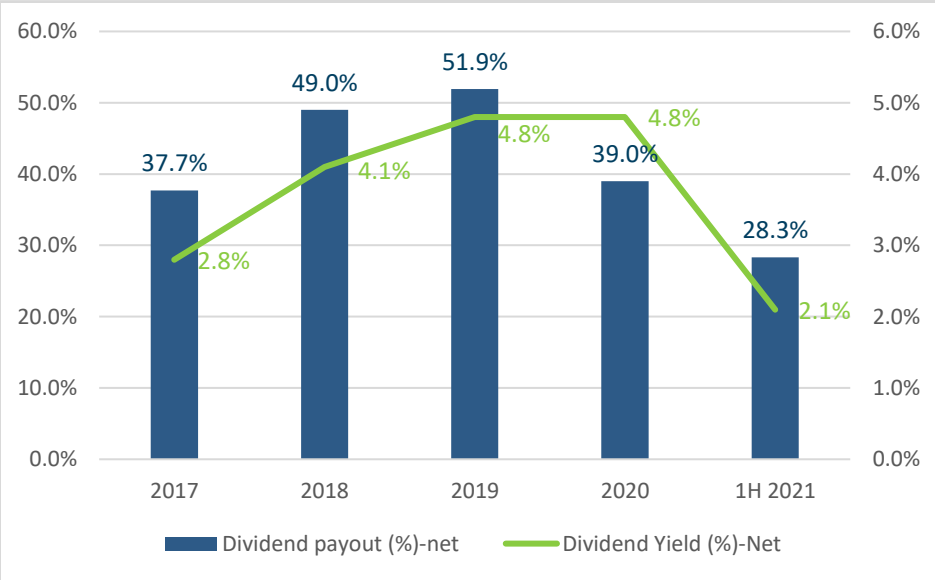
Share price chart: 1 year to 11 August 2021





# 1H FY2021 Interim Dividend

cts/share	
Interim Dividend	0.8



\* Average price is the average of 31 December 2020 closing price of 33 cents/share and 30 June 2021 closing price of 42 cents/share

\*\* Dividend yield 1H 2021(un-annualised) = 1H FY21 dividend per share/average price



## 2H FY2021 Outlook

## Global Economy

- Resurgence of COVID-19 virus and geopolitical tension pose risk
- Gradual easing of lockdown
- Rollout of COVID-19 vaccination
- Government stimulus and low interest rate conducive for growth

## Chemical Industry

- Chemical prices and demand likely to remain firm
- Activities in chemical industry will be consistent with recovery in economy

**Economic recovery intact even though pace and extent is contingent on COVID-19 development**



# Decade of Opportunities



Megachem

- Asia-centric markets: A Key Growth Driver
- Deepening presence in higher growth sectors
- Maintaining diversified business model

**Building Resilience, Positioning for Next Phase of Growth**

- Robust and proven business model
- Agility in responding to changing market conditions
- Diversification → Resilience
- Profitable track record
- Financial stability
- Consistent Dividend → Long Term Shareholders Value
- Well-positioned for the next growth cycle



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