



Megachem<sup>®</sup>

Results Presentation FY2024  
Analyst Briefing



# Business Update

## Global Economy

- Economic growth trajectory continues despite high interest rates and on-going geopolitical conflicts

## Chemical Industry

- Inventory destocking in 2023 => inventory normalised in 2024
- Demand for chemicals recovered.

## Megachem

- Customers' orders picked up for most part of 2024 as customers started replenishing stocks
- Following the fire in July 2023, piling for the warehouse reconstruction completed.
- Target to complete by end 2025
- Received progressive payments from insurer.

**A Year of Recovery**



Financial Performance

## Impact of fire on Profit & Loss

	H2 2023	H1 2024	H2 2024	To-date
<u>Income:</u>	S\$'000	S\$'000	S\$'000	S\$'000
Insurance claim income	3,149	4,910	4,408	12,467
<u>Expenses/loss:</u>				
Inventories written off	(5,919)	-	-	(5,919)
Property, plant and equipment written off	(811)	-	-	(811)
Demolition and decontamination costs	(2,320)	(1,031)	-	(3,351)
Waste disposal costs	(905)	(2,760)	-	(3,665)
Compensation claims	(805)	-	-	(805)
Other costs	(127)	(397)	(198)	(722)
Total expenses/losses	(10,887)	(4,188)	(198)	(15,273)
Net impact before income tax expense	(7,738)	722	4,210	(2,806)



# Profit & Loss Highlights

S\$'mil	2H 2023	2H 2024	Var	Var %	
Sales	62.3	63.7	1.4	2.2%	▲
Gross Profit	9.1	15.7	6.6	72.2%	▲
Gross Profit(excluding impact of fire)	15.1	15.9	0.8	5.3%	▲
Gross Profit Margin %	14.7%	24.7%	10.0% pts	-	▲
Gross Profit Margin %(excluding impact of fire)	24.2%	25.0%	0.8% pts	-	▲
Expenses	19.6	15.7	(3.9)	(19.9%)	▼
Expenses(excluding impact of fire)	14.6	15.7	1.1	7.5%	▲
Other income	3.3	5.3	1.9	57.7%	▲
Other income(excluding impact of fire)	0.2	0.9	0.7	>100%	▲
NPBT	(6.6)	5.8	12.4	nm	▲
NPAT	(6.7)	5.9	12.6	nm	▲
NPAT(excluding impact of fire)	1.0	1.3	0.3	29.3%	▲

# Profit & Loss Highlights

S\$'mil	1H 2024	2H 2024	Var	Var %	
Sales	65.2	63.7	(1.5)	(2.3%)	▼
Gross Profit	15.5	15.7	0.2	1.4%	▲
Gross Profit(excluding impact of fire)	15.6	15.9	0.3	1.7%	▲
Gross Profit Margin %	23.8%	24.7%	0.9% pts	-	▲
Gross Profit Margin % (excluding impact of fire)	24.0%	25.0%	1.0% pts	-	▲
Expenses	18.7	15.7	(3.0)	(15.9%)	▼
Expenses(excluding impact of fire)	14.6	15.7	1.1	7.2%	▲
Other Income	5.4	5.3	(0.1)	(2.1%)	▼
Other income(excluding impact of fire)	0.5	0.9	0.4	79.8%	▲
NPBT	2.9	5.8	2.9	97.6%	▲
NPAT	2.0	5.9	3.9	>100%	▲
NPAT(excluding impact of fire)	1.7	1.3	(0.4)	(21.7%)	▼

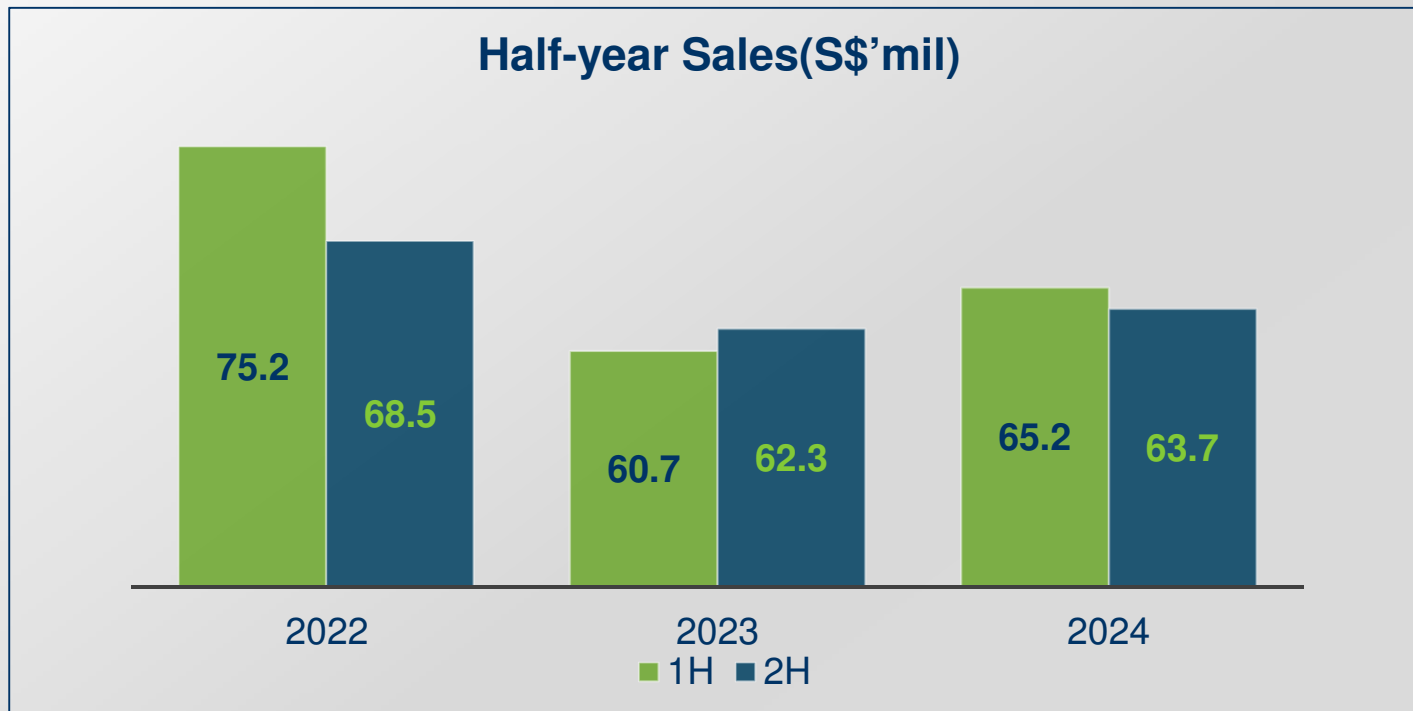


# Profit & Loss Highlights

S\$'mil	FY23	FY24	Var	Var %	
Sales	123.0	128.8	5.8	4.7%	▲
Gross Profit	22.5	31.2	8.7	38.8%	▲
Gross Profit(adj)	28.5	31.5	3.0	10.7%	▲
GP Margin %	18.3%	24.2%	5.9% pts	-	▲
GP margin %(adj)	23.1%	24.5%	1.4% pts	-	▲
Expenses	32.7	34.4	1.7	5.3%	▲
Expenses(adj)	27.7	30.3	2.7	9.6%	▲
Other Income	3.7	10.7	7.0	>100%	▲
Other Income(adj)	0.5	1.3	0.8	>100%	▲
NPBT	(5.3)	8.7	14.0	nm	▲
NPAT	(5.8)	7.9	13.7	nm	▲
NPAT(adj)	1.9	2.9	1.0	53.5%	▲
EPS(cents)	(4.43)	5.93	10.36	nm	▲

