



33rd ANNUAL GENERAL MEETING

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Looking Ahead

The background of the image consists of vertical wood panels. A horizontal band of a lighter, cream-colored material runs across the middle, serving as a backdrop for the text. The wood panels are darker and more detailed in the top and bottom sections, while the central band is uniform in color.

About **EVERGREEN**


EVERGREEN – A Quick Snapshot



- Started in **1972** as a timber trading and veneer manufacturing company
- Over **50** years, the Group has grown 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. **2,000** workers
- Market presence in **>40** countries with **over 600** customers
- **>60%** MDF market share in Malaysia with more than **75%** of Group's revenue from export market

Financial Summary @ FYE 31 December 2023	
Revenue	RM 881 million
Gross Profits	RM 137 million
Loss Before Tax	-RM 22 million
Loss after Tax	-RM 28 million
Adjusted EBITDA	RM 58 million

Other Financial Info @ 31 December 2023	
Weighted Avg. No. of Shares	844.85 million
Net Assets	RM 996 million
Net Assets/Share	RM 1.18
Earnings per Share	-RM0.04
Net Gearing	0.04x

The image features a dark wood-grain background with a horizontal band of lighter, warm-toned light in the center. The text is centered within this light band.

Business Overview

Medium Density Fibreboard (MDF)



Manufacturing of MDF, an engineered wood product made by breaking down wood residual 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.

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 components are value-added MDF & PB

Particleboard (PB)



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

Wood Pellets



Manufacturing wood pellets as a renewable energy fuel source for biomass power plants. 100% natural without any chemical additives

Coated MDF



Provide additional surface qualities such as moisture resistance to MDF boards. Aesthetics can be further improved with wide-selection of coating color options.

Laminated MDF and PB



Value-adding raw MDF and PB boards with embossed paper or PVC overlay and direct print.

Allowing for more surface design options in furniture making.

Veneered MDF



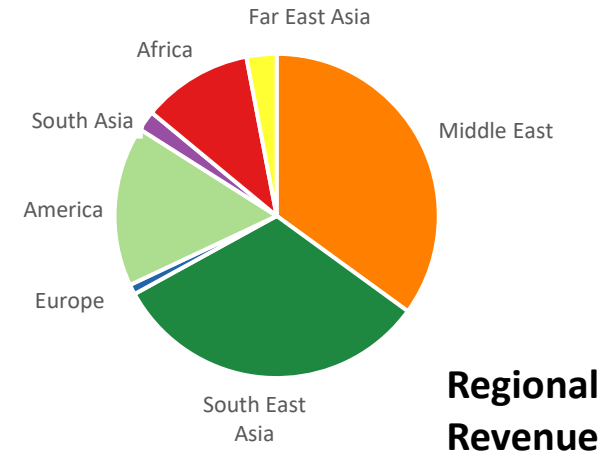
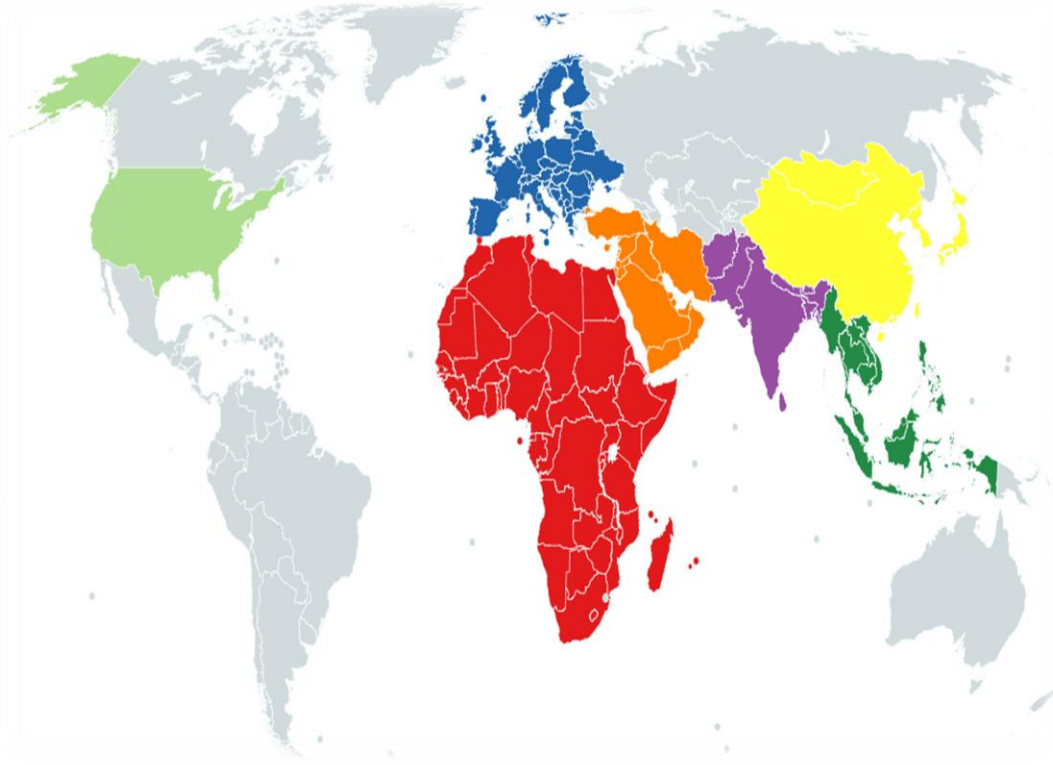
Adding a touch of class on the surface of doors, furniture etc with a layer of exotic tree species veneer. Various species such as red oak, maple, birch, etc

