



Results Presentation 1H FY2022  
Analyst Briefing





## Business Updates

# Business Update 1H FY2022

## Global Economy

- Resurgence of COVID-19 virus in China
  - Russia-Ukraine war
  - Inflationary pressure => higher cost
  - Reopening of economies => economic recovery continues
- } Supply Chain  
} Disruption

## Chemical Industry

- Inventory rebuilding
- Chemical demand continues to recover.

## Megachem

- Managing inventory challenging due to supply shortages and disruption
- Maintaining supply continuity is key
- Higher prices generally accepted by customers
- Completion of warehouse in Malaysia strengthens supply chain infrastructure

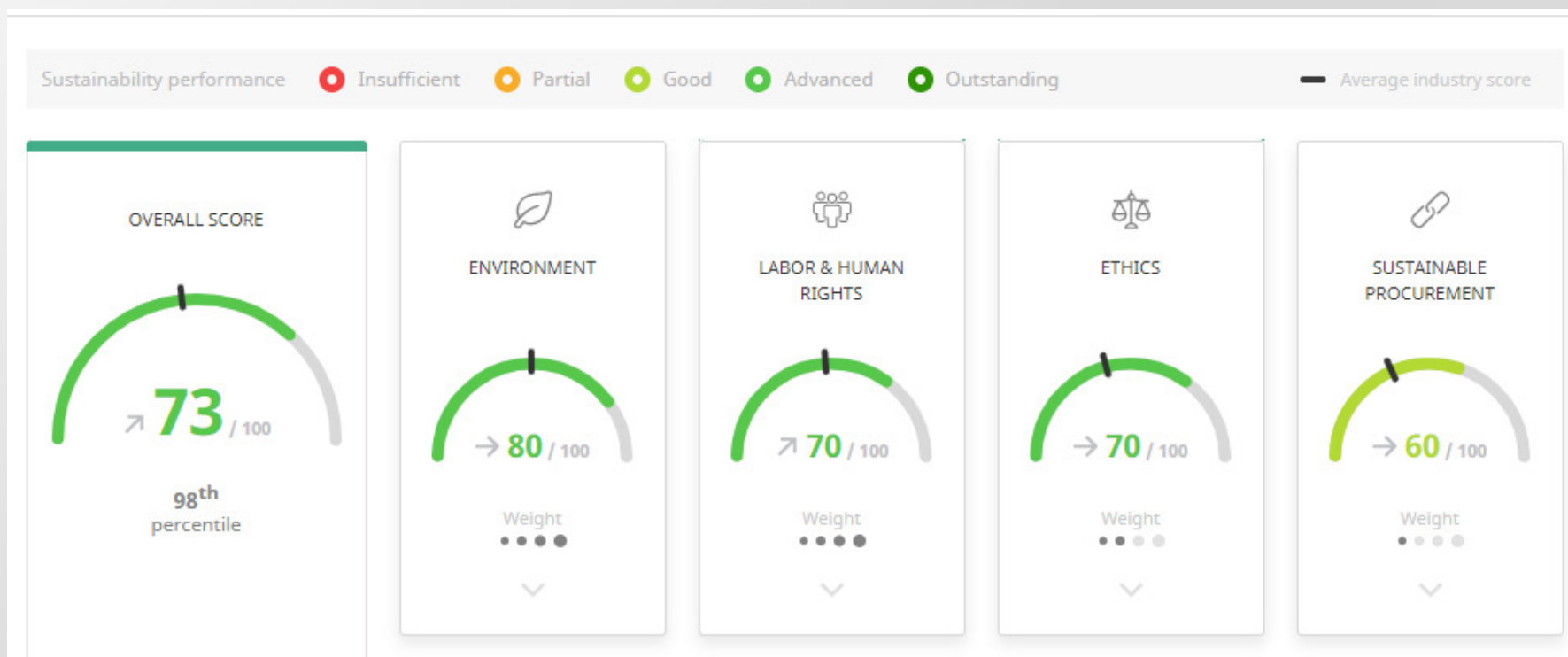
**Demand Recovery => Positive Growth**



A photograph showing several small green seedlings with two leaves each, growing out of stacks of gold-colored coins. The coins are stacked on a bed of dark brown soil. The background is a soft, out-of-focus green, suggesting a natural environment. The overall image conveys a message of sustainable growth and investment.

# Sustainable Chemistry

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<http://megachem.listedcompany.com/sustainability.html>



