



26TH ANNUAL GENERAL MEETING

Briefing on FYE2016 Financial Results

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About EVERGREEN

EVERGREEN – A Quick Snapshot



- Started in **1972** as a timber trading and veneer manufacturing company
- Across **45** years of track record, the Group has grown from a single product unit to a **multi-product entity** (e.g. veneer to laminates, to medium density fibreboard (MDF) and particleboard (PB), and then to ready-to-assemble furniture)
- Manufacturing facilities in **Malaysia, Thailand** and **Indonesia**. Employs approx. **2,700** workers
- Market presence in **>40** countries with **over 600** customers
- **>60%** MDF market share in Malaysia
- **70%** export market (all denominated in US\$)

Equity Information @ 17 May 2017

Shares Outstanding	846 million
Share Price	RM 0.90
Market Cap	RM 761 million
Listing Board	Main Market
Listing Date	10 March 2005

Major Shareholders @ 31 December 2016

Kuo Family	42%
Institutional	40%

Financial Summary @ FYE 31 December 2016

Revenue	RM 998 million
Gross Profits	RM 268 million
EBITDA	RM 164 million
Profit after Tax	RM 68 million

Net Asset Analysis @ 31 December 2016

Net Assets	RM 1,152 million
Net Assets/Share	RM 1.39
Net Gearing	0.04x

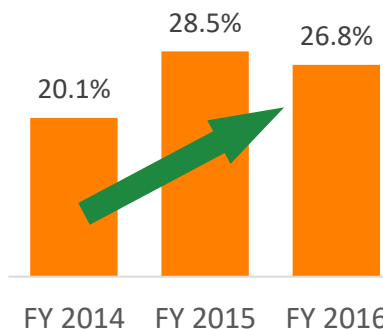
FINANCIALS

FY16 Financial Performance Review

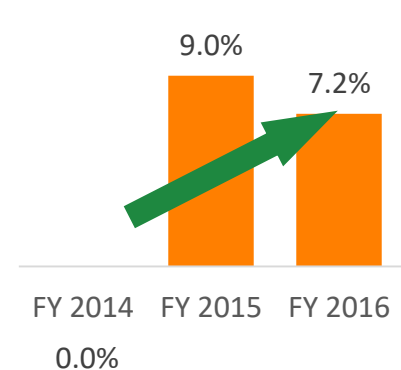
RM'm	FY 2014	FY 2015	FY 2016
Revenue	918.8	1,012.3	997.8
Gross Profit	185.0	288.1	267.6
EBITDA	102.0	184.0	164.0
PBT	24.9	108.5	93.4
PATAMI	0.2	90.9	71.7
EPS (cent)	0.03	17.57	8.66
GP Margin	20.1%	28.5%	26.8%
EBITDA Margin	11.1%	18.2%	16.4%
PBT Margin	2.7%	10.7%	9.4%
PATAMI Margin	0.0%	9.0%	7.2%

- Group revenue in FY2016 remained resilient in spite of challenging market environment.
- GP & PAT margins saw progressive growth largely attributable to favourable exchange rates & cheaper raw material prices since FY2014. Slight weakness in FY2016 due to lower sales price.
- Management's restructuring efforts yielded higher operational efficiency and cost savings
- Proposed final dividend of **2 sen per share** FY2016 compared to 1 sen per share for FY2015

GP Margin



PATAMI Margin



Stronger Financial Position to Face Challenges


RM'm	2015	2016
PPE	846.1	975.9
Non-Current Assets	102.5	95.1
Current Assets ex Cash	382.0	329.6
Cash	116.6	160.3
Total Assets	1,447.2	1,560.9
Current Liabilities	301.7	261.2
Non Current Liabilities	75.5	147.6
Total Liabilities	377.2	408.8
Total Equity	1,070.0	1,152.1
Total Equity & Liabilities	1,447.2	1,560.9
<i>Net Asset/Share (RM)</i>	<i>2.07</i>	<i>1.39</i>
<i>Net Gearing</i>	<i>0.08x</i>	<i>0.04x</i>
<i>Current Ratio</i>	<i>1.65x</i>	<i>1.88x</i>
<i>Quick Ratio</i>	<i>0.93x</i>	<i>1.06x</i>