Adhesives (Glue)



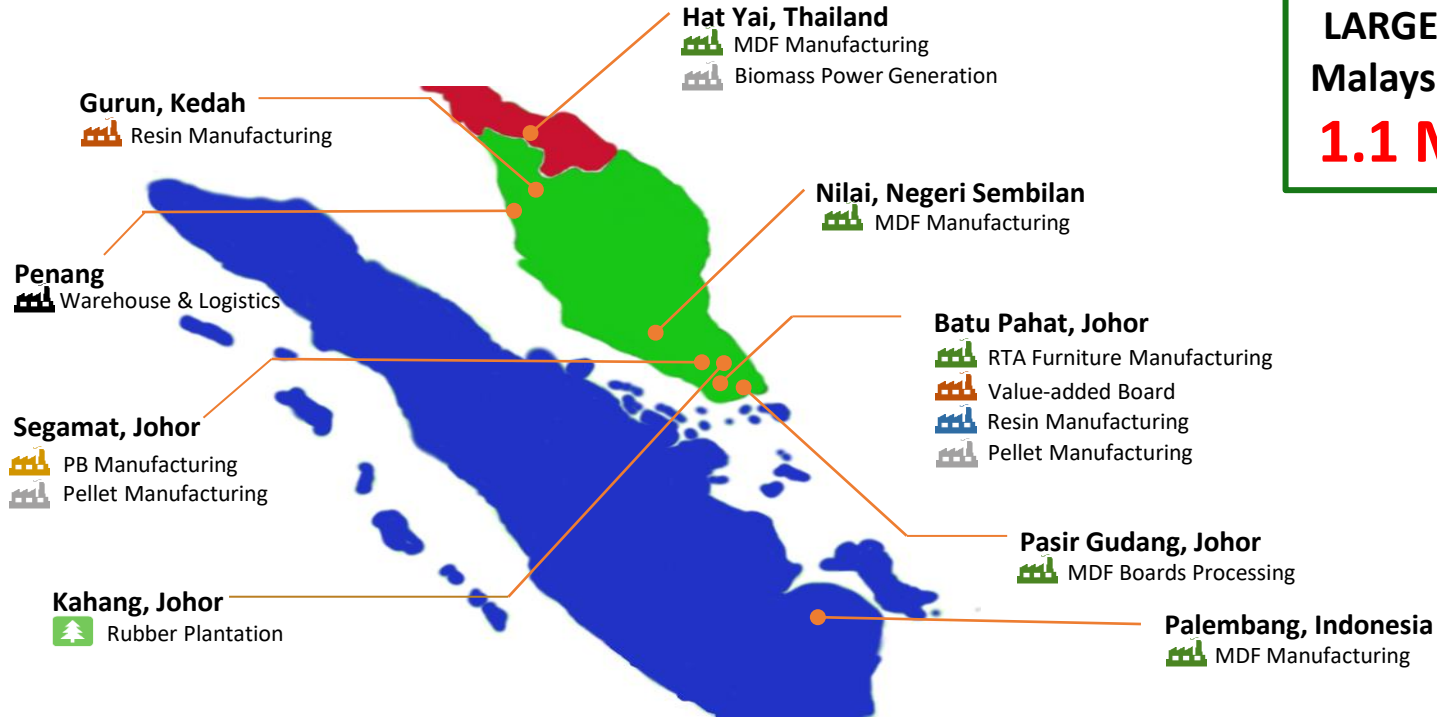
In-house production of E2 to Super E0 adhesive to bond MDF and PB properties give flexibility yet stringent quality control as we have our chemist to custom make adhesives to our needs.