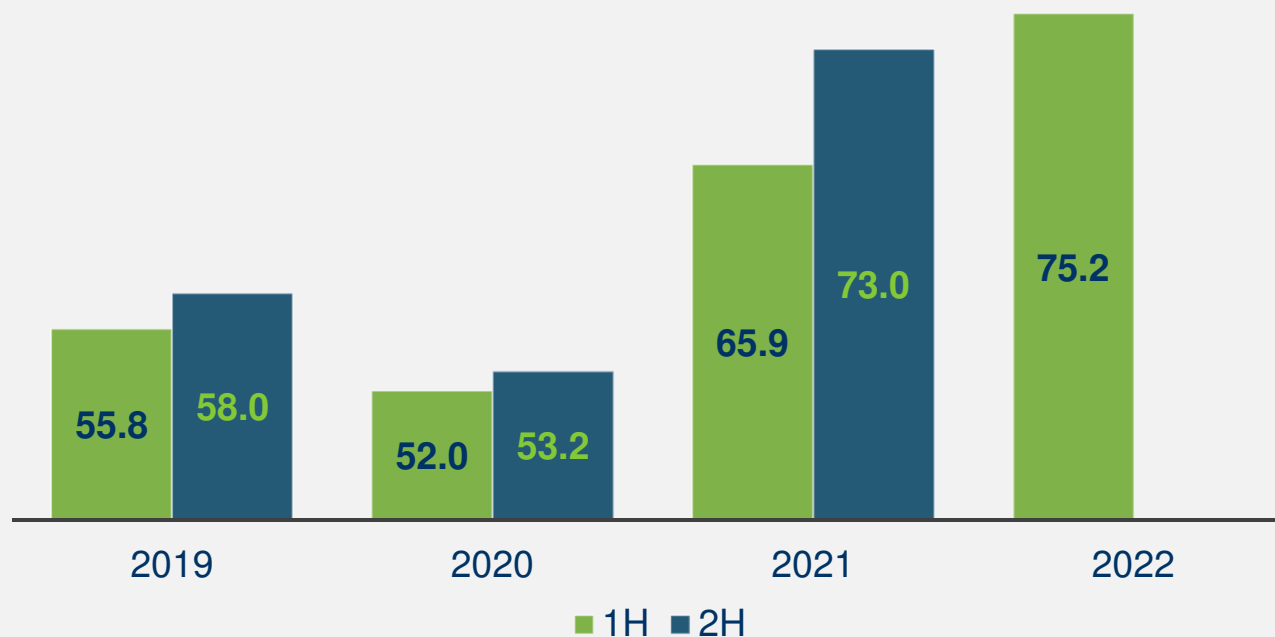
Financial Performance

# Profit & Loss Highlights

S\$'mil	1H 2021	1H 2022	Var	Var %	
Sales	65.9	75.2	9.3	14.1%	▲
Gross Profit	16.4	18.6	2.2	13.6%	▲
Gross Profit Margin %	24.9%	24.8%	(0.1% pt)		▼
EBITDA	5.5	6.7	1.2	21.8%	▲
NPBT	4.6	5.6	1.0	21.6%	▲
NPAT	3.8	4.5	0.7	18.0%	▲
ROE %	13.8%	14.4%	0.6% pt		▲
EPS(cents)	2.83	3.20	0.37	13.1%	▲

# Sales

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

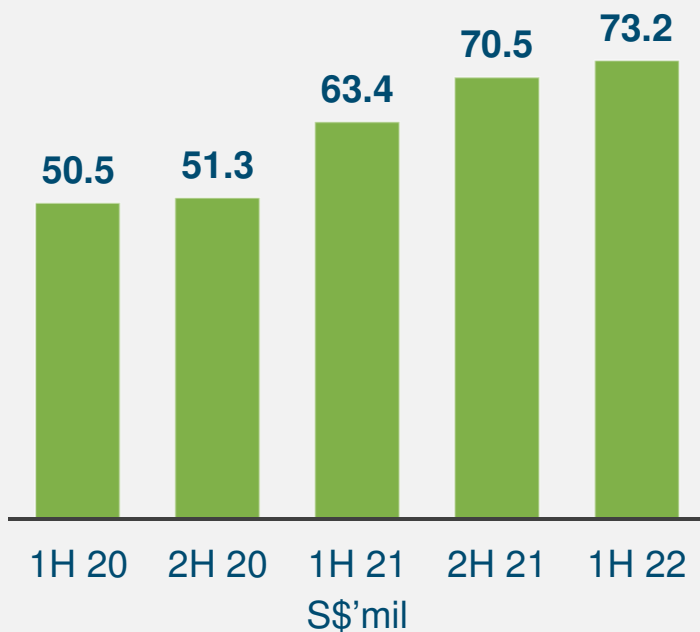


- Strong recovery since 1H 21 following vaccination rollouts and gradual withdrawal of COVID-19 restrictions.
- Growth recovery continued into 1H 22.
- Sales in 1H 22 higher than pre-pandemic level