- Increased PPE reflects investments to modernize machineries that will improve Group's performance in FY2017 and beyond
- Cash of **RM160.3m** reinforces the ability to fund business expansion and dividend
- Incremental increase in liabilities due to loan drawdown to fund PPE investments.
- Stronger equity balance due to profits from operations
- Net asset per share dropped due to bonus share issue exercise completed on 26 Jan 2016
- Net gearing improved **50%** to **0.08x**, indicating stronger flexibility to undertake growth strategies
- Current ratio and quick ratio improved **14%** to **1.88x** and **1.06x** respectively

Improved Financial Flexibility to Pursue Growth

RM'm	2015	2016
Operating cash flows before working capital changes	191.4	168.3
Changes in working capital and other operating activities	(67.9)	55.5
Net cash from OPERATING ACTIVITIES	123.5	223.8
Net cash used in INVESTING ACTIVITIES	(86.5)	(192.9)
Net cash used in FINANCING ACTIVITIES	(3.5)	(12.5)
Net INCREASE in CASH	33.5	18.3
Effects of foreign exchange rate changes	9.2	12.0
Beginning Cash Balance	73.9	116.6
Cash Balance at end of Financial Year	116.6	146.9

- Faster collection and inventories reduction efforts resulted in **81%** increase in net cash **INFLOW** from operating activities of **RM223.8mil**
- Increase in cash used in investing activities by **123%** to **RM192.9mil** is part of Group's plan to modernize its machinery to achieve better financial performance in future
- Higher cash used in financing activities mainly due to dividend paid out for FY2015
- Cash balance at year end increased by **26%** gives the Group better financial stability and continued capability to reward shareholders as per dividend policy.

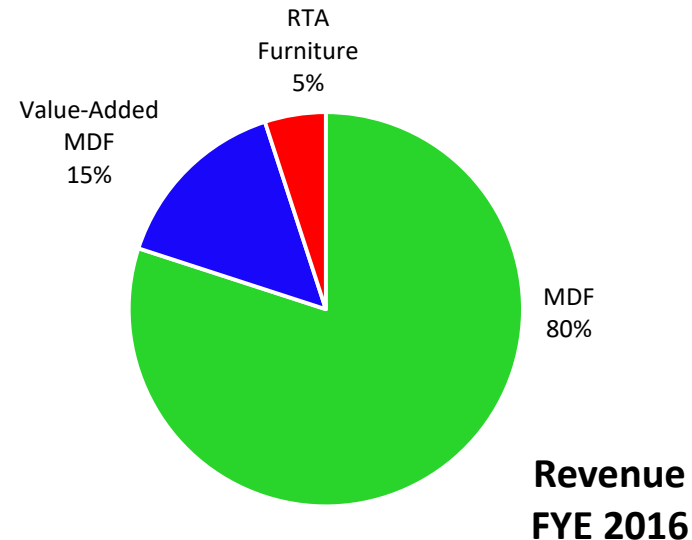
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Business Overview

Medium Density Fibreboard (MDF)



Manufacturing of MDF, an engineered wood product made by breaking down hardwood or softwood residuals into wood fibres, combining it with wax and resin binder to form panels. Value-added products include melamine, veneered laminated board, embossed MDF, paper or PVC overlay MDF and direct print board



Particleboard (PB)