Global Footprint



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

Diversified Bases of Operations



**LARGEST Publicly Listed
Malaysian MDF Producer**
1.1 MILLION M3

The image features a dark wood-grain background with a central horizontal band of lighter, yellowish-gold color. The word "FINANCIALS" is centered in the light band in a bold, black, sans-serif font.

FINANCIALS

FY23 Financial Performance Review

RM'm	FY 2021	FY 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	FY 2023
Revenue	935.0	1,102.7	170.6	235.1	240.1	235.3	881.1
Gross Profit	193.3	223.0	9.1	43.6	43.6	40.3	136.6
PBT	39.8	(12.5)	(19.7)	4.7	8.7	(15.6)	(21.9)
PATAMI	34.4	(26.1)	(19.6)	4.8	5.5	(28.0)	(37.3)
EPS (cent)	4.06	(2.86)	(2.32)	0.57	0.66	(3.31)	(4.41)
GP Margin	20.7%	20.2%	5.3%	18.5%	18.2%	17.1%	15.5%
PBT Margin	4.3%	--	--	2.0%	3.6%	--	--
PATAMI Margin	3.7%	--	--	2.0%	2.3%	--	--

- Revenue decreased YoY mainly due to 1Q23 weakness as the US was aggressively increasing interest rates which limited consumer spending.
- Furniture orders from US and Europe has since stabilized.
- Profits from Value-added segment is growing
- GP stable trend after 1Q23 slump. 4Q GP dipped due to rise in glue cost due to increased oil price, bonus and maintenance at power plant.
- Group faces high electricity tariff in Malaysia. Wood supply in Malaysia in 4Q23 worsen due to wet season. Wood supply in other region especially Indonesia remained plentiful.
- 4Q23 LBT due to forex loss, one-off tax adj, and with-holding tax from Thailand dividends
- 4Q23 LAT due to non-recognition of tax losses asset and additional taxes from disposal of subsi in past year

FY23 Financial Performance Review

RM'm	1Q 2023	2Q 2023	3Q 2023	4Q 2023	FY 2023
Revenue	170.6	235.1	240.1	235.3	881.1
Gross Profit	9.1	43.6	43.6	40.3	136.6
(Loss)/Profit from operations	(20.7)	2.8	3.4	2.1	(12.4)
Forex G/(L)	1.0	1.9	1.7	(5.2)	(0.6)
Non-operation items	--	--	3.6	(12.5)	(8.9)
(LBT)/PBT	(19.7)	4.7	8.7	(15.6)	(21.9)
Tax expense	0.1	0.1	(3.2)	(2.4)	(5.4)
Tax adjustments	--	--	--	(10.0)	(10.0)
PATAMI	(19.6)	4.8	5.5	(28.0)	(37.3)

