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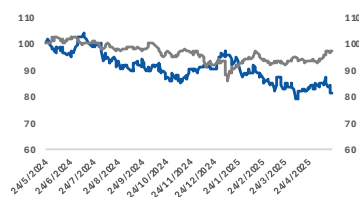
Recommendation:	HOLD
Current Price:	RM3.67
Previous Target Price:	RM5.43
Target Price:	RM3.68
Capital Upside/ Downside:	0.3%
Dividend Yield (%):	2.7%
Total Upside/ Downside:	2.9%

Stock information

Board	MAIN
Sector	Renewable Energy Electricity
Bursa / Bloomberg Code	3069 / MFCB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	942.3
Market Cap (RM' m)	3,458.3
52-Week Price Range (RM)	4.7-3.45
Beta (x)	0.6
Free float (%)	46.4
3M Average Volume (m)	0.6
3M Average Value (RM' m)	2.3

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 (%)	2.5	-4.9	-17.5
Relative (%)	-2.2	-8.9	-15.0

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	1741.9	1339.0	1398.5
PATAMI (RM'm)	456.2	417.7	421.4
CNP (RM'm)	451.9	417.7	421.4
EPS - core (sen)	47.9	44.3	44.7
P/E(x)	7.7	8.3	8.2

Mega First Corporation Berhad

Below expectations

- MFCB recorded 2QFY25 CNP of RM93.5m (+44.5% QoQ, -15.3% YoY), bringing 6MFY25 CNP to RM158.3m, which accounts for only 33% of our full-year forecast and 35% of consensus estimates. The shortfall was mainly due to weaker-than-expected contributions from the Resources and Packaging divisions, as well as extended associate losses at Edenor, which continued to weigh on Group earnings.
- Earnings are expected to improve modestly, supported by stronger hydrology at Don Sahong Hydropower (DSHP) during the Mekong Basin's peak rainy season. However, this seasonal uplift is likely to be partially offset by FX translation losses from the continued strengthening of the MYR against the USD.
- We cut FY25F/FY26F/FY27F earnings by 13.1%/13.7%/12.2%, reflecting lower USD/MYR assumptions (4.30 vs. 4.35 previously), more conservative margin assumptions for Resources and Packaging, and a longer-than-expected recovery path for Edenor.
- Post-revision, our SOP-derived TP falls to RM3.68 (from RM5.43). ESG rating maintained at three stars. Downgrade to HOLD (from BUY).

Below expectations. Excluding one-off items such as forex gains (-RM8.2m), fair value loss on put option (-RM0.7m) and other items (-RM0.1m), MFCB's 2QFY25 core net profit (CNP) came in at RM93.5m, bringing 6MFY25 CNP to RM158.3m. This accounted for 33% and 35% of our and consensus full-year forecasts, respectively. The shortfall was mainly attributed to weaker-than-expected contributions from the Resources and Packaging divisions, alongside extended associate losses at Edenor which continued to weigh on overall performance. During the quarter, the Group declared a dividend of 4.75 sen/share.

QoQ. CNP rose 44.5% to RM93.5m, driven by stronger contributions from Renewable Energy (segmental PBT +27.1%) on the back of better hydrology, as higher water inflows at DSHP boosted electricity output. This offset weaker contribution from the Resources segment (PBT -14.4% from softer sales volume and lower ASPs for limestone products), the Packaging segment (PBT -19.7% due to higher raw material costs and an unfavourable product mix), as well as wider associate losses (+42.7%), primarily from Edenor following gas supply interruptions after the Putra Heights pipeline explosion.

YoY. CNP declined 15.3% YoY, mainly due to: (i) weaker Resources segment contribution (PBT -34.3% on softer export demand and lower ASPs for lime products), (ii) softer Packaging segment contribution (PBT -61.3% impacted by higher raw material costs, unfavourable product mix and intensified competition), and (iii) wider losses at Investment Holdings & Others, primarily due to continued associate drag from Edenor (RM16.4m vs RM9.5m in 2QFY24). These were partly cushioned by Renewable Energy's resilient performance (segmental PBT +2.4%), with margins expanding to 74.9% (vs. 70.6%) on better hydrology at DSHP, which supported higher electricity output despite softer revenue.

