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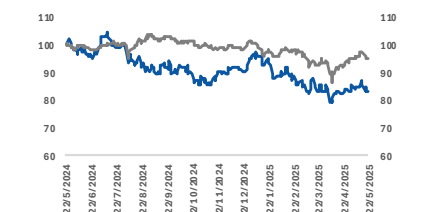
<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM3.97
Previous Target Price:	RM5.36
Target Price:	↑ RM5.43
Capital Upside/ Downside:	36.8%
Dividend Yield (%):	2.9%
<b>Total Upside/ Downside:</b>	<b>39.6%</b>

**Stock information**

Board	MAIN
Sector	Renewable Energy Electricity
Bursa / Bloomberg Code	3069 / MFCB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	942.5
Market Cap (RM' m)	3,741.6
52-Week Price Range (RM)	5.09-3.67
Beta (x)	0.7
Free float (%)	46.9
3M Average Volume (m)	1.2
3M Average Value (RM' m)	5.0

**Top 3 Shareholders**

	(%)
Rubber Thread Ind M Sdn Bh	20.6
Keen Capital Investments Ltd	8.2
Employees Provident Fund Board	8.0

**Share Price Performance**

	1M	3M	12M
Absolute (%)	1.8	-7.2	-18.5
Relative (%)	-2.1	-4.5	-14.4

<b>Earnings Summary</b>	<b>FY24</b>	<b>FY25F</b>	<b>FY26F</b>
Revenue (RM'm)	1741.9	1360.2	1419.8
PATAMI (RM'm)	456.2	480.5	488.1
CNP (RM'm)	451.9	480.5	488.1
EPS - core (sen)	47.9	51.0	51.8
P/E (x)	8.3	7.8	7.7

# Mega First Corporation Berhad

## Recovery on Track

- MFCB recorded 1QFY25 CNP of RM64.7m (-44.4% qoq, -32.1% yoy), accounting for only 13% of our full-year forecast and 14% of consensus estimates. The results are deemed within expectations, as we anticipate a stronger 2HFY25 ahead, driven by higher energy sales for DSHP, with all five turbines resuming full operation and the onset of wet season (June–November) supporting volume growth.
- The weak quarterly performance was impacted by seasonal factors and a scheduled turbine overhaul, which collectively reduced hydro output by 21.3% to 483.5 GWh.
- We expect Q2FY25 earnings to remain flat, as a strengthening MYR (USD-MYR averaging 4.36 QTD vs. 4.45 in Q1) reduces MYR profit registered at DSHP where the functional currency is USD.
- Post-housekeeping adjustments, we maintain our BUY recommendation with a revised target price of RM5.43 (up from RM5.36) based on a SOP valuation and is appraised with a three-star ESG rating.

**Within expectations.** Excluding one-off items such as unrealised forex loss (+RM1.4m), fair value loss on put option (+RM0.7m), and other items (-RM0.2m), MFCB's 1QFY25 core net profit (CNP) of RM64.7m represents 13% and 14% of our and consensus estimates respectively. The results are deemed within expectations, as we expect earnings from 3QFY25 onwards to improve significantly, driven by higher contributions from DSHP as all five turbines become fully operational and the region enters the wet season (June–November), leading to higher energy sales volume.

**QoQ.** CNP fell 44.4%, driven by a 33.7% decline in PBT from the Renewable Energy segment due to seasonally dried quarter and a scheduled turbine overhaul, which reduced hydro output by 21.3% to 483.5 GWh. This was partly offset by a 46.7% increase in PBT for the Resources segment from two significant export deliveries in the quarter that were originally scheduled for 4QFY24 and an 8.9% rise in PBT for the Packaging segment due to recovering demand.