- 4Q23 result was impacted by unrealized forex losses as expectations of US Federal Reserves cutting interest rates caused the USD to weaken
- 4Q23 was also impacted by one-off, non-cash, non-operational items such as with holding tax, tax adjustments for previous year's disposal of subsidiary and some write-down of inventory and receivable
- Excluding such non-operational items, Gross Profit and operational profits remain stable since 2Q23 onwards.
- This is due to Group's efforts to optimize operational cost in a challenging environment

Resilient Financial Position to Face Challenges

RM'm	2020	2021	2022	2023
PPE	925.6	863.4	803.7	851.4
Non-Current Assets	85.5	89.4	83.6	82.0
Current Assets ex Cash	318.4	367.2	309.8	323.3
Cash	122.5	101.8	116.6	199.6
Total Assets	1,452.0	1,421.8	1,313.7	1,456.3
Current Liabilities	315.2	287.3	231.7	330.2
Non Current Liabilities	115.3	97.0	69.9	130.0
Total Liabilities	430.5	384.3	301.6	460.2
Total Equity	1,021.5	1,037.5	1,012.1	996.1
Total Equity & Liabilities	1,452.0	1,421.8	1,313.7	1,456.3
<i>Net Asset/Share (RM)</i>	<i>1.21</i>	<i>1.23</i>	<i>1.20</i>	<i>1.18</i>
<i>Net Gearing</i>	<i>0.14x</i>	<i>0.07x</i>	<i>0.03x</i>	<i>0.04x</i>
<i>Current Ratio</i>	<i>1.40x</i>	<i>1.63x</i>	<i>1.84x</i>	<i>1.58x</i>

- Cash balance at a high of **RM200m** @ 31 Dec 2023
- Higher PPE due to recognition of additional assets from the relocation of MDF line to Indonesia project.
- Higher current assets due to advances paid to vendors related to the relocation project
- Higher current liabilities due to accruals for vendors related to the relocation project.
- Higher non current liabilities to bank loans for project
- Net asset per share at **RM1.18** per share
- **Low net gearing** reflects prudent management to prepare for recession risks brought about by higher geopolitical instability
- Current ratio remained strong, ensuring sufficient asset liquidity to meet current obligations

Financial Flexibility to Pursue Growth

RM'm	2020	2021	2022	2023
Net cash from OPERATING ACTIVITIES	65.2	82.6	82.4	85.0
Net cash used in INVESTING ACTIVITIES	(69.3)	(21.1)	(16.1)	(15.8)
Net cash (used in)/ generated from FINANCING ACTIVITIES	22.5	(83.0)	(54.3)	11.7
Net movement in CASH	18.4	(21.5)	12.0	80.9
Effects of foreign exchange rate changes	(0.9)	0.7	2.8	2.1
Beginning Cash Balance	105.1	122.6	101.8	116.6
Cash Balance at end of Financial Year	122.6	101.8	116.6	199.6

- The Group has **INFLOW** of operating cashflow of **RM85mil** for the FYE 2023, the highest level in the past 4 years
- Net borrowing has increased to RM38mil as at 31 Dec 2023 as compared to RM30mil as at 31 Dec 2022 due to financing of relocation project
- Cash balance as at 31 Dec 2023 stood at **RM200mil**.

The image features a dark wood-grain background with a central horizontal band of lighter, yellowish-gold color. The word "CHALLENGES" is centered in the light band in a bold, black, sans-serif font.

CHALLENGES

MACROECONOMICS & POLICIES

○ **Uncertain market demand**

- High interest rate in US has affected consumer sentiment and crimped consumer spending. Demand for furniture has increased in 4Q23 due to restocking. A sustained recovery of demand will be seen when the US Fed Reserve commits to a path of interest rate reduction

○ **Higher cost of operations**

- Disruptions in supply chain especially in the Red Sea region has increased shipping cost and transit times
- Malaysia's cost of electricity increased by 40% due to surcharge
- Tighter log supply in Malaysia due to foreign labor shortages, resulted in lower wood quality, thus increasing cost of manufacturing of panel boards

○ **Limited labor supply**

- Malaysian government's inconsistent policies on foreign labour intake continue to make it tough to obtain sufficient workforce in the wood harvesting and plantation sectors

The image features a dark wood-grain background with a central horizontal white banner. The banner contains the text "CHALLENGE MANAGEMENT" in a bold, black, sans-serif font. The wood grain is vertical and has a warm, brownish tone. The white banner is a solid, bright white, creating a high contrast with the dark wood and the black text.