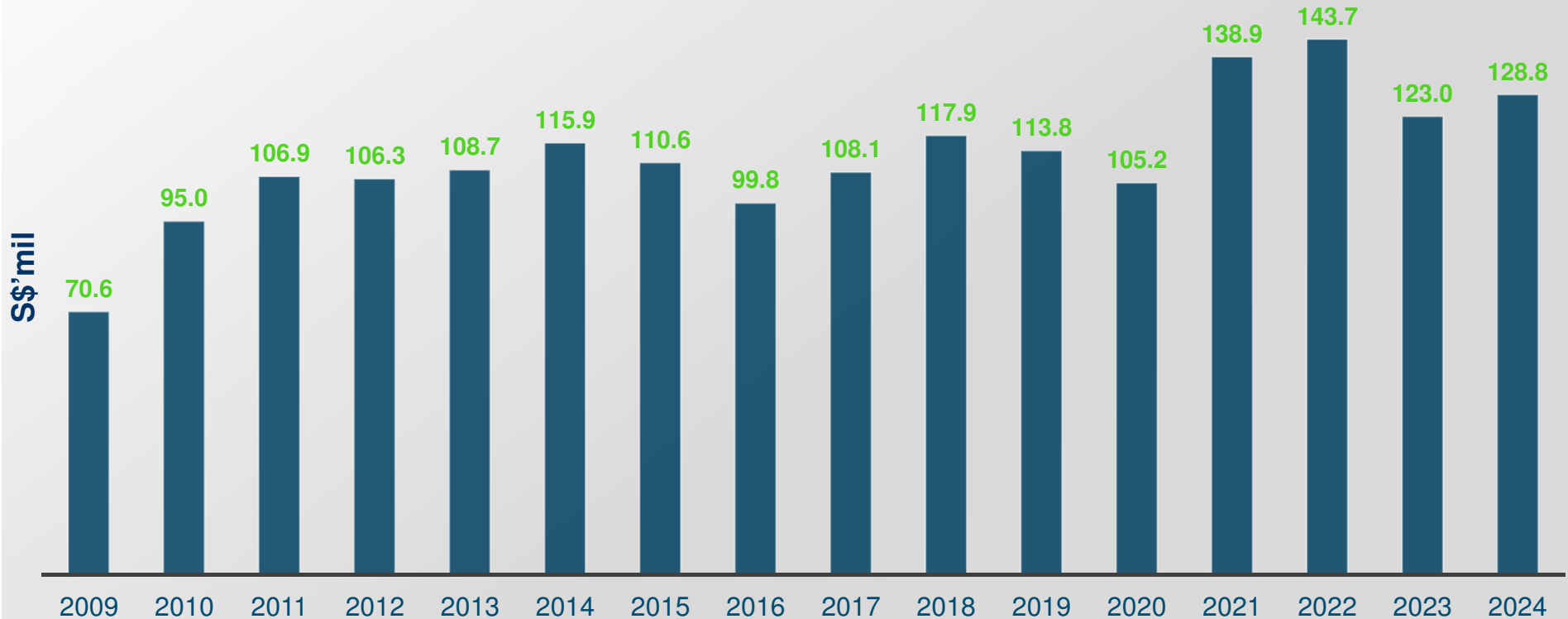


# Sales



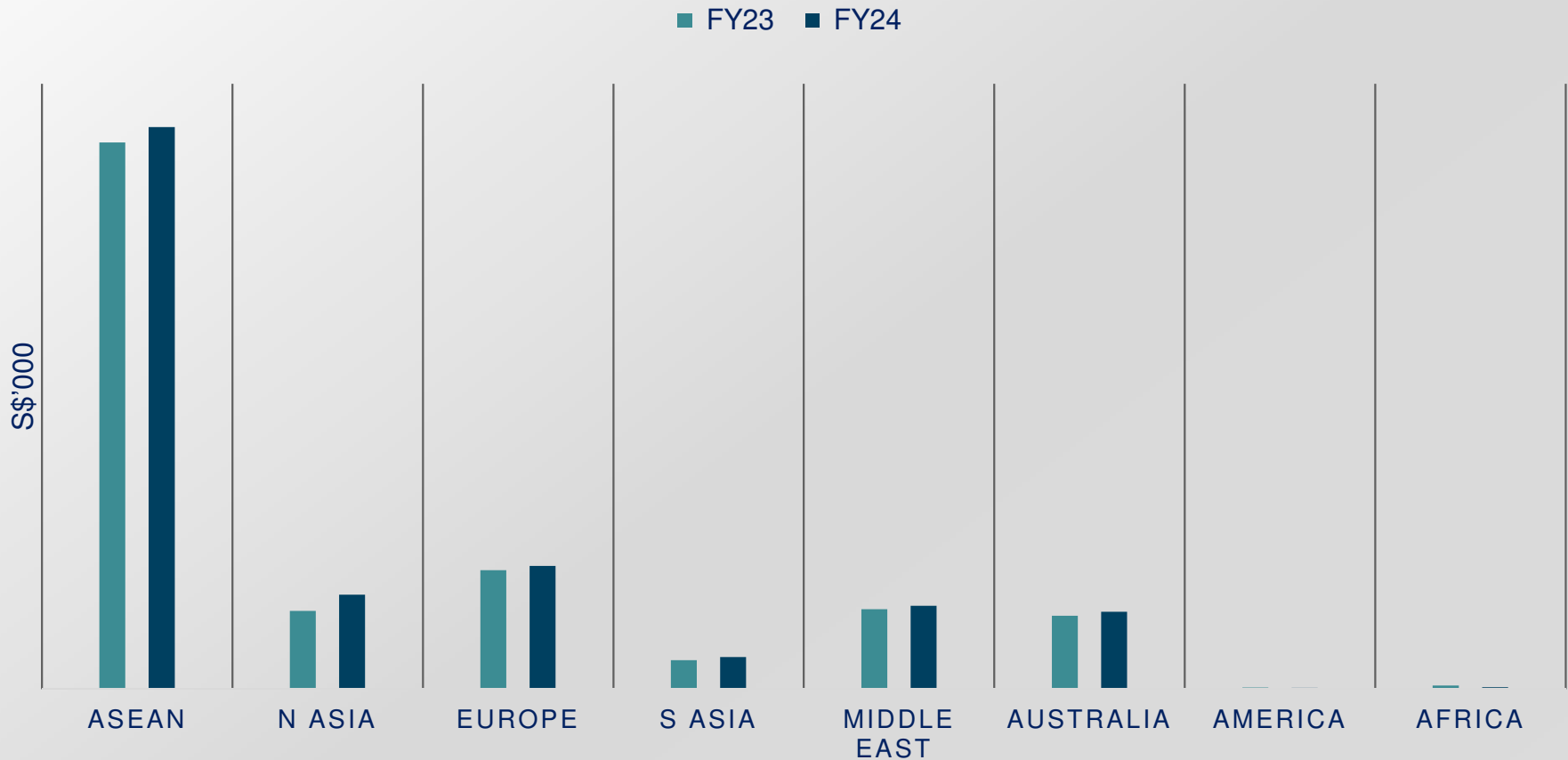
- Sales started recovery in 2H 2023 until 3Q 2024.
- Business sentiment cautious towards end of 2024

