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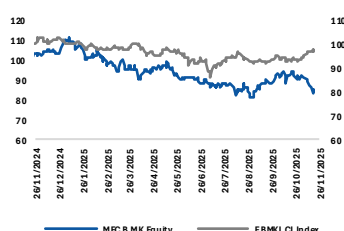
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Recommendation:	HOLD
Current Price:	RM3.44
Previous Target Price:	RM3.42
Target Price:	↔ RM3.42
Capital Upside/ Downside:	-0.6%
Dividend Yield (%):	2.6%
Total Upside/ Downside:	2.0%

Stock information	
Board	MAIN
Sector	renewable Energy Electricity
Bursa/ Bloomberg Code	3069/ MFCB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	942.3
Market Cap (RM' m)	3,241.6
52-Week Price Range (RM)	4.7-3.34
Beta (x)	0.7
Free float (%)	46.1
3M Average Volume (m)	0.6
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 (%)	-8.3	-1.7	-20.4
Relative (%)	-8.6	-3.9	-21.4

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	8.4	8.4

Mega First Corporation Berhad

Post-results briefing takeaways

- **Two turbine overhauls are scheduled between Dec-Mar and Feb-May to ensure the plant can run all turbines during periods of higher river flow and maximise electricity generation. However, we expect FY26 earnings to remain broadly flattish, mainly due to (i) the transition from full tax exemption to an effective tax rate of 3-3.5% (vs. statutory 5%) and (ii) stronger MYR against USD, as DSHP's revenue is denominated in USD.**
- **Packaging division showing signs of recovery, with margins expected to trend toward the high-single-digit range (vs. 9MFY25 PBT margin of c.4.9%) as higher utilisation improves absorption of fixed costs.**
- **Maintain HOLD with an unchanged TP of RM3.42, based on SOP valuation.**

We attended MFCB's 3QFY25 results briefing yesterday. The key takeaways are as follows:

DSHP plans two turbine overhauls ahead of the wet season. The Renewable Energy division continued to deliver stable performance in 3QFY25, supported by favourable hydrology (93.8% vs. 92.5% in 3QFY24) and full five-turbine operations at the Don Sahong Hydropower Plant (DSHP). Despite a stronger MYR and a lower weighted-average tariff under the new supplemental PPA, RE PBT still grew 5% YoY. Two turbine overhauls will be carried out between Dec-Mar and again between Feb-May to ensure completion before the wet season (typically June to November), allowing the plant to run all turbines during periods of higher river flow and maximise electricity generation. The total overhaul cost is estimated at around USD4m for both units. We believe earnings in FY26 are likely to remain broadly flattish, driven mainly by (i) the transition from full tax exemption to an effective tax rate of 3-3.5% (vs. statutory 5%) and (ii) stronger MYR against USD, as DSHP's revenue is denominated in USD.

Packaging ongoing recovery journey. In 3QFY25, the Packaging division recorded a strong set of results, with revenue rising 24.5% YoY to RM122.4m and PBT increasing 10.7% YoY to RM8.3m. The improvement was mainly driven by higher-margin paper bag sales to Australia and the US, along with additional SKUs secured from existing regional customers. Although competition remains intense globally due to overcapacity in China, the division continues to gain traction in its core export markets, supported by product quality and stronger customer stickiness. Profitability is expected to improve in FY26 as utilisation progressively ramps up. Margins are expected to trend towards the high-single-digit range (vs. 9MFY25 PBT margin of c.4.9%) as higher utilisation improves the absorption of fixed costs, mainly depreciation from the newly commissioned facilities.

Solar and BESS updates. MFCB's solar projects remain on track, with the 51MW CGPP and 11.4MW Maldives plants progressing toward energisation within the next 12 to 18 months. CGPP is expected to deliver decent returns as its revenue is tied to SMP, which recently averaged 18-20 sen per kWh, above the on-average 14-16 sen per kWh range under LSS5. The Group continues to focus on larger-scale opportunities, particularly in Cambodia, where land availability and cross-border demand are more favourable, as part of its ongoing plan to expand solar capacity by 15-20MW annually. For the MyBeST 100MW/400MWh BESS tender, competition remains intense and expected returns are modest due to aggressive pricing. Participation requires strong financial capacity, as the tender structure demands higher equity funding because banks generally recognise only fixed-capacity charges for debt coverage. The tender outcome timeline remains uncertain. Nonetheless, the Group reaffirms interested in BESS as a longer-term entry into grid-support markets, including opportunities under the CRESS framework.

Resources remain under pressure from regional competition. The Resources segment has continued to face softer regional demand and heightened price competition from Chinese producers supplying key markets such as Sulawesi and Papua New Guinea. Domestic volumes were also affected by downtime at major steel customers, which temporarily reduced their consumption of quicklime and other lime-based products. The combination of lower utilisation,

rising logistics costs following SST implementation and stricter truck weight enforcement, as well as higher production costs, led to a margin contraction of 6.9%-pts to 15.6% in 9MFY25. Earnings are expected to remain stable on a QoQ basis, supported by recurring domestic orders. We believe a meaningful recovery is unlikely until demand normalises and pricing pressure moderates.

Edenor continues to face operational challenges. The oleochemicals JV continues to incur losses despite ongoing rectification efforts over the past four years. Engineering-related issues in piping, valves, tanks and chemical processes, together with gaps in experienced labour, continue to affect operational stability. Inconsistent production runs and unplanned downtime have led to delivery disruptions and increased exposure to commodity price volatility, resulting in continued losses. However, losses narrowed slightly on a sequential basis, with MFCB's share of loss improving to RM15.6m in 3QFY25 from RM17.2m in 2QFY25. We believe this segment will require more time to stabilise before contributing meaningfully to MFCB's bottom line, given utilisation remains low and operations remain unstable.

Agriculture division still in early-stage development. CSC Agri, where MFCB holds a 40% stake, is still developing its sales channels, with retailers such as Lotus onboarding suppliers progressively through small pilot volumes. CSC's longer-cycle crops, particularly durian, are progressing well, supported by over 1,000 fruiting trees and a larger harvest expected between December and February, improving medium-term earnings visibility as yields mature. Chiwadi, in which MFCB owns 30%, remains loss-making due to inconsistent demand and policy-related uncertainties. Plantation activities in Cambodia are still at an early stage, although yields have improved over the past year, with break-even targeted by 2027 as production efficiency improves. Overall, near-term contributions from this segment are expected to remain modest.

Earnings revision. Earnings forecasts remain unchanged.

Valuation & Recommendation. 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

Thursday, 27 Nov, 2025

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)	8.4	7.2	8.4	8.4	8.3
P/B(x)	1.0	0.9	0.8	0.8	0.7
EV/EBITDA (x)	5.6	5.8	5.8	5.9	5.4
DPS (sen)	7.9	7.9	8.6	9.0	9.2
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%	27.3%	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 572,298.2tCO 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.