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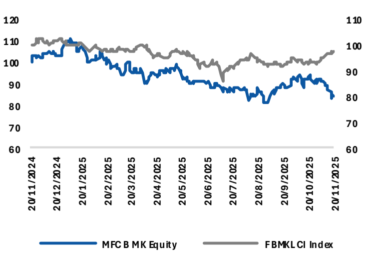
Recommendation:	HOLD
Current Price:	RM 3.47
Previous Target Price:	RM 3.68
Target Price: ↓	RM 3.42
Capital Upside/Downside:	-1.4%
Dividend Yield (%):	2.6%
Total Upside/Downside:	**1.2%**

Stock information	
Board	MAIN
Sector	enewable Energy Electricity
Bursa / Bloomberg Code	3069 / MFCB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	942.3
Market Cap (RM' m)	3,269.9
52-Week Price Range (RM)	4.7-3.34
Beta (x)	0.7
Free float (%)	46.1
3M Average Volume (m)	0.7
3M Average Value (RM' m)	2.4

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 (%)	-9.4	-5.4	-19.1
Relative (%)	-9.6	-7.0	-20.7

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	1741.9	1389.1	1420.2
PATAMI (RM'm)	456.2	384.8	387.1
CNP (RM'm)	451.9	384.8	387.1
EPS - core (sen)	47.9	40.8	41.1
P/E (x)	7.2	8.5	8.5

Mega First Corporation Berhad

Below Expectations Dragged by Resources Segment

- **MFCB recorded 3QFY25 CNP of RM120.9m (+29.2% QoQ, -6.9% YoY), bringing 9MFY25 CNP to RM279.1m (-16.8% YoY), which accounts for 67% of our full year forecast and 64% of consensus estimates. The results were below expectations, mainly due to weaker-than-expected contributions from Resources segment amid softer demand and compressed margins.**
- **Earnings are expected to soften sequentially in 4Q, as DSHP enters the dry season in December, leading to lower hydrology and reduced electricity generation. This will be further dampened by a scheduled turbine overhaul and weakening of USD against MYR.**
- **We have revised FY25F/FY26F/FY27F earnings by -7.9%/-8.1%/-7.1%, reflecting lower USD/MYR assumptions and more conservative margin forecast for the Resources segment.**
- **Post-revision, our SOP-derived TP falls to RM3.42 (from RM3.68). Maintain HOLD.**

Below expectations. After adjusting for one-off items, including the net foreign exchange impact of RM0.6m (realised loss and unrealised gain), the fair value loss on the put option of RM0.7m and other minor items of RM0.04m, MFCB's 3QFY25 core net profit came in at RM120.9m. This lifted 9MFY25 core net profit to RM279.1m, which is 67% of our forecast and 64% of consensus estimates. The result was below expectations, mainly due to a weaker-than-expected contribution from the Resources segment, where softer demand and compressed margins continued to weigh on profitability.

QoQ. CNP surged by 29.2%, driven mainly by stronger contributions from the Renewable Energy division, where segmental PBT increased 21.6%, supported by peak-season hydro generation at DSHP, which typically occurs from June to November. This lifted electricity output, as reflected in the improvement in EAF from 80.3% to 93.8%. The Packaging segment also recorded a strong profit rebound (Segmental PBT +132.8%) driven by higher sales of paper bags and films and lower raw material costs. These improvements offset weaker performance from the Resources segment (Segmental PBT -32.8%) due to lower ASPs from adverse FX and higher overheads arising from lower volume. Associate losses mainly from Edenor, narrowed to RM13.7m (from RM16.5m in 2QFY25) following the resumption of gas supply in early July 2025.

YoY. CNP declined by 6.9%, mainly due to a significantly weaker contribution from the Resources segment, where segmental PBT fell 59%. The division was impacted by softer demand, reflected in a 16.8% drop in lime product volume, lower ASPs from adverse FX movements, and higher maintenance expenses and freight charges. Associate losses widened to RM13.7m (from RM7.7m) due to weak demand, weaker USD against MYR and inventory valuation losses. These were partly offset by the Renewable Energy division, where segmental PBT rose 5.1% due to lower royalty charges following the acquisition of the water rights asset, lower amortisation arising from the concession extension, and a higher EAF which improved from 80.3% to 93.8%. The Packaging division recorded healthy volume growth YoY, but earnings remained constrained by margin pressure.