Outlook. We expect 3Q earnings to deliver a modest improvement, driven by stronger contributions from the Renewable Energy segment. DSHP is set to benefit from peak rainy-season hydrology (May-Oct) in the Mekong Basin, which should lift electricity generation and improve EAF. However, this seasonal uplift may be partially offset by FX translation losses, as the MYR continued to strengthen against the USD (USD/MYR fell from an average of 4.27 in May to ~4.24 in July). Packaging and Resources are likely to remain subdued on soft demand and elevated cost pressures, while Food Security is still in its gestation phase, with most Cambodian crops yet to reach harvest and Malaysian greenhouse operations operating near breakeven. Meanwhile, we believe Edenor will remain challenged, with earnings recovery likely to take longer as plant rectification efforts progress.

Earnings revision. We revised our earnings forecasts down by 13.1%/13.7%/12.2% for FY25F/FY26F/FY27F. The adjustment reflects a lower in-house USD/MYR assumption of 4.30

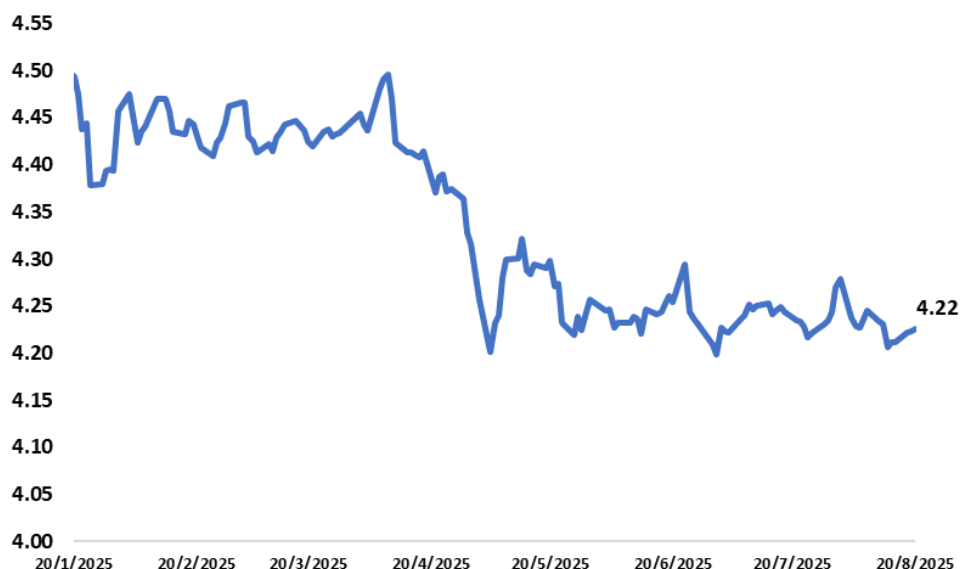
(from 4.35), which trims PBT by c.1.2% following the recent strengthening of the MYR. We also cut estimates for Resources and Packaging, with more conservative margin assumptions after the weaker-than-expected results. In addition, we factor in a longer-than-expected recovery path for Edenor, which is likely to keep associate contributions subdued in the near term.

Valuation & Recommendation. Post-earnings revision, we also lowered the PER multiples assigned to several segments to better reflect the operating environment. For Packaging, we trimmed the multiple to 5x (from 12x) given persistent demand headwinds and limited near-term visibility. For Resources, we revised the multiple to 8x (from 12x) in light of ongoing pricing pressure and weaker export demand. In addition, we applied a 20% conglomerate discount at the Group level. Following these adjustments, our SOP valuation yields a new TP of **RM3.68** (from RM5.43), while we maintain a three-star ESG rating and downgrade our call to **HOLD** from BUY.

Despite the downward revision, we continue to like 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 gearing ratio of 0.34x as of 2QFY25 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.