# Sales



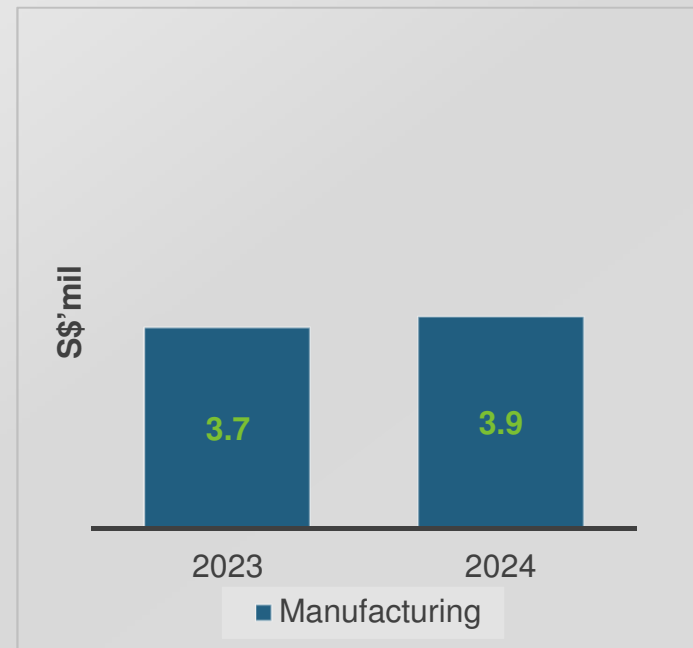
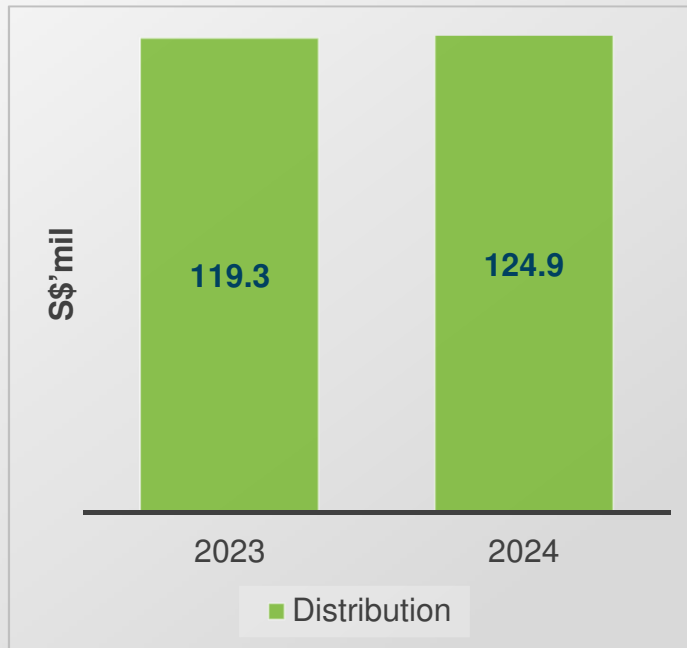
- 2023 : Inventory destocking & weaker prices => sales fell
- 2024 : Inventory level normalising => demand for chemicals recovered.
- Sales in FY24 higher than pre-Covid level
- Strong recovery after each crisis => resilience of our business model

# Sales Breakdown by Geographic Segments



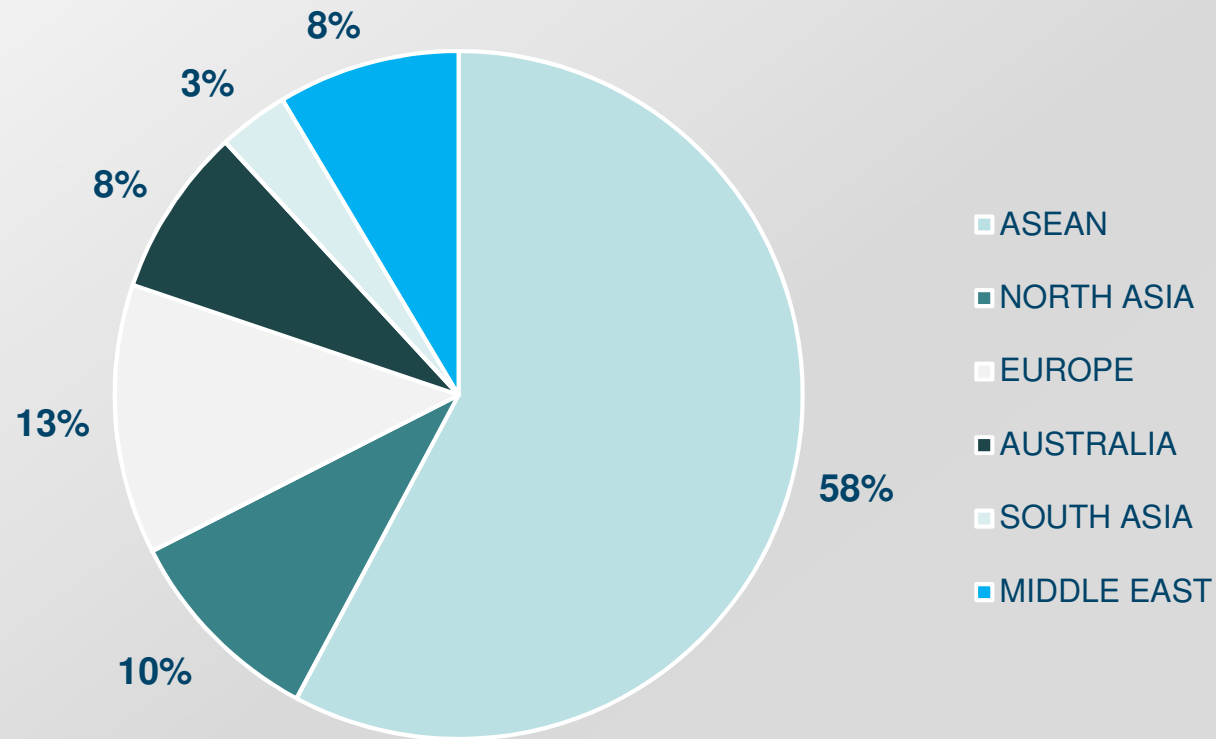
- Broad-based growth across our geographic segments reflecting the overall recovery in market conditions.

