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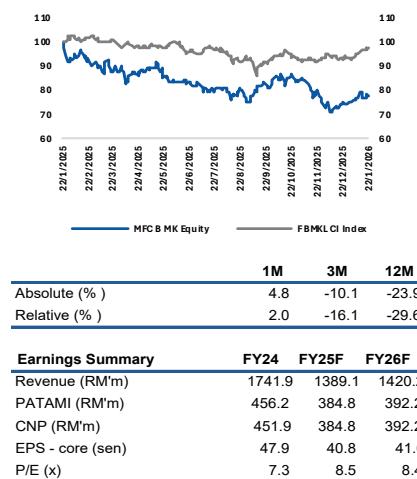
Recommendation:	HOLD
Current Price:	RM 3.48
Previous Target Price:	RM 3.42
Target Price:	RM 3.42
Capital Upside/Downside:	-1.7%
Dividend Yield (%):	2.6%
Total Upside/Downside:	0.9%

Stock information

Board	MAIN
Sector	renewable Energy Electricity
Bursa / Bloomberg Code	3069 / MFCB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	942.2
Market Cap (RM' m)	3,278.9
52-Week Price Range (RM)	4.6-3.12
Beta (x)	0.7
Free float (%)	45.1
3M Average Volume (m)	0.4
3M Average Value (RM' m)	1.3

Top 3 Shareholders	(%)
Rubber Thread Ind M Sdn Bhd	20.6
Keen Capital Investments Ltd	8.2
Employees Provident Fund Board	8.0

Share Price Performance



Mega First Corporation Berhad

Additional stake acquisition in Stenta Films

- MFCB has proposed to acquire an additional 12.5% stake in its packaging subsidiary, Stenta Films (M) Sdn Bhd, for RM33.1m, increasing its effective interest from 75.0% to 87.5% and terminating the existing POA.**
- At RM1.283/share, the acquisition implies an equity valuation of c.RM265m for SFM, or an implied earnings multiple of c.16.2x based on annualised 9MFY25 packaging PBT of RM16.2m and a 24% tax rate. While this is above SCIENTX's c.11x trailing P/E, we view the premium as acceptable given the recovery in packaging earnings, SFM's higher exposure to paper-bag products with better margins, and the structural benefits from POA termination.**
- Earnings forecasts are raised by 1.3% for FY26F-FY27F, reflecting the higher effective stake.**
- Maintain HOLD with an unchanged TP of RM3.42, based on SOP valuation.**

Additional Stake in Stenta - Packaging Business. MFCB has announced a proposed additional investment in its subsidiary, Stenta Films (Malaysia) Sdn Bhd (SFM), alongside the termination of an existing put option agreement (POA) prior to its original expiry in July 2026. Under the proposal, MFCB will acquire 25.8m ordinary shares, representing 12.5% of SFM's issued share capital, from the minority shareholders for a total consideration of RM33.1m, to be funded via internal funds. Following completion, MFCB's effective interest in SFM will increase from 75.0% to 87.5%. The purchase consideration is based on an agreed exit price of RM1.283/share, with completion expected within 30 days of the SPA date.

Our View. We view the development **positively**, as it supports improved cash-flow contribution to group earnings via a higher economic interest in the packaging business. At RM1.283/share, the acquisition implies an equity valuation of approximately RM265m for Stenta Films (M) Sdn Bhd. Based on annualised 9MFY25 packaging PBT of RM16.2m and an assumed 24% tax rate (as a proxy for earnings capacity), this translates to an implied earnings multiple of c.16.2x, which is on the higher side compared with listed peer **SCIENTX (NR)**, trading at around c.11x TTM P/E. The premium is considered acceptable, reflecting higher economic interest in a recovering, paper-bag-focused packaging business with stronger margins, alongside the structural benefit from POA termination.

Earnings revision. We raise our earnings estimates by 1.3% for FY26F-FY27F, reflecting the higher effective stake in SFM (87.5% vs. 75.0% previously).

Valuation & Recommendation. After factoring in the effective stake increase, we maintain our **HOLD** recommendation with an unchanged **TP of RM3.42**, based on a SOP valuation and a three-star ESG rating. We favour MFCB for its (i) **defensive earnings profile**, with ~90% of PBT contributed by recurring income from the Renewable Energy segment, (ii) commitment to pursue **value-accretive growth opportunities**, and (iii) **strong balance sheet** and cash flow generation, underpinned by a low gearing level of 0.18x as at 3QFY25 and operating cash flow exceeding RM500m annually.

Risks. Appreciation of MYR against USD, increase in petcoke prices, and a slower-than-anticipated recovery in the packaging segment.

Company Update

Friday, 23 Jan, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1317.6	1741.9	1389.1	1420.2	1438.3
Gross Profit	569.4	656.8	629.2	581.1	597.2
EBITDA	677.9	754.7	714.9	657.9	661.2
Depreciation & Amortisation	-171.0	-141.1	-140.1	-146.2	-152.7
EBIT	506.9	613.6	574.8	511.6	508.5
Net Finance Income/ (Cost)	-16.5	-38.0	-38.8	-23.4	-2.8
Associates & JV	-13.6	-66.2	-71.3	-2.7	5.6
Pre-tax Profit	476.8	509.3	464.6	485.5	511.3
Tax	-25.1	-18.3	-46.3	-63.8	-83.0
Profit After Tax	451.6	491.0	418.4	421.7	428.3
Minority Interest	67.9	34.8	33.6	29.5	30.5
Net Profit	383.7	456.2	384.8	392.2	397.8
Exceptionals	-1.5	4.3	0.0	0.0	0.0
Core Net Profit	385.2	451.9	384.8	392.2	397.8