**YoY.** CNP declined 32.1%, primarily driven by: (i) softer demand for lime products in export markets (sales volume -15.4%) in the Resources Division (-32.8% in segmental PBT); (ii) intensified price competition, weak demand for packaging products and lower conversion value due to a weaker USD against MYR for the Packaging Division (-48.8% in segmental PBT), and (iii) the absence of insurance income from fire-damaged assets in the Packaging Division and continued losses from Edenor in the Other Division (vs RM6m in profit in 1QFY24).

**Outlook.** We expect DSHP's Q2FY25 earnings to remain flat, despite lower depreciation from extended asset life under the new PPA. This is driven by a weaker USD-MYR exchange rate, averaging 4.36 (Q2 QTD) vs 4.45 (Q1), whereby the functional currency of DSHP is in USD. The Resources segment may deliver weaker earnings in the next quarter, as there were two significant exports originally scheduled for 4QFY24 delivered in 1QFY25. We anticipate gradual recovery in the oleochemical segment, with plant rectification nearing completion, which should lead to improved earnings contribution in quarters ahead.

**Earnings revision.** Maintained.

**Valuation & Recommendation.** Following reconciliation with annual report figures, we maintain our **BUY** recommendation with a revised TP of **RM5.43** (from RM5.36), based on a SOP valuation and a revised three-star ESG rating (down from four-star). The ESG revision was mainly due to a drop in the scoring for Environment assessment. 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 growth** to enhance shareholder value, and (iii) **strong balance sheet and cash flow position**, reflected by a net gearing ratio of 0.22x as of 1QFY25 and robust operating cash flow of >RM500m/annum.

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

# Results Note

Thursday, 22 May, 2025

## Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	341.6	313.5	9.0	724.4	(52.9)	341.6	313.5	9.0	
EBITDA	123.6	182.1	(32.1)	232.9	(46.9)	123.6	182.1	(32.1)	
Pre-tax profit	70.7	117.8	(40.0)	146.4	(51.7)	70.7	117.8	(40.0)	
Net profit	62.8	95.5	(34.2)	138.8	(54.8)	62.8	95.5	(34.2)	
Core net profit	64.7	95.3	(32.1)	116.4	(44.4)	64.7	95.3	(32.1)	Lower contribution from RE division
Core EPS (sen)	6.9	10.1	(32.1)	12.3	(44.4)	6.9	10.1	(32.1)	
EBITDA margin (%)	36.2	58.1		32.1		36.2	58.1		
PBT margin (%)	20.7	37.6		20.2		20.7	37.6		
Core PATMI margin (%)	19.0	30.4		16.1		19.0	30.4		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
<b>Revenue</b>									
Renewable Energy	131.8	137.7	(4.3)	171.4	(23.1)	131.8	137.7	(4.3)	Due to seasonal dry season & turbine overhaul
Resources	56.0	63.8	(12.2)	42.9	30.5	56.0	63.8	(12.2)	
Packaging	101.3	102.8	(1.4)	93.9	7.9	101.3	102.8	(1.4)	qoq improved due to delayed export
Investment Holdings	33.3	9.2	261.9	33.0	0.9	33.3	9.2	261.9	shipments recognised in 1Q2025
Construction Revenue	19.2	-	nm	383.2	(95.0)	19.2	-	nm	
Eliminations	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>341.6</b>	<b>313.5</b>	<b>9.0</b>	<b>724.4</b>	<b>(52.9)</b>	<b>341.6</b>	<b>313.5</b>	<b>9.0</b>	
<b>Profit Before Tax</b>									
Renewable Energy	88.8	88.8	0.0	133.9	(33.7)	88.8	88.8	0.0	
Resources	9.7	14.4	(32.8)	6.6	46.7	9.7	14.4	(32.8)	
Packaging	4.4	8.6	(48.8)	4.0	8.9	4.4	8.6	(48.8)	
Investment Holdings	(34.6)	6.0	nm	(34.8)	(0.5)	(34.6)	6.0	nm	Higher share of losses from Edenor JV due to continued plant instability
Construction Revenue	2.4	-	nm	36.6	(93.3)	2.4	-	nm	
Eliminations	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>70.7</b>	<b>117.8</b>	<b>(40.0)</b>	<b>146.4</b>	<b>(51.7)</b>	<b>70.7</b>	<b>117.8</b>	<b>(40.0)</b>	
<b>PBT margin (%)</b>									
Renewable Energy	67.4%	64.5%		78.2%		67.4%	64.5%		
Resources	17.3%	22.6%		15.4%		17.3%	22.6%		
Packaging	4.3%	8.4%		4.3%		4.3%	8.4%		
Investment Holdings	-103.8%	65.2%		-105.3%		-103.8%	65.2%		
Construction Revenue	12.7%	nm		nm		nm	nm		
<b>Total</b>	<b>20.7%</b>	<b>37.6%</b>		<b>20.2%</b>		<b>20.7%</b>	<b>37.6%</b>		