# Sales breakdown by Business Segments



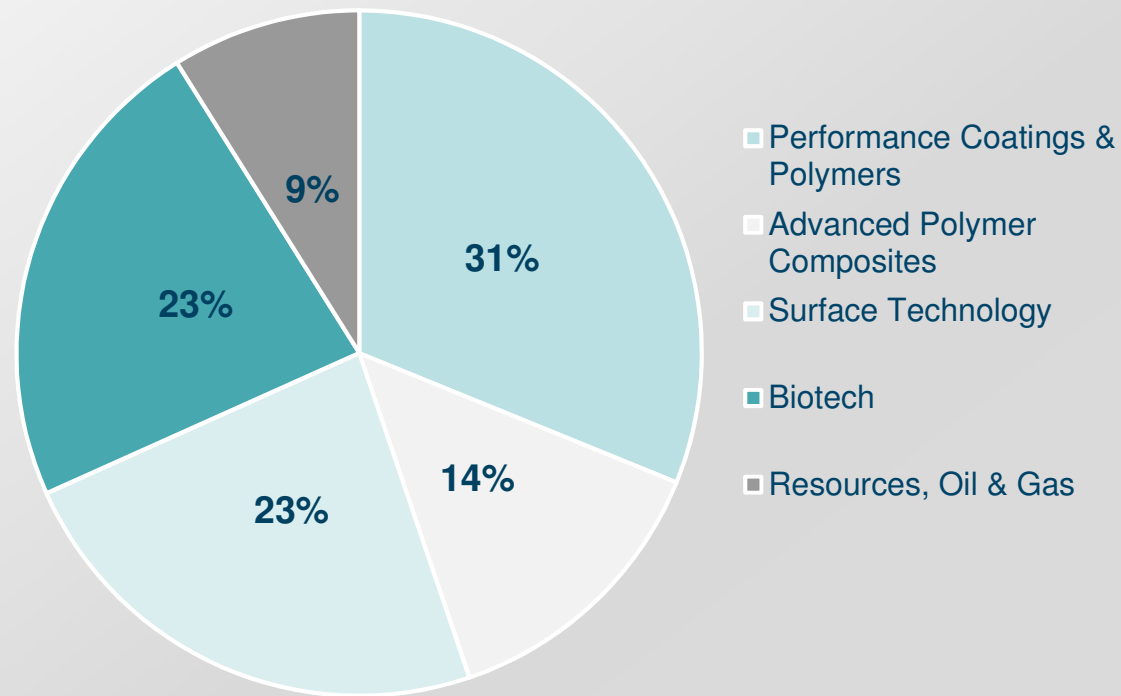
- Both distribution and manufacturing activities experienced higher demand.

# Sales Breakdown by Geographic Segments



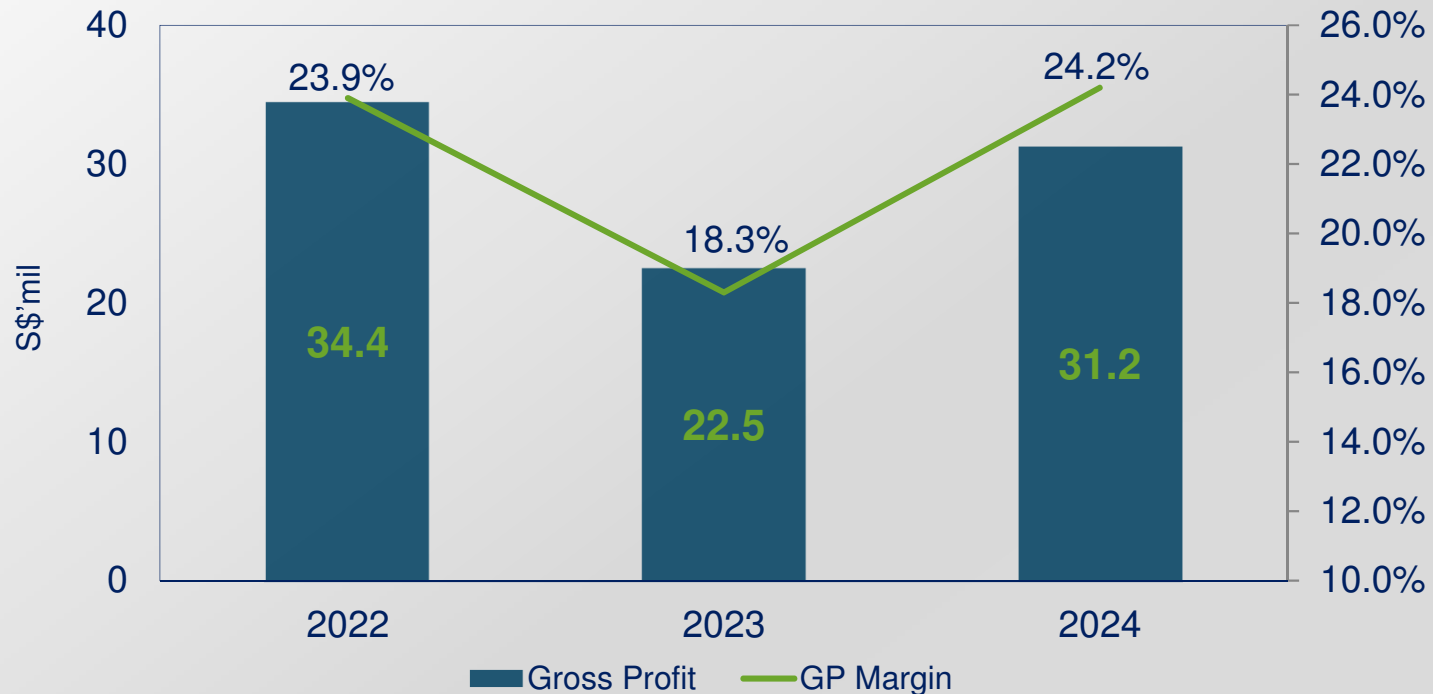
Asia-centric focus.

# Sales Breakdown by Industry Coverage



Diversified Industry Coverage.

# Gross Profit



- Gross profit and margin decreased in 2023 due mainly to write-off of inventory destroyed in the fire
- Excluding the write-off of inventory (approximately S\$5.9 mil) due to the fire in 2023, GP and GP margin in 2024 would be S\$3 mil and 1.4% pts higher respectively.
- GP margin recovered to normal level of about 24% in 2024.