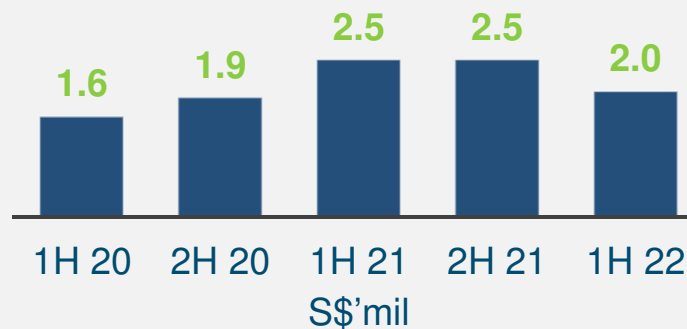


# Sales breakdown by Business Segments

## Distribution

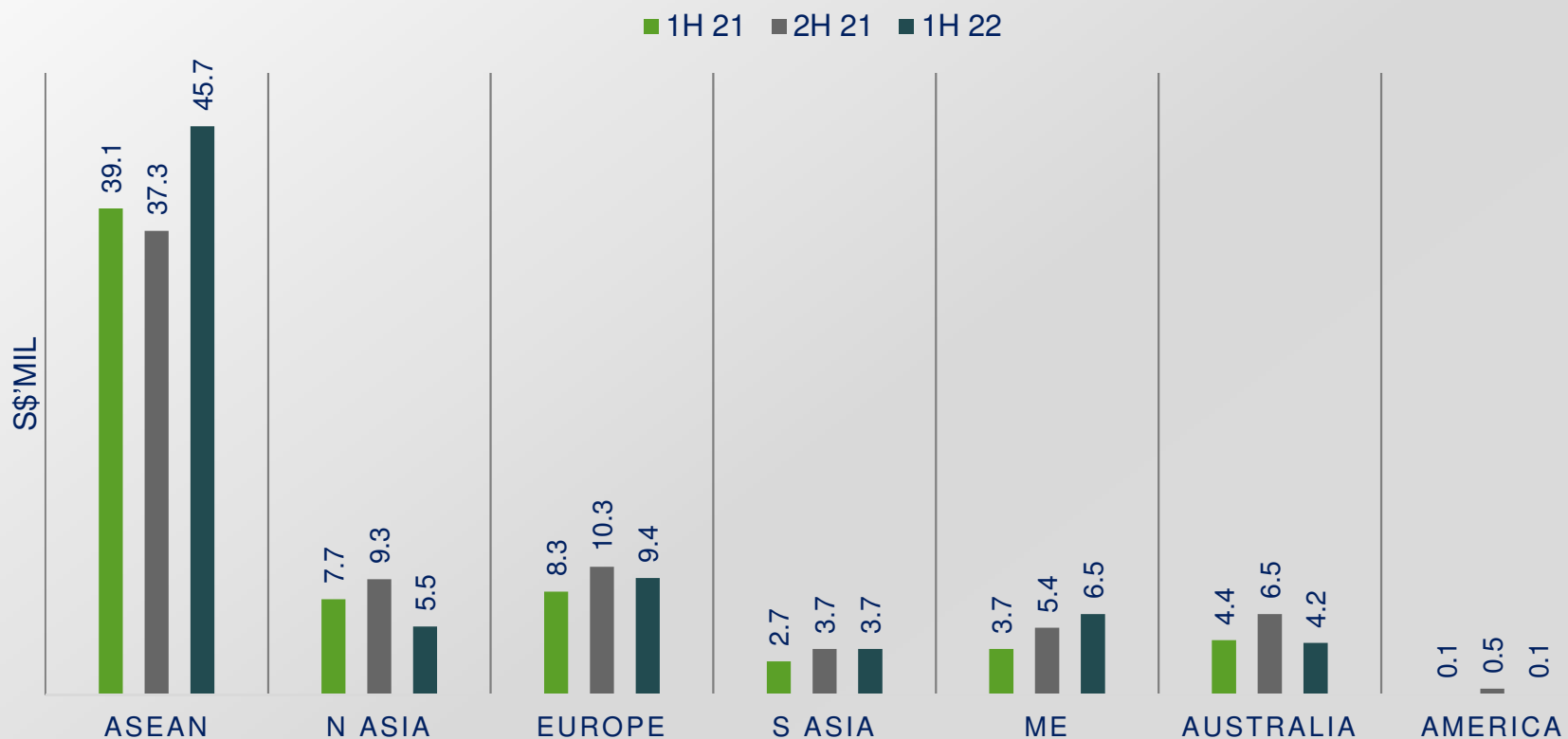


## Manufacturing



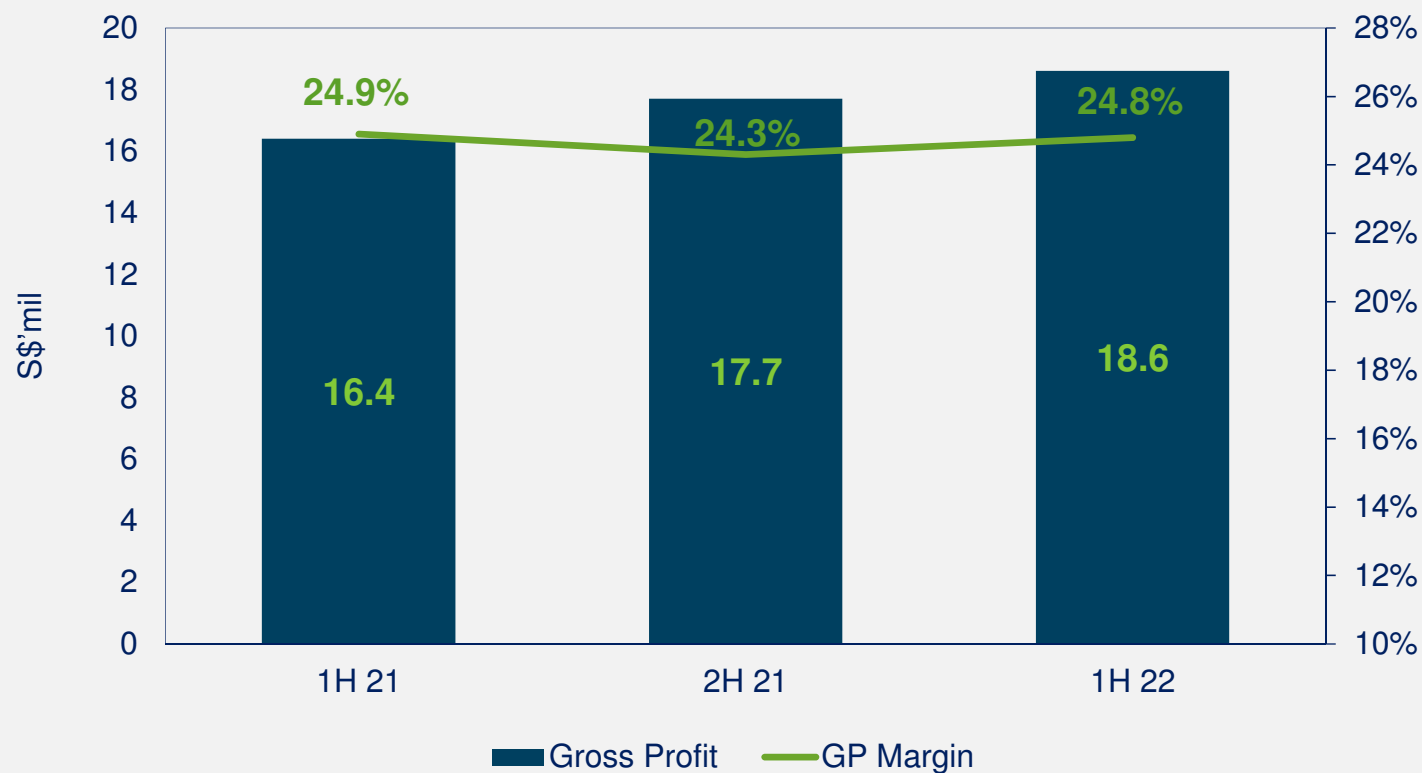
Growth in Sales came from Distribution activity.