Source: Company, Apex Securities

# Results Note

Thursday, 22 May, 2025

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Revenue</b>	<b>1317.6</b>	<b>1741.9</b>	<b>1360.2</b>	<b>1419.8</b>	<b>1455.7</b>
<b>Gross Profit</b>	<b>569.4</b>	<b>656.8</b>	<b>627.6</b>	<b>645.0</b>	<b>656.1</b>
<b>EBITDA</b>	<b>701.5</b>	<b>778.9</b>	<b>749.7</b>	<b>772.7</b>	<b>790.1</b>
Depreciation & Amortisation	-171.0	-141.1	-142.6	-149.7	-156.3
<b>EBIT</b>	<b>530.5</b>	<b>637.7</b>	<b>607.1</b>	<b>623.0</b>	<b>633.8</b>
Net Finance Income/ (Cost)	-40.1	-62.2	-45.4	-35.7	-37.7
Associates & JV	-13.6	-66.2	17.4	27.1	32.8
<b>Pre-tax Profit</b>	<b>476.8</b>	<b>509.3</b>	<b>579.0</b>	<b>614.4</b>	<b>628.9</b>
Tax	-25.1	-18.3	-52.1	-71.1	-90.2
<b>Profit After Tax</b>	<b>451.6</b>	<b>491.0</b>	<b>526.9</b>	<b>543.2</b>	<b>538.6</b>
Minority Interest	67.9	34.8	46.4	55.2	57.3
<b>Net Profit</b>	<b>383.7</b>	<b>456.2</b>	<b>480.5</b>	<b>488.1</b>	<b>481.3</b>
Exceptionals	-1.5	4.3	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>385.2</b>	<b>451.9</b>	<b>480.5</b>	<b>488.1</b>	<b>481.3</b>

### Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	40.9	47.9	51.0	51.8	51.1
P/E(x)	9.7	8.3	7.8	7.7	7.8
P/B(x)	1.2	1.1	0.9	0.8	0.8
EV/EBITDA(x)	5.0	4.0	4.6	5.0	5.5
DPS (sen)	0.1	0.1	0.1	0.1	0.1
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	53.2%	44.7%	55.1%	54.4%	54.3%
EBIT margin (%)	40.3%	36.6%	44.6%	43.9%	43.5%
PBT margin (%)	36.2%	29.2%	42.6%	43.3%	43.2%
PAT margin (%)	34.3%	28.2%	38.7%	38.3%	37.0%
NP margin (%)	29.1%	26.2%	35.3%	34.4%	33.1%
CNP margin (%)	29.2%	25.9%	35.3%	34.4%	33.1%
ROE(%)	11.9%	12.7%	12.1%	11.1%	9.9%
ROA (%)	8.5%	8.8%	9.0%	8.9%	8.5%
Gearing (%)	28.0%	32.3%	25.4%	16.5%	9.0%
Net gearing (%)	12.2%	24.8%	14.9%	3.8%	Net Cash