CHALLENGE MANAGEMENT

STRATEGIES & TEAM EFFORTS

○ Responding to uncertain market demand

- To continue to develop new and broadening down stream market.
- Temporarily idle one Malaysian MDF line and to preparing it for its upgrading and relocation to Indonesia. This will allow Group to reduce its excess Msian MDF capacity and to build up its capacity in Indonesia which possesses bountiful raw material and labor supply, resulting in a competitive cost structure.
- Growing share in the local Indonesian market which has higher margins and higher barriers to imports

○ Responding to higher cost of operations

- Channel export orders to Thailand and Indonesia to take advantage of plentiful, low cost, good quality wood supply
- Install solar panels in Malaysia under zero-capex with fixed tariff arrangement to reduce consumption from TNB
- Develop sales to East Asia to reduce reliance on Red Sea transit.

○ Responding to limited labor supply

- Restructure manufacturing processes to streamline operations
- To work with subcontractors to optimize ability to increase output without committing to fixed labor costs during periods of low orders

The image features a background of vertical wood grain panels. A horizontal band of light, textured light beige color runs across the middle of the image. The word "OPPORTUNITIES" is centered within this band in a bold, black, sans-serif font. The top and bottom portions of the image are darker, showing the wood grain in shades of brown and black.

OPPORTUNITIES

Playing to Strengths

- **Benefiting from diversified geo-location advantages**
 - Indonesia and Thailand have more readily accessible wood materials and labor supply. By moving excess Malaysian MDF capacity to low-cost Indonesia will strengthen the Group's overall MDF competitiveness and lessen the pressure of obtaining sufficient wood resources in Malaysia.
 - To still maintain some board capacities in Malaysia to supply local orders and to complement the Group's value-added downstream operations
 - Malaysia to focus on value-added downstream products as it has a great furniture industry eco-system.
 - Increasing trade tensions between USA and China will continue to benefit Malaysian furniture industry
- **Benefits from supporting facilities**
 - In addition to solar panels installed in Malaysia, existing bio-mass power-plant in Thailand has improved capacity to supply most of the electricity required there. This will reduce the impact from rising electricity tariffs
 - A localised glue processing facility will be setup in Indonesia operations
- **Improving Middle East economies**
 - Major projects announced in Mid East countries could spur more panel board and furniture demand. Group continues to benefit from this increase in demand via its existing sales network.

The background of the image consists of a dark wood panel texture. A horizontal band of lighter, yellowish light is centered across the middle, creating a gradient effect. The word "STRENGTHS" is written in bold, black, uppercase letters within this light band.

STRENGTHS

Vertically Integrated Operations & Wide Customer Base

○ Sustainably Integrated Operations

- Manufacture **adhesives** for in-house needs
- Experienced in managing **rubber wood log harvesting** concessions
- Produce different kinds of **engineered wood** (e.g. MDF, PB, sawntimber)
- Value-add **veneering, coating, laminating** processes
- Manufacture finished **furniture** products
- Wood wastes are either **recycled** for production use or as bio-mass boiler fuel

○ Wide Customer Base

- Over 600 individual customers
- Customers are geographically diverse
- Presence in all 5 major trading continents
- Better able to spread risks of market lockdown due to pandemic