Figure 1: YTD USD/MYR Trend



Source: Bloomberg, Apex Securities

Results Note

Friday, 22 Aug, 2025

Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	339.9	332.0	2.4	341.6	(0.5)	681.5	645.4	5.6	
COGS	(193.3)	(178.8)	8.1	(211.0)	(8.4)	(404.3)	(357.2)	13.2	
Gross profit	146.6	153.1	(4.2)	130.6	12.3	277.2	288.2	(3.8)	
EBITDA	128.8	170.1	(24.3)	115.5	11.5	244.3	347.4	(29.7)	
Depreciation & Amortisation	(12.7)	(33.0)	(61.4)	(13.0)	(2.0)	(25.7)	(67.0)	(61.6)	
EBIT	116.0	137.0	(15.3)	102.5	13.2	218.5	280.4	(22.1)	
Net finance	(8.4)	(9.2)	(9.1)	(3.2)	160.7	(11.6)	(20.8)	(44.4)	
Associates/JV	(16.4)	(9.5)	71.5	(28.5)	(42.7)	(44.9)	(23.5)	91.4	
Pre-tax profit	91.3	118.3	(22.8)	70.7	29.1	162.1	236.1	(31.4)	Disruptions from the Putra Heights gas pipeline explosion.
Tax expenses	(3.9)	(5.8)	(32.6)	(4.8)	(17.6)	(8.7)	(15.6)	(44.3)	
Profit after tax	87.4	112.5	(22.3)	66.0	32.4	153.4	220.5	(30.4)	
(-) Minority interest	2.6	7.1	(63.0)	3.2	(17.9)	5.8	19.7	(70.4)	
PAT (-MI)	84.8	105.4	(19.5)	62.8	35.0	147.6	200.8	(26.5)	
Core net profit	93.5	110.4	(15.3)	64.7	44.5	158.3	205.7	(23.1)	
Core EPS (sen)	9.9	11.7		6.9		16.8	21.8		
DPS (sen)	4.8	-		-		4.8	4.3		
EBITDA margin (%)	37.9	51.2		33.8		35.8	53.8		
PBT margin (%)	26.9	35.6		20.7		23.8	36.6		
Effective Tax rate (%)	4.3	4.9		6.7		5.4	6.6		
Core PATMI margin (%)	27.5	33.2		19.0		23.2	31.9		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue									
Renewable Energy	150.6	156.1	(3.6)	131.8	14.3	282.3	293.8	(3.9)	
Resources	48.2	56.7	(14.9)	56.0	(13.8)	104.2	120.4	(13.5)	Softer export demand and lower ASPs
Packaging	104.6	104.2	0.4	101.3	3.2	206.0	207.0	(0.5)	
Investment Holdings	32.5	14.9	118.1	33.3	(2.4)	65.9	24.1	173.0	
Construction Revenue	4.0	-	nm	19.2	(79.3)	23.1	-	nm	
Eliminations	-	-	-	-	-	-	-	-	
Total	339.9	332.0	2.4	341.6	(0.5)	681.5	645.4	5.6	
Profit Before Tax									
Renewable Energy	112.8	110.2	2.4	88.8	27.1	201.6	199.0	1.3	
Resources	8.3	12.6	(34.3)	9.7	(14.4)	18.0	27.1	(33.5)	
Packaging	3.5	9.1	(61.3)	4.4	(19.7)	7.9	17.7	(55.2)	Unfavourable product mix & intensified competition
Investment Holdings	(33.9)	(13.7)	146.7	(34.6)	(2.2)	(68.5)	(7.7)	787.2	Continued associate drag from Edenor
Construction Revenue	0.5	-	nm	2.4	(79.2)	2.9	-	nm	
Eliminations	-	-	-	-	-	-	-	-	
Total	91.3	118.3	(22.8)	70.7	29.1	162.1	236.1	(31.4)	
PBT margin (%)									
Renewable Energy	74.9%	70.6%		67.4%		71.4%	67.7%		Better hydrology at DHSP
Resources	17.2%	22.3%		17.3%		17.3%	22.5%		
Packaging	3.4%	8.8%		4.3%		3.9%	8.6%		
Investment Holdings	-104.1%	-92.0%		-103.8%		-103.9%	-32.0%		
Construction Revenue	12.7%	nm		nm		nm	nm		
Total	26.9%	35.6%		20.7%		23.8%	36.6%		

Source: Company, Apex Securities

Results Note

Friday, 22 Aug, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1317.6	1741.9	1339.0	1398.5	1434.2
Gross Profit	569.4	656.8	690.0	649.4	663.8
EBITDA	677.9	754.7	777.4	728.7	730.6
Depreciation & Amortisation	-171.0	-141.1	-141.8	-148.8	-155.4
EBIT	506.9	613.6	635.6	579.9	575.2
Net Finance Income/ (Cost)	-16.5	-38.0	-65.6	-54.3	-34.4
Associates & JV	-13.6	-66.2	-71.3	-2.7	5.6
Pre-tax Profit	476.8	509.3	498.7	522.8	546.3
Tax	-25.1	-18.3	-47.6	-65.8	-85.7
Profit After Tax	451.6	491.0	451.1	457.0	460.7
Minority Interest	67.9	34.8	33.4	35.6	38.0
Net Profit	383.7	456.2	417.7	421.4	422.7
Exceptionals	-1.5	4.3	0.0	0.0	0.0
Core Net Profit	385.2	451.9	417.7	421.4	422.7