# Sales Breakdown by Geographic Markets



- Recovery year-on-year seen across our major market segments except N Asia, Australia and America.

# Gross Profit



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

# Expenses

- Total expenses increased S\$1.1 mil or 8.5% to S\$14.5 mil.

S\$'000	1H 21	1H 22	Var	Var %	Remarks
Receivables Impairment	81	194	113	140.7%	Includes exposure to Sri Lanka. Fully provided.
Employee compensation	8,275	8,593	318	3.8%	Higher performance-linked rewards in tandem with better performance
FX loss	216	470	254	117.6%	Stronger USD @ AUD, Rupee.
Warehousing expenses	1,284	1,488	204	15.9%	Due to higher inventory
Finance cost	371	493	122	32.6%	Higher borrowing and interest rates.

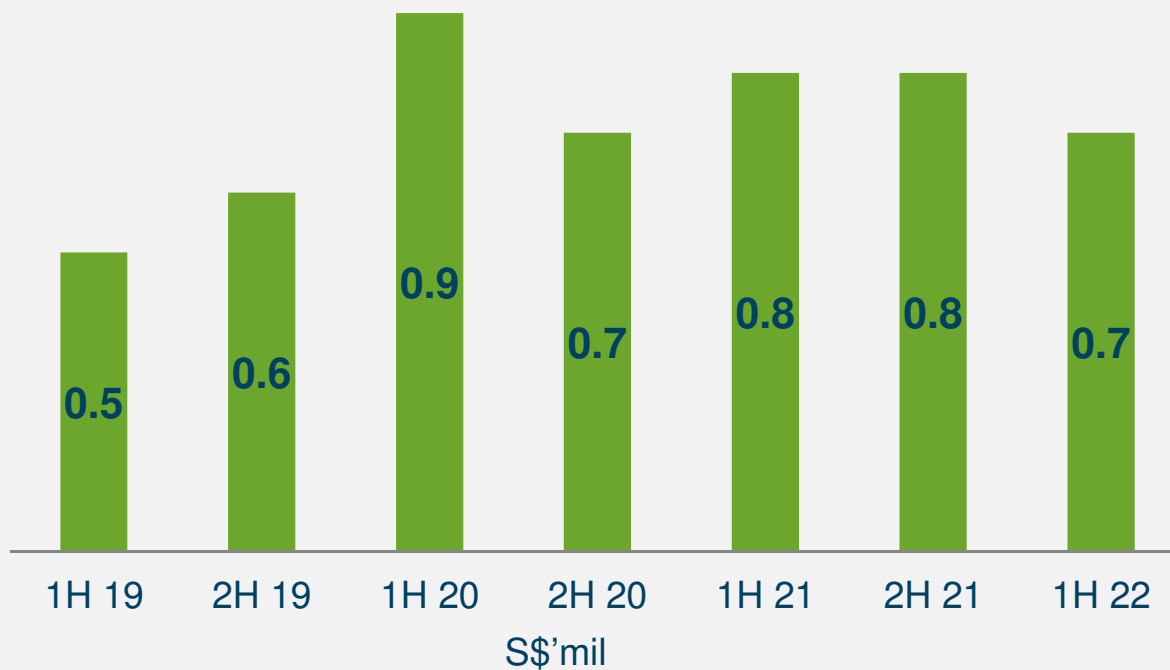


# Other Income

- Other income remained at S\$0.7 mil.