Outlook. We expect 4Q earnings to be softer sequentially, as DSHP enters the dry season in December, leading to lower hydrology and reduced electricity generation. This will be further affected by the scheduled turbine overhaul and the expected weakening of the USD against the MYR (USD/MYR softened from an average of 4.21 in Sept to ~4.16 in Nov). Packaging is expected to maintain its sales momentum, though margins will remain under pressure given elevated production costs. The Resources segment is likely to stay subdued amid soft demand and persistent cost pressures. Meanwhile, we anticipate a further narrowing of losses from associates, particularly Edenor, as plant operations stabilise following the restoration of gas supply.

Earnings revision. We have revised our earnings forecasts by -7.9%/-8.1%/-7.1% for FY25F/FY26F/FY27F. The adjustments reflect a lower in-house USD/MYR assumption of 4.20 for

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FY25F and 4.15 from FY26F onwards (vs. 4.30 previously). We have also trimmed our estimates for the Resources segment after incorporating more conservative margin assumptions.

Valuation & Recommendation. Post-earnings revision, we derive a new TP of **RM3.42** (from RM3.68) based on SOP valuation. Maintain **HOLD**. Nonetheless, we continue to like MFCB for its: (i) defensive earnings profile, with close to 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 the MYR against the USD, increase in petcoke prices, and a slower-than-expected recovery in the Resources segment, alongside a prolonged recovery trajectory for associates.