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	40.9	47.9	44.3	44.7	44.8
P/E(x)	9.0	7.7	8.3	8.2	8.2
P/B(x)	1.1	1.0	0.9	0.8	0.7
EV/EBITDA(x)	5.9	6.0	5.6	5.6	5.1
DPS (sen)	7.9	7.9	9.3	9.8	9.9
Dividend Yield (%)	2.1%	2.1%	2.5%	2.7%	2.7%
EBITDA margin (%)	51.4%	43.3%	58.1%	52.1%	50.9%
EBIT margin (%)	38.5%	35.2%	47.5%	41.5%	40.1%
PBT margin (%)	36.2%	29.2%	37.2%	37.4%	38.1%
PAT margin (%)	34.3%	28.2%	33.7%	32.7%	32.1%
NP margin (%)	29.1%	26.2%	31.2%	30.1%	29.5%
CNP margin (%)	29.2%	25.9%	31.2%	30.1%	29.5%
ROE (%)	11.9%	12.7%	10.7%	9.9%	9.1%
ROA (%)	8.5%	8.8%	7.9%	7.8%	7.7%
Gearing (%)	28.0%	32.3%	25.9%	17.2%	9.6%
Net gearing (%)	12.2%	24.8%	17.3%	7.2%	Net Cash

Valuations	Equity Value (RM' m)	Valuation method
Renewable Energy	3865.1	Ke=10.3%
Packaging & Label	267.4	8x FY26F PER
Resources	195.7	5x FY26F PER
Others	0.0	
SOP Value	4328.2	
Enlarged share base (m share)	942.8	
Fair Value (RM)	4.60	
ESG premium/ discount	0%	
Conglomerate discount	20%	
Implied Fair Value (RM)	3.68	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank balances	508.6	268.3	337.4	425.0	494.8
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	895.2	965.8	1021.5
Fixed Assets	531.9	775.8	955.6	1058.1	1153.9
Intangibles	54.7	57.9	57.9	57.9	57.9
Other non-current assets	2771.9	3441.3	3369.5	3298.0	3226.8
Total Non-Current Assets	3358.5	4275.1	4383.0	4414.0	4438.6
Short-term debt	435.2	615.5	405.0	293.1	178.4
Payables	168.8	214.5	148.8	171.8	176.7
Other current liabilities	6.0	3.8	4.0	4.2	4.4
Total Current Liabilities	610.0	833.8	557.8	469.1	359.4
Long-term debt	466.1	530.9	607.5	439.7	267.6
Other non-current liabilities	208.2	212.1	205.0	198.9	193.3
Total Non-Current Liabilities	674.4	743.1	812.6	638.6	460.9
Shareholder's equity	3056.9	3324.5	3654.5	3983.2	4312.9
Minority interest	167.1	219.9	253.3	288.9	326.9
Total Equity	3224.0	3544.5	3907.8	4272.2	4639.8

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	476.8	509.3	498.7	522.8	546.3
Depreciation & amortisation	-171.0	-141.1	-141.8	-148.8	-155.4
Changes in working capital	-77.6	-208.9	-48.1	37.5	16.2
Others	353.1	320.1	301.6	286.2	259.6
Operating cash flow	581.2	479.4	610.4	697.7	666.7
Capex	-115.2	-219.2	-247.3	-177.3	-177.3
Others	-542.8	-552.4	33.9	47.4	66.4
Investing cash flow	-658.0	-771.6	-213.4	-129.9	-110.9
Dividends paid	-74.1	-82.5	-87.7	-92.7	-93.0
Others	112.7	145.9	-240.1	-387.5	-393.0
Financing cash flow	38.6	63.4	-327.8	-480.2	-486.0
Net cash flow	-38.2	-228.8	69.1	87.6	69.7
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	297.5	385.1
Ending cash	462.9	228.4	297.5	385.1	454.8

Results Note

Friday, 22 Aug, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★	Scope 1 and Scope 2 GHG emissions totaled 572,298.2tCO ₂ 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 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.