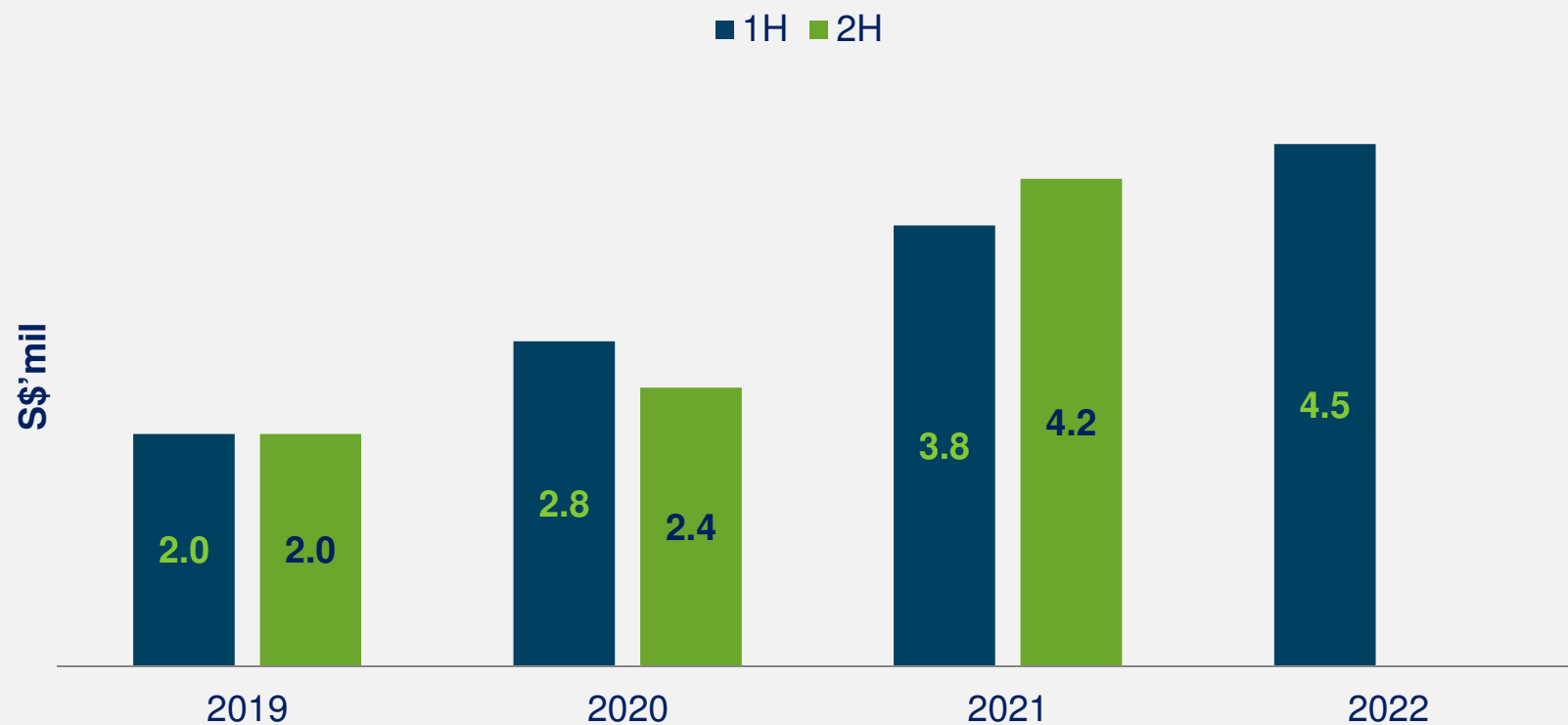
S\$'000	1H 21	1H 22	Var	Remarks
Receivables recovered	168	283	115	Recovery of doubtful debts.
Gain from disposal of listed equity	-	147	147	Gain on disposal of listed equity.
Grant income	243	49	(194)	COVID-19 government assistance lapsed in 2021.

## Share of Associate's Profit



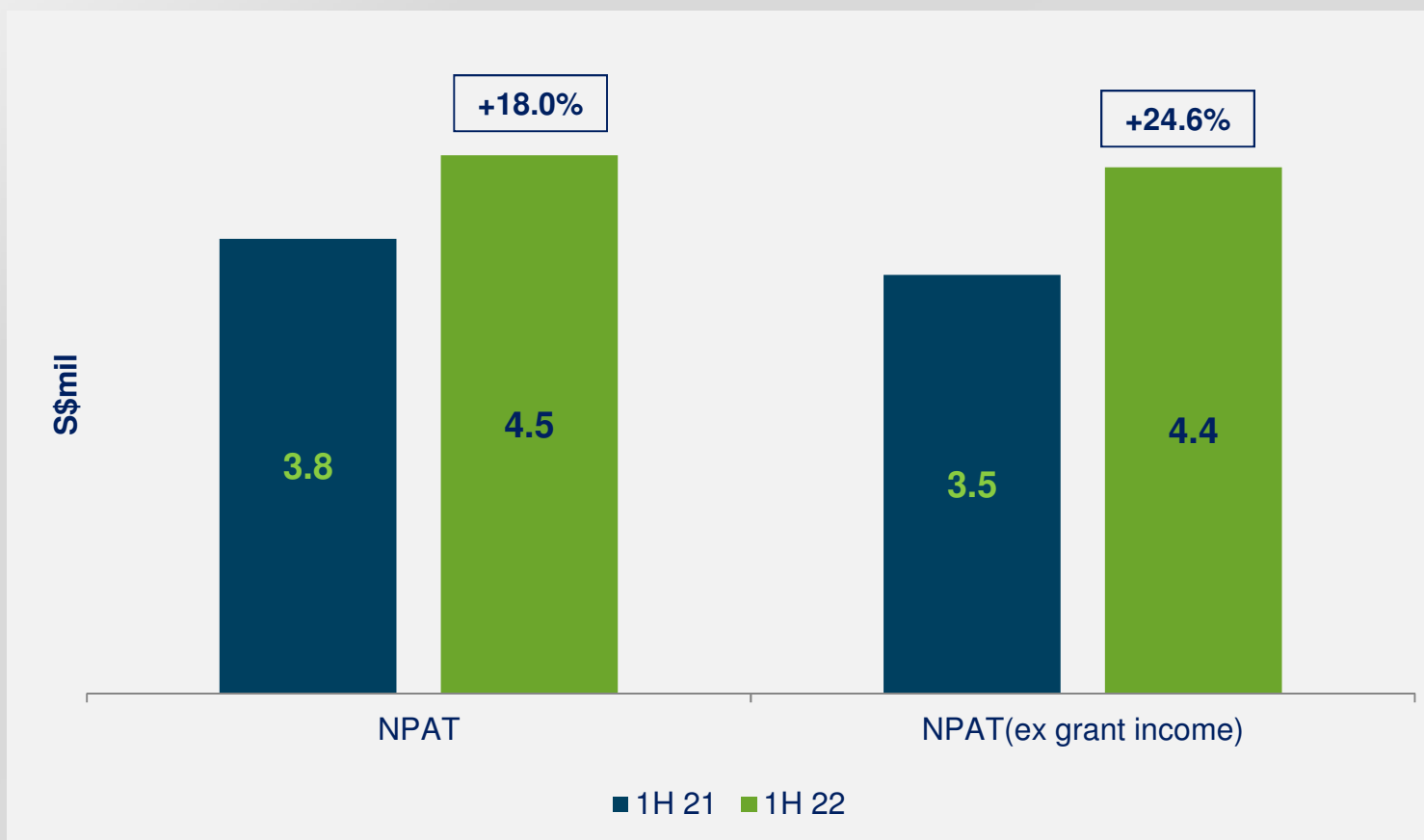
- Demand for cleaning chemicals normalized after a surge in 1H 2020.
- Performance better than pre-pandemic level.