# Expenses

- Total expenses increased S\$1.7 mil or 5.3% to S\$34.4 mil.
- Excluding expenses arising from the fire incident, total expenses increased \$2.7 mil or 9.6%

S\$'mil	FY23	FY24	Var	Var %	Remarks
Demolition cost	2.3	1.0	(1.3)	(55.6%)	Related to the fire incident in 2023.
Customers claim	0.8	-	(0.8)	(100%)	Related to the fire incident
Loss on property, plant, equipment	0.8	-	(0.8)	(100%)	Related to the fire incident.
Waste disposal	0.9	2.8	1.9	>100%	Related to the fire incident
Warehouse charges	2.7	3.4	0.7	26.6%	Higher reliance on 3 <sup>rd</sup> party warehouses following the fire
Finance cost	2.0	1.9	(0.1)	(6.2%)	Lower borrowings
FX	0.1	0.7	0.6	>100%	Stronger USD
Staff cost	15.5	17.0	1.5	9.4%	Salary increment & performance-linked rewards

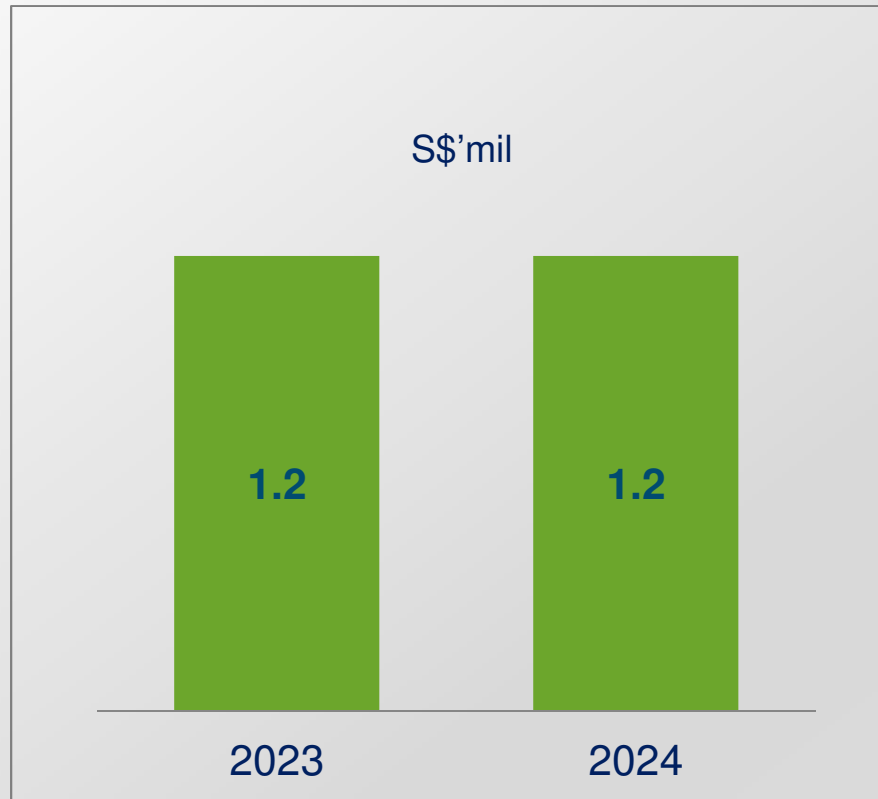


## Other Income

- Other income increased by S\$7.0 mil mainly due to higher insurance claim received in 2024 for the fire incident in 2023.

S\$'mil	FY2023	FY2024	Var	Remarks
Insurance claim	3.2	9.7	6.5	Insurance claim relating to the fire incident.
Gain on disposal of asset	-	0.6	0.6	Sale of property in Malaysia
Trade receivables recovered	0.3	0.1	(0.2)	Recovery of bad debts previously impaired

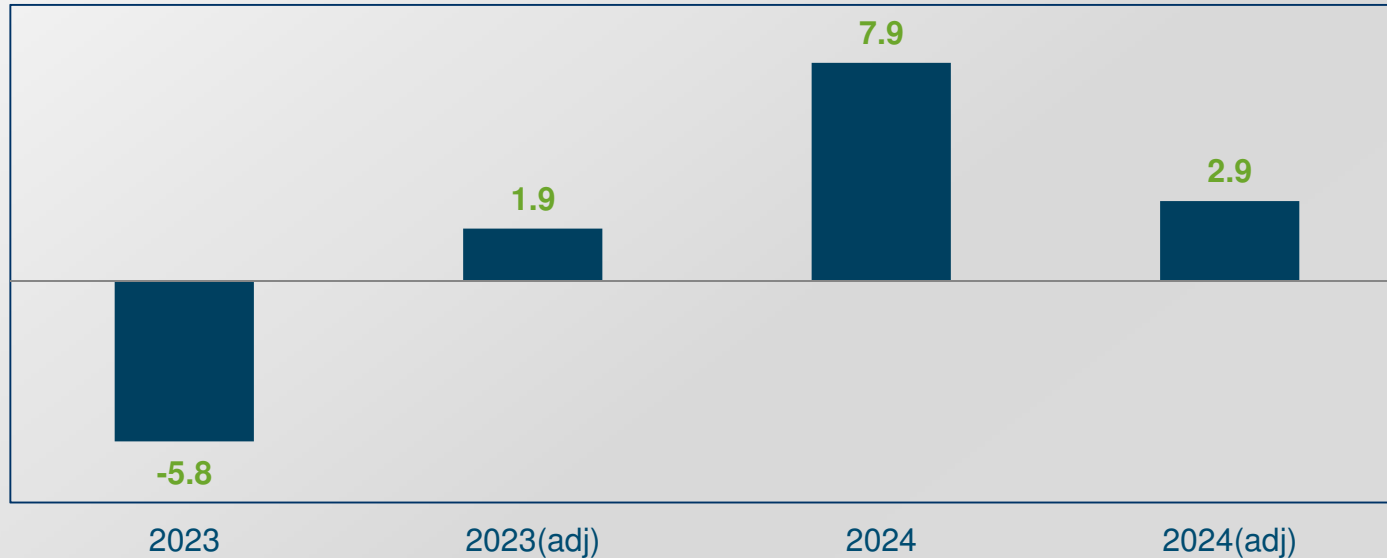
## Share of Associate's Profit



- Profit contribution from our associated company in Thailand relatively flat.

# Net Profit After Tax

Full Year NPAT \$'mil



- Excluding impact of the fire, NPAT in FY24 would have been \$2.9 million which is \$1.0 million higher. The higher adjusted profit is mainly attributed to demand recovery and higher gross profit margin.

# Balance Sheet

S\$'mil	31 Dec 23	31 Dec 24	Var	
Shareholders Equity(less MI)	50.0	58.5	8.5	Retained earnings less 1H 24 interim dividend payment.
Cash	13.6	16.0	2.4	Conserving cash for warehouse construction
Borrowings	28.5	25.2	(3.3)	Prudent cash management
Gearing (times)	0.57	0.43	(0.14)	Lower borrowings
Net gearing(times)	0.30	0.16	(0.14)	Lower borrowings
Current ratio (times)	1.7	1.8	0.1	Sound liquidity.
Inventory(net)	33.6	31.7	(1.9)	Prudent inventory management.
Inventory T/O (days)	170	147	(23)	Improving working capital cycle.
Trade Receivables(net)	23.0	22.9	(0.1)	No major deterioration in customers payment
Receivables T/O (days)	76	66	(10)	Improving working capital cycle
NTA/share (cents)	37.48	43.92	6.44	Write-off of assets in 2H 23 due to the fire.