Valuations	Equity Value (RM' m)	Valuation method
Renewable Energy	3975.8	Ke=10.3%
Packaging & Label	438.8	14x FY26F PER
Resources	492.0	14x FY26F PER
Food Security	34.0	9x FY26F PER
Oleochemicals	172.6	8x FY26F PER
Proceeds from exercise of warrants	0.0	
SOP Value	5113.2	
Enlarged share base (m share)	942.8	
<b>Fair Value (RM)</b>	<b>5.43</b>	
ESG premium/discount	0%	
<b>Implied Fair Value (RM)</b>	<b>5.43</b>	

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	508.6	268.3	417.4	559.3	691.0
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
<b>Total Current Assets</b>	<b>1149.9</b>	<b>846.3</b>	<b>975.2</b>	<b>1100.1</b>	<b>1217.8</b>
Fixed Assets	531.9	775.8	956.1	1059.1	1155.3
Intangibles	54.7	57.9	57.9	57.9	57.9
Other non-current assets	2771.9	3441.3	3368.7	3296.4	3224.4
<b>Total Non-Current Assets</b>	<b>3358.5</b>	<b>4275.1</b>	<b>4382.7</b>	<b>4413.4</b>	<b>4437.6</b>
Short-term debt	435.2	615.5	404.2	290.6	174.1
Payables	168.8	214.5	168.0	177.7	183.4
Other current liabilities	6.0	3.8	4.0	4.2	4.4
<b>Total Current Liabilities</b>	<b>610.0</b>	<b>833.8</b>	<b>576.1</b>	<b>472.4</b>	<b>361.9</b>
Long-term debt	466.1	530.9	606.3	435.9	261.2
Other non-current liabilities	208.2	212.1	205.1	198.9	193.3
<b>Total Non-Current Liabilities</b>	<b>674.4</b>	<b>743.1</b>	<b>811.3</b>	<b>634.8</b>	<b>454.5</b>
Shareholder's equity	3056.9	3324.5	3704.2	4084.8	4460.3
Minority interest	167.1	219.9	266.3	321.5	378.8
<b>Total Equity</b>	<b>3224.0</b>	<b>3544.5</b>	<b>3970.4</b>	<b>4406.3</b>	<b>4839.0</b>

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>476.8</b>	<b>509.3</b>	<b>579.0</b>	<b>614.4</b>	<b>628.9</b>
Depreciation & amortisation	-171.0	-141.1	-142.6	-149.7	-156.3
Changes in working capital	-77.6	-208.9	-28.9	24.2	17.0
Others	353.1	320.1	241.8	212.5	188.0
<b>Operating cash flow</b>	<b>581.2</b>	<b>479.4</b>	<b>649.3</b>	<b>701.3</b>	<b>677.5</b>
Capex	-115.2	-219.2	-247.9	-177.9	-177.9
Others	-542.8	-552.4	36.8	51.5	72.1
<b>Investing cash flow</b>	<b>-658.0</b>	<b>-771.6</b>	<b>-211.1</b>	<b>-126.3</b>	<b>-105.7</b>
Dividends paid	-74.1	-82.5	-100.9	-107.4	-105.9
Others	112.7	145.9	-188.2	-325.7	-334.2
<b>Financing cash flow</b>	<b>38.6</b>	<b>63.4</b>	<b>-289.1</b>	<b>-433.1</b>	<b>-440.1</b>
<b>Net cash flow</b>	<b>-38.2</b>	<b>-228.8</b>	<b>149.1</b>	<b>141.9</b>	<b>131.7</b>
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	377.5	519.4
<b>Ending cash</b>	<b>462.9</b>	<b>228.4</b>	<b>377.5</b>	<b>519.4</b>	<b>651.1</b>

# Results Note

Thursday, 22 May, 2025

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★	Scope 1 and Scope 2 GHG emissions totaled 572,298.2tCO <sub>2</sub> 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 <sup>3</sup> in the previous year to 188.8 m <sup>3</sup> .
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 MCGG'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.