# Net Profit After Tax



- Net profit after tax has been increasing since 1H 21 following removal of COVID-19 restrictions.
- Net profit after tax higher than pre-pandemic level.

## Net Profit After Tax



Increase in NPAT(excluding grant) was higher than increase with grant.



# Balance Sheet

S\$'mil	FY2021	1H 22	Var	
Cash	11.5	12.2	0.7	Higher working capital requirement.
Borrowings	28.9	37.5	8.6	Higher borrowings to support higher sales.
Shareholders Equity(less MI)	57.3	59.3	2.0	Positive earnings less dividend
Gearing (times)	0.51	0.63	0.12	Due to higher borrowings.
Net gearing(times)	0.30	0.43	0.13	
Current ratio (times)	1.8	1.7	(0.1)	Sound liquidity.
Inventory(net)	36.4	45.2	8.8	Higher chemical prices. To ensure continuity of supply.
Inventory T/O (days)	120	145	25	Restocking to ensure continuity of supply to customers.
Trade Receivables(net)	30.6	30.7	0.1	In line with higher sales
Receivables T/O (days)	73	76	3	No major signs of deterioration except for exposure to Sri Lanka.
NTA/share (cents)	42.95	44.47	1.52	

# Cashflow

## Deploying Cash for Growth

\$'mil	FY2021	1H 22	
Cash used in operating activities	(7.9)	(6.0)	Positive cashflow from profitable operation offset by higher working requirement.
Cash from/(used in) investing activities	(2.8)	0.2	Warehouse in Malaysia internally funded. Dividend income and sale of listed equity.
Cash from financing activities	5.8	5.5	Higher bank borrowings for higher working capital requirement. S\$1.6 mil dividend paid.
Net decrease in cash	(4.8)	(0.4)	Net negative cash generated.
Beginning cash and cash equivalents	15.9	11.1	
Ending cash and cash equivalents	11.1	10.7	



Share Performance :  
Enhancing Shareholders' Long Term Value

# Share Statistics

## Share Information (as at 11 Aug 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	38 cents
Price (as at 11 Aug 2022)	50.0 cents
No of Shares	133,300,000
Earnings per share 1H FY22	3.2 cents
Historical P/E <sup>(a)</sup>	8.1 x
Market Capitalisation (as at 11 Aug 2022)	\$66.6 mil
NTA/share	44.47 cents
Price/Book Ratio <sup>(b)</sup>	1.12

Note :