# Cashflow

## Strengthening cash position for warehouse rebuilding

\$'mil	FY2023	FY2024	
Cash from/(used in) operating activities	15.8	11.0	Positive cashflow from prudent inventory management and insurance receipt of S\$9.3 mil.
Cash from/(used in) investing activities	(1.9)	(2.4)	Funding for warehouse construction and purchase of shares in subsidiary from non-controlling shareholder
Cash from/(used in) financing activities	(11.6)	(6.5)	Reduce bank borrowings and paid interim dividend.
Net increase in cash	2.3	2.1	
Beginning cash and cash equivalents	10.9	13.0	
Ending cash and cash equivalents	13.0	15.3	



Share Performance :  
Enhancing Shareholders' Long Term Value

# Share Statistics

## Share Information (as at 19 February 2025)

Listing Date	17 October 2003
IPO Price	28 cents
Historical High	68 cents
Historical Low	13 cents
52 weeks High	49 cents
52 weeks Low	28 cents
Price (as at 19 Feb 2025)	39.5 cents
No of Shares	133,300,000
Earnings per share FY24	5.93 cents
Historical P/E(a)	6.7x
Market Capitalisation (as at 19 Feb 2025)	\$52.6 mil
NTA/share	43.92 cents
Price/Book Ratio (b)	0.9

Note :

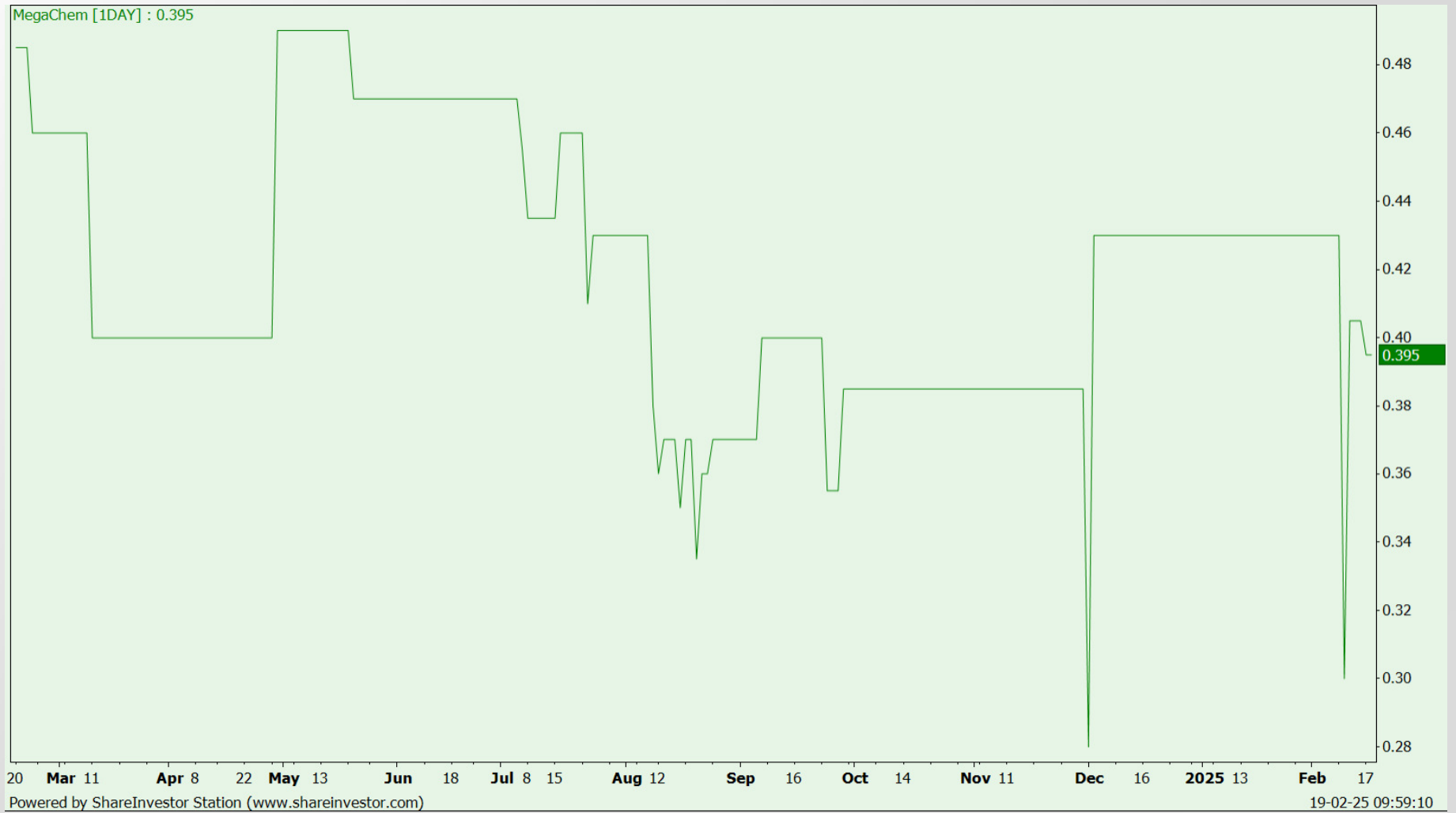
(a)  $P/E = \text{price as at 19 Feb 2025} / \text{EPS FY24} = 39.5 / 5.93 = 6.7x$

(b)  $\text{Price/Book ratio} = \text{price as at 19 Feb 2025} / \text{NTA per share} = 39.5 / 43.92 = 0.9.$



# Share Price Performance

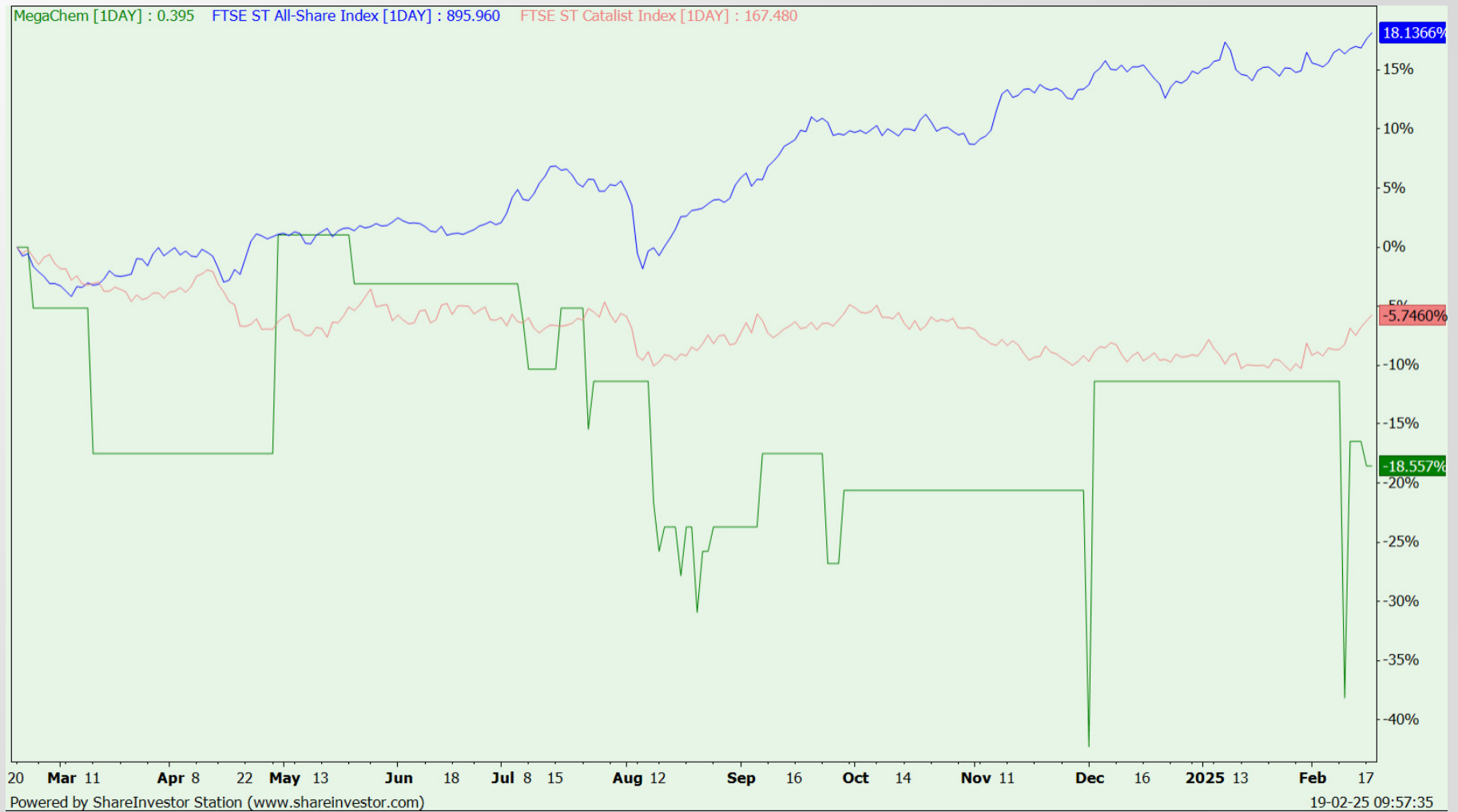
Share price chart : 1 year to 19 February 2025