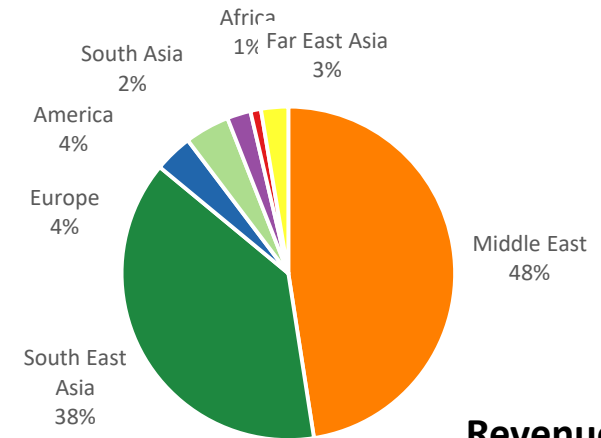
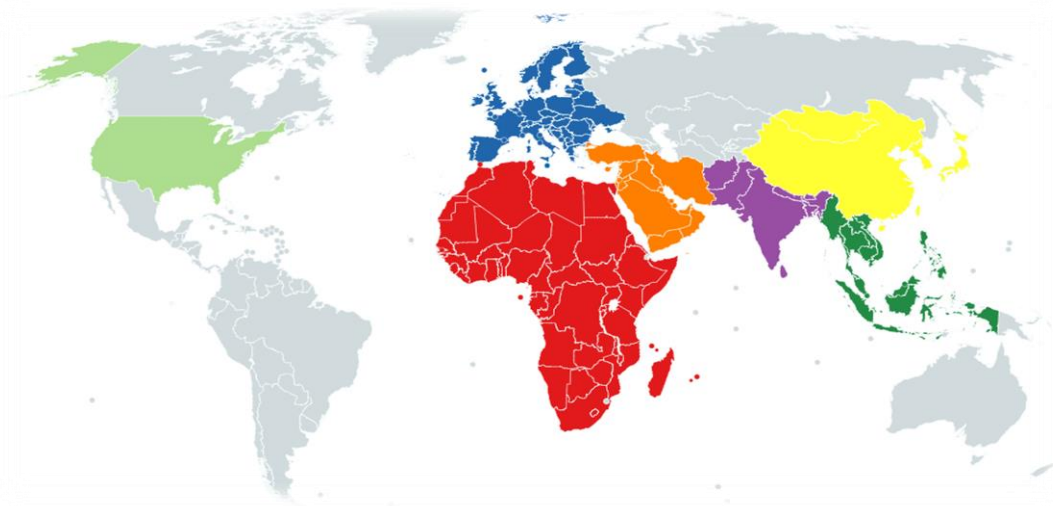
Manufacturing of PB, or chipboard, an engineered wood product manufactured from wood chips, sawmill shavings or sawdust, binded with synthetic resin

Ready-to-Assemble (RTA) Furniture

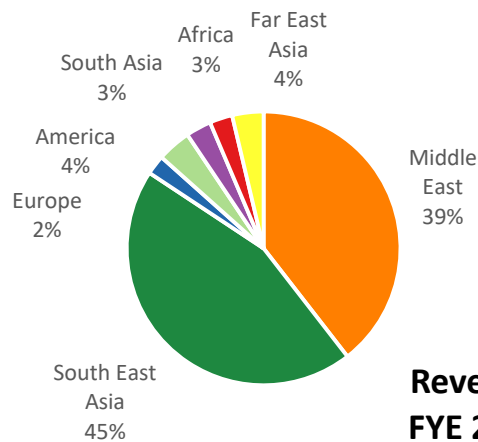


Manufacturing of RTA furniture, or knock-down furniture, a form of furniture that requires assembly by the consumer, in which the main components are value-added MDF & PB