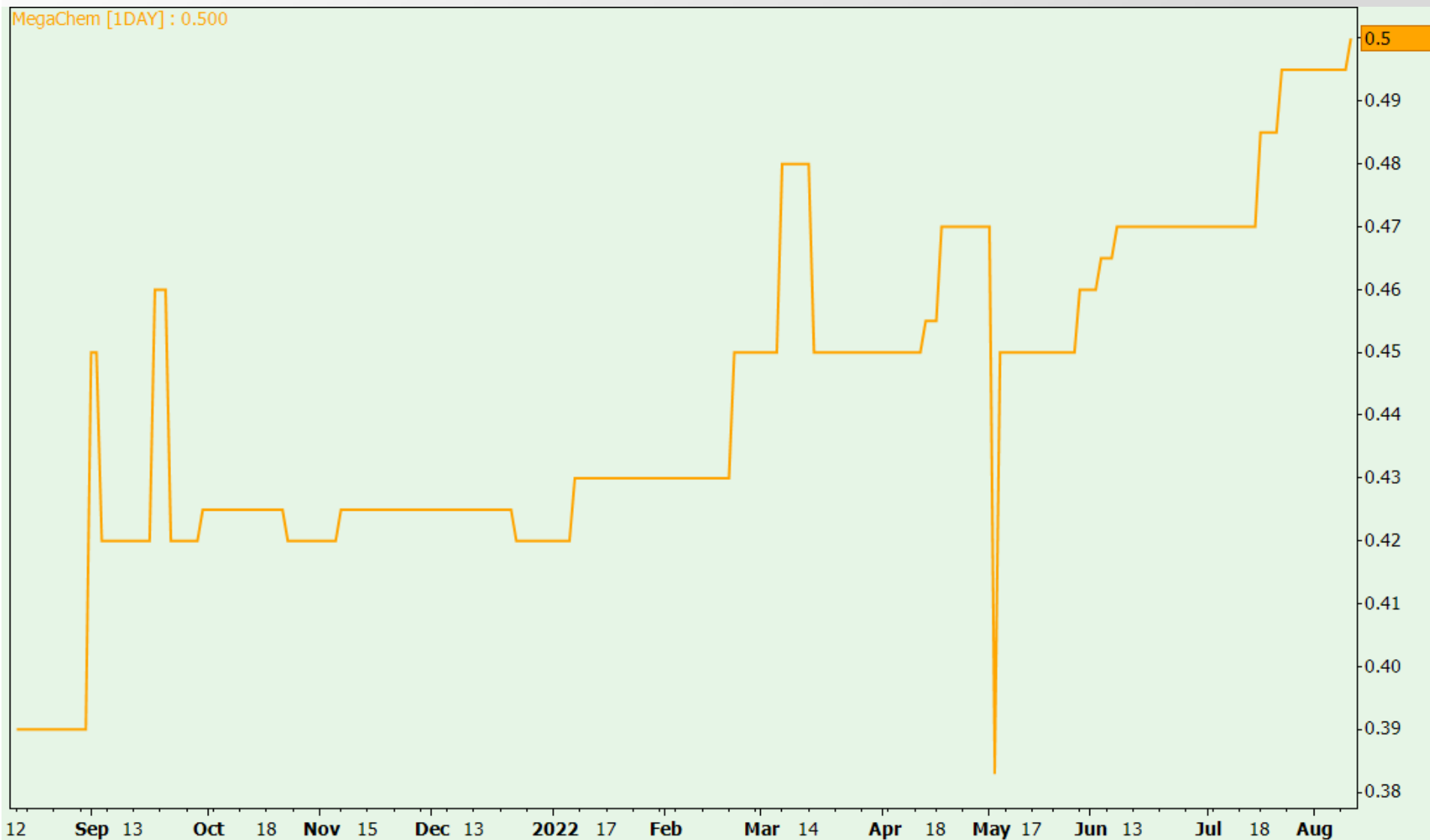
(a) P/E = price as at 11 August 2022 / (EPS 2H FY21 + EPS 1H FY22)=50/6.19=8.1x

(b) Price/Book ratio = price as at 11 Aug 2022 / NTA per share.