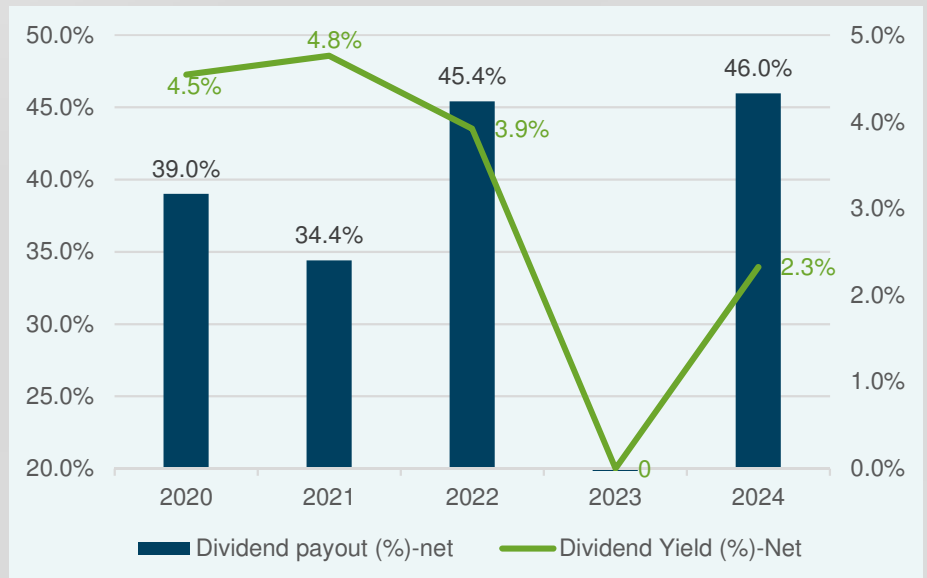
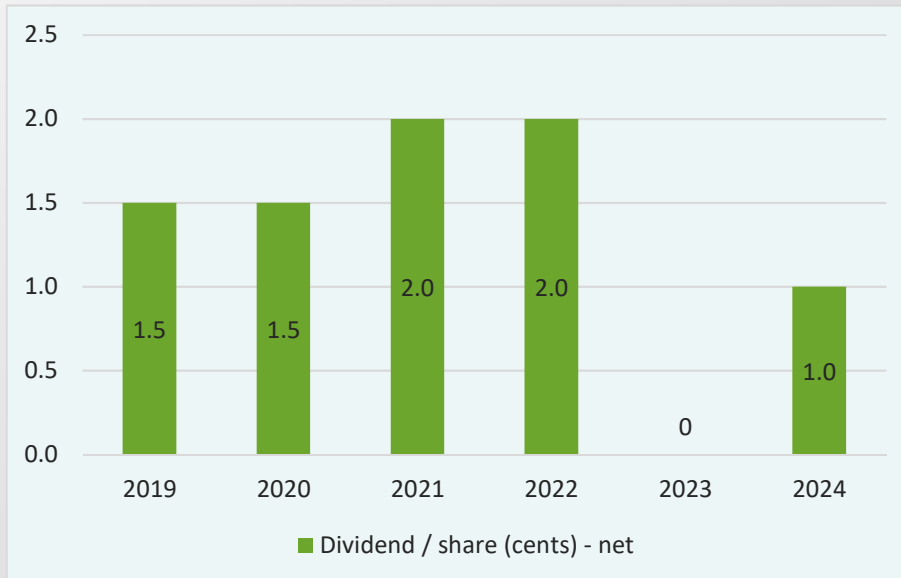
# Share Price Performance

Share price chart : 1 year to 19 February 2025



# FY2024 Final Dividend

	FY2024
Interim Dividend (cts/share)	0.5
Final Dividend (cts/share)	0.5
Total Dividend (cts/share)	1.0



Note : No dividend was paid for FY2023 due to a fire incident at our warehouse.