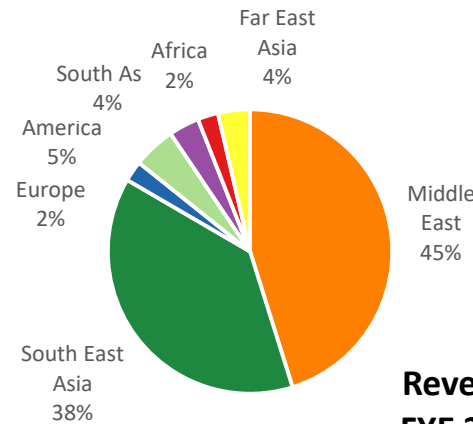
Global Footprint



**Revenue
FYE 2016**



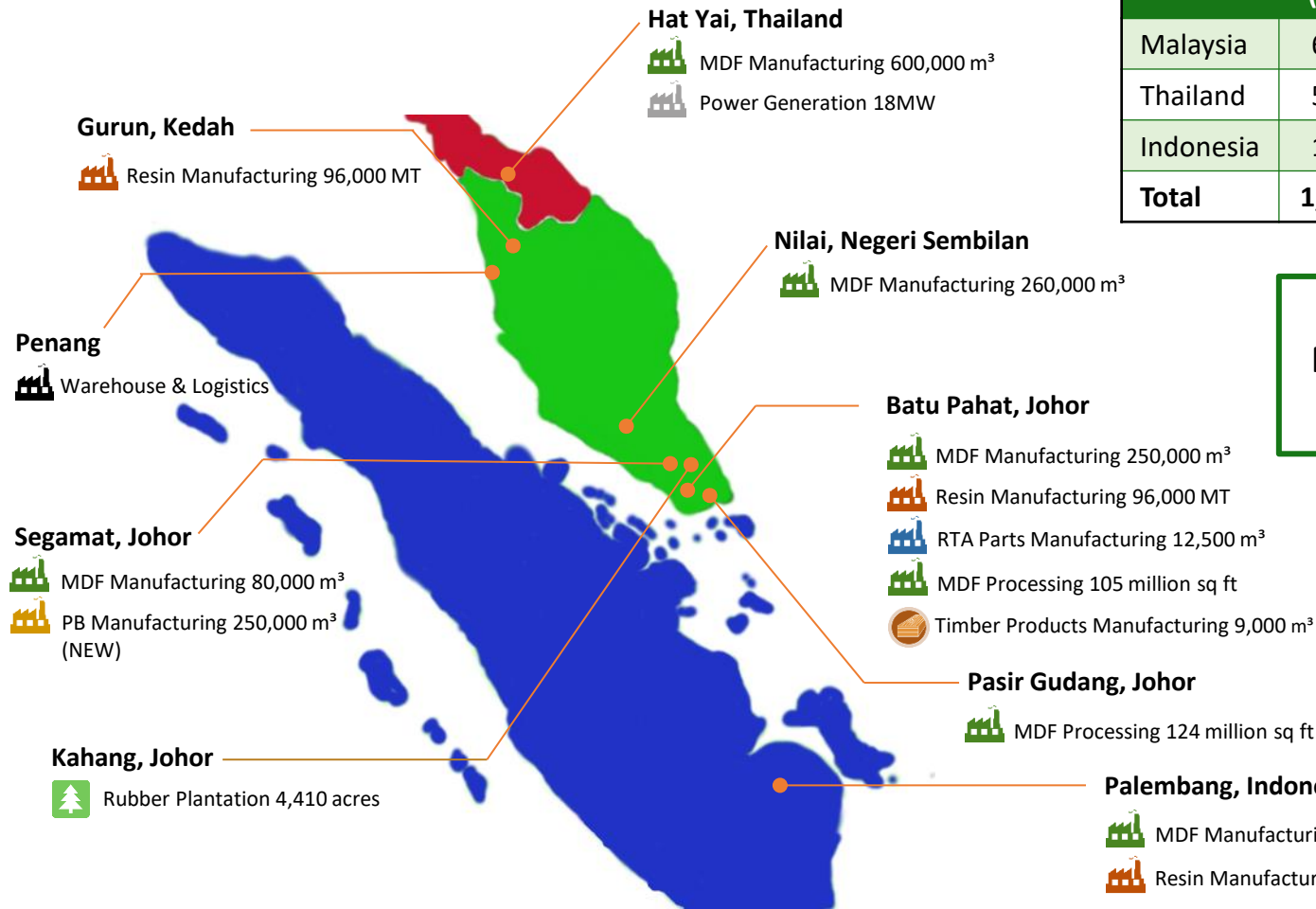
**Revenue
FYE 2014**



**Revenue
FYE 2015**

No geographical or customer concentration risk with no single customer accounts for > 5% of group revenue