# Share Price Performance

Share price chart : 1 year to 11 Aug 2022

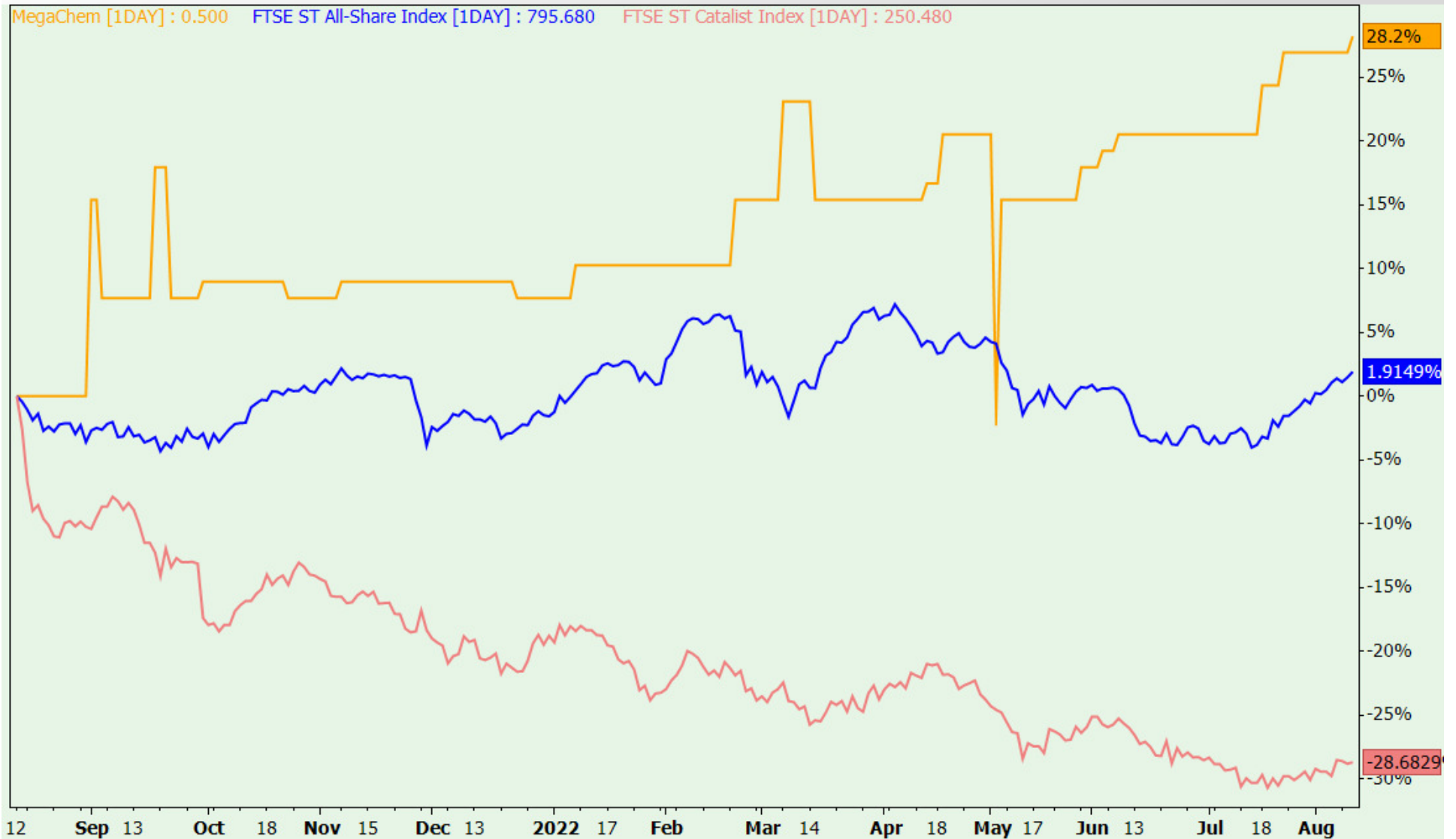


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# Share Price Performance

Share price chart : 1 year to 11 Aug 2022

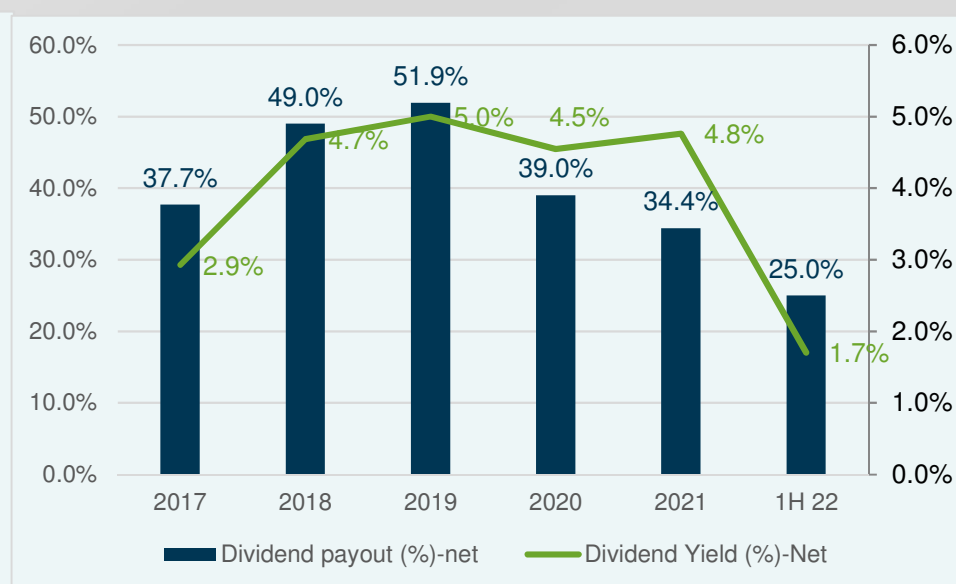
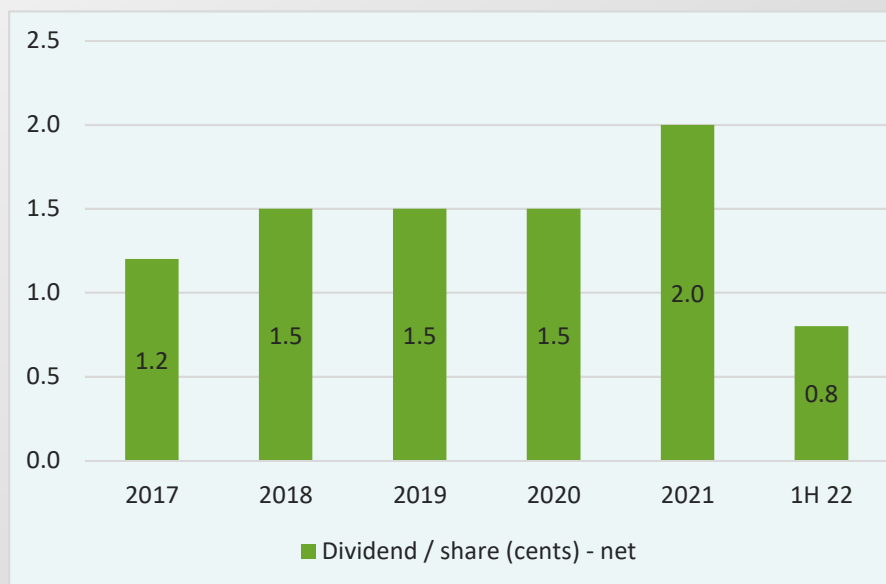


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# 1H FY2022 Interim Dividend

	1H FY2022
Interim Dividend (cts/share)	0.8
1H FY22 Dividend Payout	25.0%
Dividend Yield (un-annualised)	1.7%



\*\* Dividend yield (un-annualised) = 1H FY22 dividend per share / price as at 30 June 2022=0.8/47=1.7%(un-annualised) .



## 2H FY2022 Outlook



# Outlook 2H FY2022

## Global Economy

- Resurgence of COVID-19 virus in China
  - Russia-Ukraine war
  - Inflationary pressure
  - Aggressive Monetary Policy Tightening
  - Reopening of economies
  - Demand recovery
- Risks
- Growth

## Chemical Industry

- Manufacturing activity an important indicator for chemical demand.
- Pace of Growth in chemical industry dependent on macro-economic factors.

**Impediments to Growth surfacing**  
**Long term growth remains resilient**

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