Diversified base of operations

- **Manufacturing presence in Malaysia, Thailand and Indonesia**
- **Each country allows access to different markets**
 - Malaysia – Great infrastructure, top 10 furniture exporter in world, with established supporting industry for furniture processing
 - Thailand – Top rubber producer, plentiful raw material
 - Indonesia – Top 2 rubber producer, plentiful raw material, fast growing local market, lowest cost structure
 - ASEAN and Asia is a major and still growing MDF/PB consumer. AEC will allow for better business integration
- **Avoid concentration of geographic risk**
 - Spreading of political risks
 - Spreading risk of nationwide lockdowns
 - Avoid over-exposure to excessive raw material price fluctuations from any single country



Local Presence in Indonesia

○ Domestic Indonesian Market

- Indonesia has big potential as its middle class is growing rapidly
- Local furniture industry is largely undeveloped giving rise to significant future growth potential for panel boards
- Sheltered from international competition due to low port handling capacities and other weak infrastructures

○ Abundant Raw Materials

- The largest land area of planted rubber trees
- Rubber wood prices is the lowest among the 3 countries

○ Home Ground Advantage

- Benefit from lowest wood and labour cost
- Developed local contacts resulting in better servicing and understanding of Indonesian customer needs
- Shorter order cycle by use of both land and sea routes
- Weak Rupiah is a natural barrier against imports
- Own jetty allows direct loading at more efficient logistics cost for the export market



The image features a wood-grain background with a central horizontal band of light. The wood grain is dark and vertical, with a warm, golden-brown light band running across the middle. The text "LOOKING AHEAD" is centered within this light band.

LOOKING AHEAD

UPCOMING IMPROVEMENTS

○ Improved Furniture Orders from USA and Europe

- After over-stocking for most of FY2023, western economies buyers are replenishing their stock
- This will provide short-term relief with sustained improvement in furniture orders to be seen when interest rates start to drop

○ Improving weather in Malaysia

- With Southwest Monsoon, the coming dry weather will improve log supply in 2Q24

○ Drop in cost of glue

- Weak demand from industrial chemical, restart of manufacturing plants previously shut for maintenance and lacklusture fertilizing season resulted in lower cost for glue raw materials for the Group.

○ Improving Panel Board and Down-stream revenue

- Successfully negotiated for price increase of panel boards in view of recovering furniture market outlook
- EFB's value-added expanded to some new customers
- Wood pellets has new deliveries for contracts coming into effect in 2H of FY2024

UPCOMING IMPROVEMENTS

- **Pause in rise of interest rates in USA benefiting furniture industry & panel board**
 - Increasing expectations that the Federal Reserve Bank will drop its interest rates after holding rates steady.
 - Drop in rates will spur additional consumer spending

- **Commencement of relocated line in Indonesia**
 - Modernized with higher capacity to result in more revenue growth
 - Better cost efficiency in low-cost Indonesia expected to generate positive contributions to the Group result
 - Installing glue processing facilities in Indonesia will further improve the cost efficiency of both existing and relocated line as well as strengthen manufacturing process resilience
 - New capacities will result in more consumption of glue that will result in higher capacity utilization of the Group's glue plants in Malaysia

BEING PROFITABLE WHILE BEING RESPONSIBLE

○ **Measuring and reducing carbon footprint**

- Target to achieve net-zero carbon emissions by 2050 in line with Malaysian government's commitment
- Commenced GHG audit and continuously improve on mitigation plans to provide long term direction and milestones to achieve net-zero target

○ **Investing in new technologies**

- Already installed 8MW of solar panels in EFB. To enhance this by testing various battery storage solutions
- Potentially result in huge electricity savings to the Group and improve the Group's carbon footprint

○ **Access to niche markets and buyers who look for sustainable and carbon-neutral supply chain**

- EU's Carbon Border Adjustment Mechanism (CBAM) will severely restrict carbon-heavy supply chains
- Carbon tax in Singapore and various other countries will give incentive to buyers to show preference for suppliers who can reduce their carbon footprint

The image features a wood-grain background with a central horizontal band of a lighter, yellowish-gold color. The wood grain is dark brown and runs vertically. The central band is a solid, bright yellow-gold color. The text "Thank You" is centered within this band.

Thank You