Largest MDF Producer in ASEAN



('000)	MDF (m ³)	PB (m ³)	Resin (MT)	RTA (m ³)
Malaysia	620	250	192	12.5
Thailand	570	-	-	-
Indonesia	120	-	60	-
Total	1,310	250	252	12.5

**3Y Average
MDF Utilisation Rate**
81%

Strategies

NEW AUTOMATED LINES

Cost Rationalisation via new highly automated lines

NEW CATALYST

Increase Value-Added Products with Higher Margins

DISPOSAL OF NON-CORE ASSET

Carve-out of Non-Core & Low Performing Asset

IMPROVE OPERATIONAL EFFICIENCY

Restructure, Upgrade and Modernise

Batu Pahat RTA Plant

- **Objective:**
Diversify and focus on expanding downstream business with higher margins by acquiring additional RTA furniture lines to increase RTA output capacity
- **Machine:**
New Italian fully-automated RTA furniture line
- **How:**
 - Computer-input settings allows for much faster calibration resulting in significantly higher production volume
 - Reduction in manpower and downtime will also result in improved productivity as well as product quality
 - Capable of running small size ('boutique') orders which has much higher margins compared to mass volume orders.



Masai MDF Plant

- **Objective:**

Consolidate and refurbish to improve machine capability, reduce transportation costs and achieve cost savings through synergistic operations
- **What:**

Dismantle, refurbish and reinstall Masai MDF line at Segamat plant
- **Why:**
 - Urbanisation of Masai area has caused difficult access to rubber wood log, resulting in reliance on tropical wood which is a less suitable raw material
 - Relocation to Segamat allows for better access to rubber wood
- **Expected Outcome:**

Refurbished machines plus synergistic savings from combined operations with PB line in Segamat will enable higher profit margins



Segamat Integrated Plant

- **Objective:**
Produce premium PB with higher margin by replacing, upgrading and combining multiple manufacturing lines, increasing PB production output through streamlined operations
- **Machine:**
State-of-the-art press unit from Germany capable of producing thin and premium PB (E1, E0 & Super E0)
- **How:**
Combine MDF, PB and Pellet manufacturing lines at one integrated site resulting in significant synergistic cost savings
- **Why:**
RTA furniture has continuous supply of PB while supplying to other third party customers



Non-Core Asset

- **Objective:**

Dispose non-core assets from relocated operations and low performing assets



- **What:**

- 13 acres of land at the discontinued Masai plant
- In the midst of shifting machineries and equipment to a new site in Segamat

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Company Updates

Private Placement

- The private placement of 51.29 million new shares was **completed on 1 December 2015** with RM105.14m raised
- Proceeds utilisation updates :-

RM'm	Proposed Utilisation	Actual Utilisation	Balance
Development & business expansion	40.00	40.0	-
Repayment of borrowings	30.00	30.00	-
Working capital	33.14	33.26	0.12
Expenses relating to the Proposals	2.00	1.88	(0.12)
Total	105.14	105.14	-

Bonus Issue

- 1 for 2 bonus issue involving the issuance of 282.13m new shares was **completed on 26 January 2016**
- Current total shares outstanding after completion of both proposals are 846.42 million shares

Dividend

- An interim dividend for FY 2015 of **1 sen per share** was declared on 29 Feb 2016 paid on 20 Apr 2016
- Proposed final dividend of **2 sen per share** for FY 2016

Thank You