Figure 1: YTD USD/MYR Trend

Source: Bloomberg, Apex Securities

Results Comparison

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue	384.3	372.0	*3.3*	339.9	*13.0*	1,065.7	1,017.4	*4.7*	
COGS	(210.8)	(197.9)	*6.5*	(193.3)	*9.1*	(615.1)	(555.1)	*10.8*	
Gross profit	173.4	174.1	*(0.4)*	146.6	*18.3*	450.7	462.3	*(2.5)*	
EBITDA	**163.1**	**180.7**	***(9.7)***	**128.8**	***26.7***	**407.4**	**528.2**	***(22.9)***	
Depreciation & Amortisation	(12.8)	(37.7)	*(66.0)*	(12.7)	*0.7*	(38.6)	(104.7)	*(63.2)*	
EBIT	**150.3**	**143.0**	***5.1***	**116.0**	***29.5***	**368.8**	**423.4**	***(12.9)***	
Net finance	(5.3)	(8.6)	*(38.7)*	(8.4)	*(37.0)*	(16.9)	(29.4)	*(42.8)*	
Associates/JV	(13.7)	(7.7)	*78.3*	(16.4)	*(16.5)*	(58.5)	(31.1)	*88.2*	*Disruptions from the Putra Heights gas pipeline*
Pre-tax profit	**131.4**	**126.8**	***3.6***	**91.3**	***43.9***	**293.5**	**362.9**	***(19.1)***	*explosion.*
Tax expenses	(5.0)	(2.8)	*77.0*	(3.9)	*27.2*	(13.7)	(18.4)	*(25.8)*	
Profit after tax	**126.4**	**123.9**	***2.0***	**87.4**	***44.6***	**279.8**	**344.5**	***(18.8)***	
(-) Minority interest	5.5	7.3	*(25.1)*	2.6	*107.8*	11.3	27.0	*(58.1)*	
PAT(-MI)	120.9	116.6	*3.7*	84.8	*42.6*	268.5	317.5	*(15.4)*	
Core net profit	**120.9**	**129.9**	***(6.9)***	**93.5**	***29.2***	**279.1**	**335.6**	***(16.8)***	
Core EPS (sen)	12.8	13.8		9.9		29.6	35.6		
DPS (sen)	-	-		4.8		4.8	4.5		
EBITDA margin (%)	42.5	48.6		37.9		38.2	51.9		
PBT margin (%)	34.2	34.1		26.9		27.5	35.7		
Effective Tax rate (%)	3.8	2.2		4.3		4.7	5.1		
Core PATMI margin (%)	31.5	34.9		27.5		26.2	33.0		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue									
Renewable Energy	175.3	183.9	*(4.7)*	150.6	*16.4*	457.6	477.7	*(4.2)*	
Resources	47.5	60.3	*(21.3)*	48.2	*(1.5)*	151.7	180.7	*(16.1)*	*Softer export demand and lower ASPs*
Packaging	122.4	98.2	*24.6*	104.6	*17.0*	328.3	305.3	*7.6*	
Investment Holdings	29.2	29.6	*(1.3)*	32.5	*(10.1)*	95.1	53.7	*77.0*	
Construction Revenue	9.9	-	*nm*	4.0	*149.1*	33.0	-	*nm*	
Eliminations	-	-	-	-	-	-	-	-	
Total	**384.3**	**372.0**	***3.3***	**339.9**	***13.0***	**1,065.7**	**1,017.4**	***4.7***	
Profit Before Tax									
Renewable Energy	137.3	130.5	*5.1*	112.8	*21.6*	338.9	329.6	*2.8*	
Resources	5.6	13.6	*(59.0)*	8.3	*(32.8)*	23.6	40.7	*(42.0)*	
Packaging	8.2	7.5	*9.4*	3.5	*132.8*	16.2	25.2	*(35.9)*	*Unfavourable product mix & intensified competition*
Investment Holdings	(20.9)	(24.9)	*(16.0)*	(33.9)	*(38.1)*	(89.4)	(32.6)	*173.9*	*Continued associate drag from Edenor*
Construction Revenue	1.3	-	*nm*	0.5	*147.2*	4.2	-	*nm*	
Eliminations	-	-	-	-	-	-	-	-	
Total	**131.4**	**126.8**	***3.6***	**91.3**	***43.9***	**293.5**	**362.9**	***(19.1)***	
PBT margin (%)									
Renewable Energy	78.3%	71.0%		74.9%		74.1%	69.0%		*Better hydrology at DHSP*
Resources	11.8%	22.6%		17.2%		15.6%	22.5%		
Packaging	6.7%	7.7%		3.4%		4.9%	8.3%		
Investment Holdings	-71.6%	-84.2%		-104.1%		-94.0%	-60.7%		
Construction Revenue	12.6%	*nm*		*nm*		nm	*nm*		
Total	34.2%	34.1%		26.9%		27.5%	35.7%		

Source: Company, Apex Securities

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	34.6	35.6
Net Profit	**383.7**	**456.2**	**384.8**	**387.1**	**392.7**
Exceptionals	-1.5	4.3	0.0	0.0	0.0
Core Net Profit	**385.2**	**451.9**	**384.8**	**387.1**	**392.7**

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	40.9	47.9	40.8	41.1	41.6
P/E (x)	8.5	7.2	8.5	8.5	8.3
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	9.0	9.2
Dividend Yield (%)	2.3%	2.3%	2.5%	2.6%	2.6%
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%	27.3%	27.3%
CNP margin (%)	29.2%	25.9%	27.7%	27.3%	27.3%
ROE (%)	11.9%	12.7%	9.9%	9.2%	8.6%
ROA (%)	8.5%	8.8%	7.3%	7.3%	7.3%
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	381.2	418.9
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**	**922.0**	**945.7**
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	3930.4	4236.7
Minority interest	167.1	219.9	253.5	288.1	323.8
Total Equity	**3224.0**	**3544.5**	**3882.0**	**4218.6**	**4560.5**

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	-85.2	-86.4
Others	112.7	145.9	-218.3	-360.9	-362.3
Financing cash flow	**38.6**	**63.4**	**-299.1**	**-446.0**	**-448.7**
Net cash flow	**-38.2**	**-228.8**	**63.2**	**49.7**	**37.7**
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	291.6	341.3
Ending cash	**462.9**	**228.4**	**291.6**	**341.3**	**379.0**

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 MCCG'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

As of **Friday, 21 Nov, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.