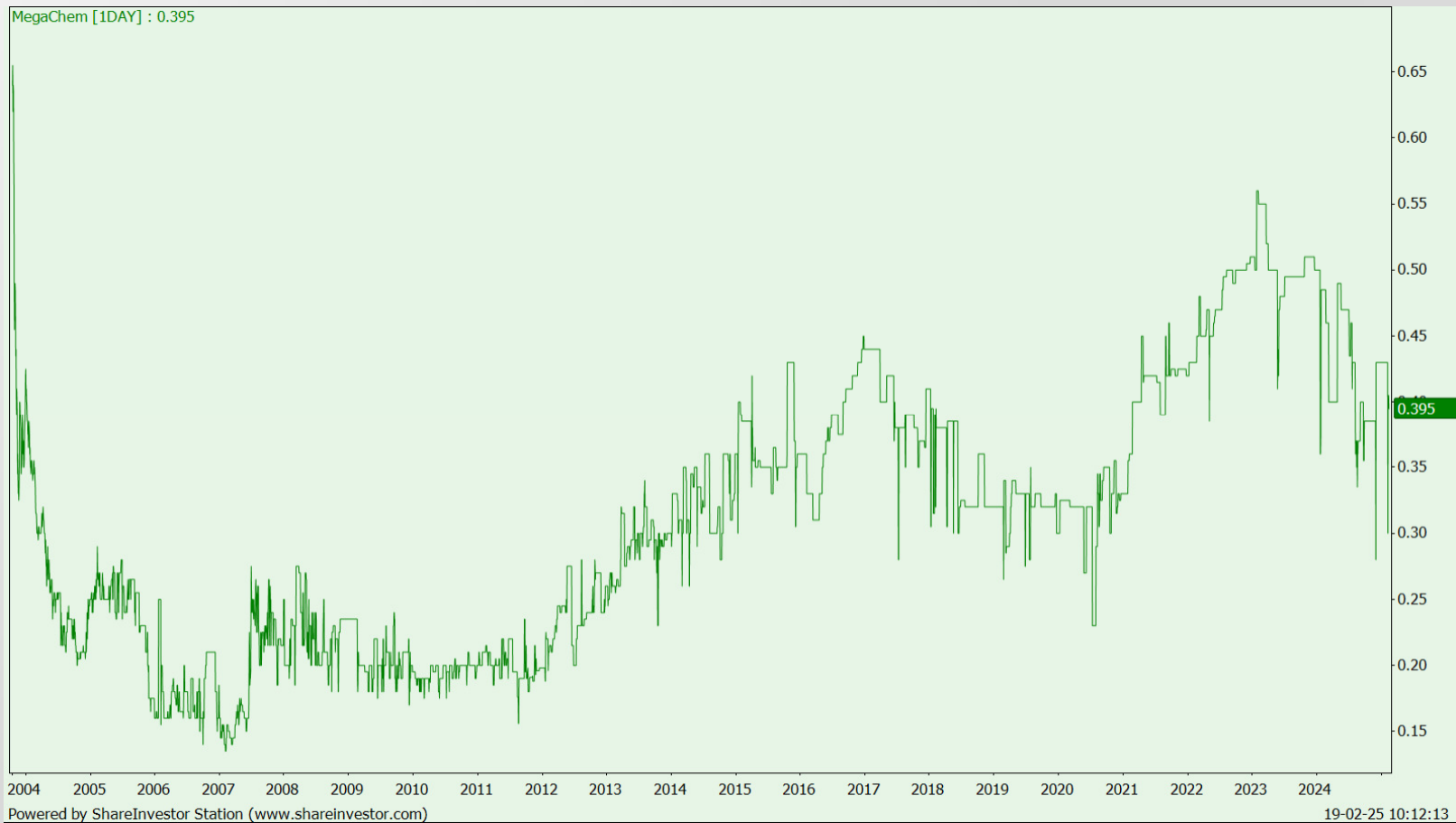
\* Dividend payout = FY24 dividend/net profit(excluding impact of fire)

\*\* Dividend yield = FY24 dividend per share / price as at 31 Dec 2024=1.0/43=2.3%.



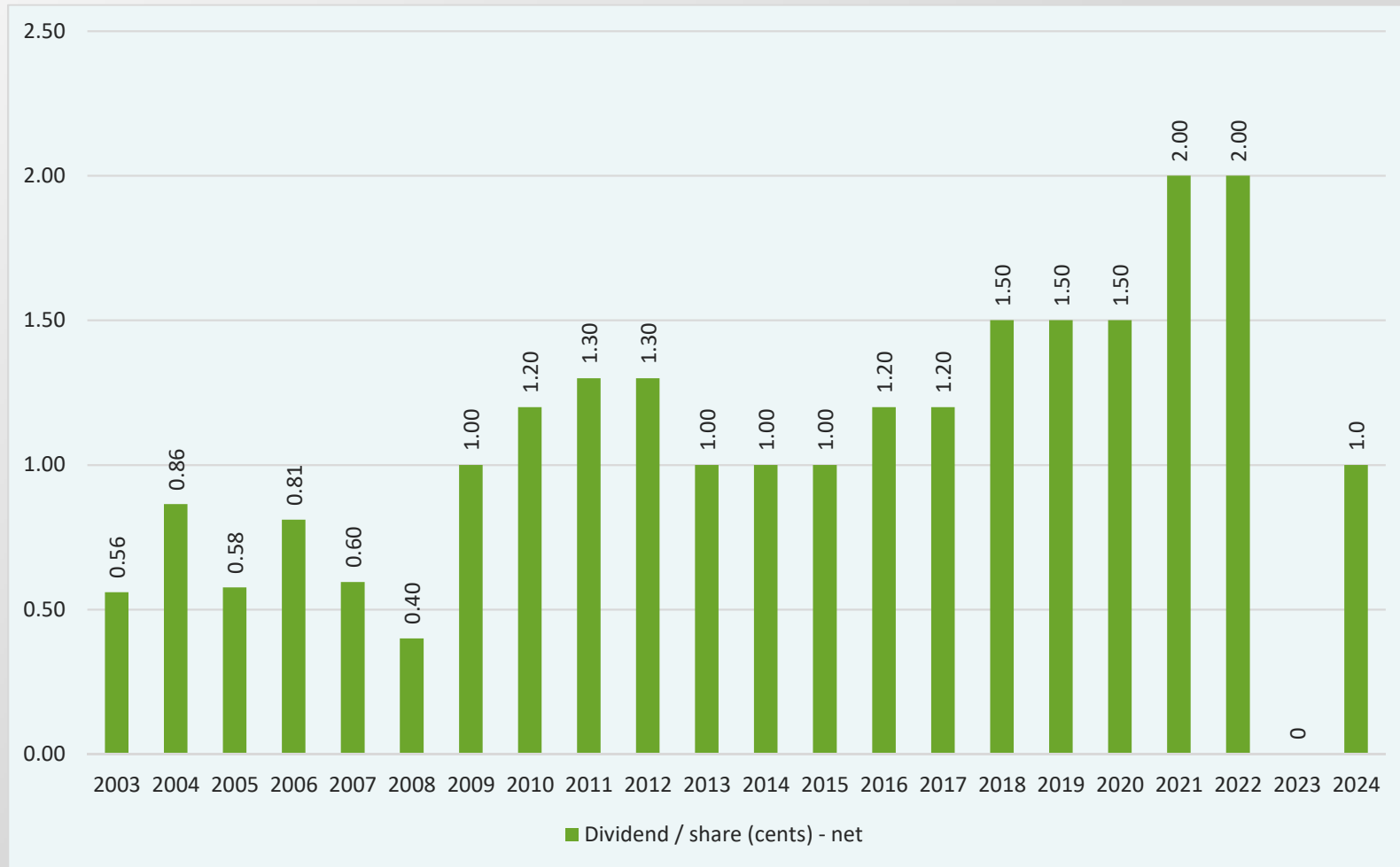
# Share Price(since IPO)

	Price
IPO Issue Price (cts/share)	28
Price as at 19 Feb 2025 (cts/share)	39.5
Price Change(since IPO)	41.1%



# Dividend(since IPO)

Dividend	
Total Dividend since IPO (cts/share)	23.5





# FY2025 Outlook

## Global Economy

- Geopolitical tensions not fully resolved.
- Trump 2.0 → Trade War 2.0.
- China recovery sluggish.

} Bumpy  
road  
ahead

## Chemical Industry

- ME conflicts if not fully resolved may disrupt supply chain.
- Managing optimal inventory remains challenging
- Business condition dependent on continued growth in manufacturing activities.

## Megachem

- Prudent inventory management a key focus.
- Megachem's business inextricably intertwined with economy and the chemical industry.

Bracing for uncertainties with tenacity and grit.

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