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	40.9	47.9	40.8	41.6	42.2
P/E (x)	8.5	7.3	8.5	8.4	8.2
P/B (x)	1.0	0.9	0.8	0.8	0.7
EV/EBITDA (x)	5.7	5.8	5.9	5.9	5.5
DPS (sen)	7.9	7.9	8.6	9.1	9.3
Dividend Yield (%)	2.3%	2.3%	2.5%	2.6%	2.7%
EBITDA margin (%)	51.4%	43.3%	51.5%	46.3%	46.0%
EBIT margin (%)	38.5%	35.2%	41.4%	36.0%	35.4%
PBT margin (%)	36.2%	29.2%	33.4%	34.2%	35.5%
PAT margin (%)	34.3%	28.2%	30.1%	29.7%	29.8%
NP margin (%)	29.1%	26.2%	27.7%	27.6%	27.7%
CNP margin (%)	29.2%	25.9%	27.7%	27.6%	27.7%
ROE (%)	11.9%	12.7%	9.9%	9.3%	8.7%
ROA (%)	8.5%	8.8%	7.3%	7.3%	7.4%
Gearing (%)	28.0%	32.3%	26.0%	17.2%	9.6%
Net gearing (%)	12.2%	24.8%	17.4%	8.1%	0.4%

Valuations	Equity Value (RM' m)	Valuation method
Renewable Energy	3716.5	Ke = 10.3%
Packaging & Label	212.0	8x FY26F PER
Resources	103.7	5x FY26F PER
Others	0.0	
SOP Value	4032.1	
Enlarged share base (m share)	942.8	
Fair Value (RM)	4.28	
ESG premium/discount	0%	
Conglomerate discount	20%	
Implied Fair Value (RM)	3.42	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank balances	508.6	268.3	331.5	380.1	416.7
Receivables	488.7	391.8	360.4	331.6	305.1
Inventories	131.7	185.9	197.0	208.9	221.4
Other current assets	20.9	0.3	0.3	0.3	0.3
Total Current Assets	1149.9	846.3	889.3	920.9	943.4
Fixed Assets	531.9	775.8	954.5	1055.6	1150.0
Intangibles	54.7	57.9	57.9	57.9	57.9
Other non-current assets	2771.9	3441.3	3371.1	3302.0	3233.3
Total Non-Current Assets	3358.5	4275.1	4383.6	4415.6	4441.2
Short-term debt	435.2	615.5	403.0	289.4	174.3
Payables	168.8	214.5	174.3	192.4	192.9
Other current liabilities	6.0	3.8	4.0	4.2	4.4
Total Current Liabilities	610.0	833.8	581.3	486.0	371.6
Long-term debt	466.1	530.9	604.5	434.1	261.5
Other non-current liabilities	208.2	212.1	205.1	198.9	193.3
Total Non-Current Liabilities	674.4	743.1	809.6	633.0	454.8
Shareholder's equity	3056.9	3324.5	3628.5	3934.4	4244.7
Minority interest	167.1	219.9	253.5	283.0	313.5
Total Equity	3224.0	3544.5	3882.0	4217.4	4558.2

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	476.8	509.3	464.6	485.5	511.3
Depreciation & amortisation	171.0	141.1	140.1	146.2	152.7
Changes in working capital	-77.6	-208.9	-22.6	32.7	11.8
Others	11.0	37.8	-7.4	-40.4	-80.1
Operating cash flow	581.2	479.4	574.7	624.0	595.6
Capex	-115.2	-219.2	-246.2	-175.7	-175.7
Others	-542.8	-552.4	33.9	47.4	66.4
Investing cash flow	-658.0	-771.6	-212.3	-128.2	-109.3
Dividends paid	-74.1	-82.5	-80.8	-86.3	-87.5
Others	112.7	145.9	-218.3	-360.9	-362.3
Financing cash flow	38.6	63.4	-299.1	-447.2	-449.8
Net cash flow	-38.2	-228.8	63.2	48.6	36.5
Forex	18.4	-5.7	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	482.8	462.9	228.4	291.6	340.2
Ending cash	462.9	228.4	291.6	340.2	376.7

Company Update

Friday, 23 Jan, 2026

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★	Scope 1 and Scope 2 GHG emissions totaled 572,298.2tCO2 e in 2024, marking a 1.6% yoy increased from 2023.
Waste & Effluent	★★★	Implemented the 3R (Reduce, Reuse, Recycle) initiative, using reusable containers and recyclable bags.
Energy	★★★	Energy consumption increased by 4.4% in FY24, 2% (+1.8%) of this contributed from renewable energy consumption.
Water	★★	Increased water consumption by 6.6%, from 177.2 m ³ in the previous year to 188.8 m ³ .
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★★	Female representation at 23.9% in the workforce and 25% at the management level, slightly below the MCGC's recommended 30% female directors on the Board.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★★	523 employees trained in 2024 to enhance workforce competence. No fatalities, with a reduction in the total recordable incident rate (TRIR) to 0, from 1 case last year.
Labour Practices	★★★	Adheres to all relevant labor laws.

Governance

CSR Strategy	★★★★	Actively engaged with communities, contributing RM164,258 (vs RM75,000 in FY23) to various initiatives.
Management	★★★	Among the board members, 25% (3 out of 9) were female, while 50% (6 out of 12) were independent directors.
Stakeholders	★★★★	Regularly organizes corporate events and holds an annual general meeting (AGM) for investors.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.