



# **34<sup>th</sup> ANNUAL GENERAL MEETING**

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The background of the image consists of vertical wood panels. A horizontal band of lighter, yellowish-white light is centered across the middle, creating a gradient effect. The text is positioned within this light band.

# **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 2024

Revenue	RM 958 million
Gross Profits	RM 173 million
Profit Before Tax	RM 13 million
Profit after Tax	RM 2 million
Adjusted EBITDA	RM 80 million

## Other Financial Info @ 31 December 2024

Weighted Avg. No. of Shares	844.85 million
Net Assets	RM 987 million
Net Assets/Share	RM 1.17
Earnings per Share	RM0.024
Net Gearing	0.13x



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# **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

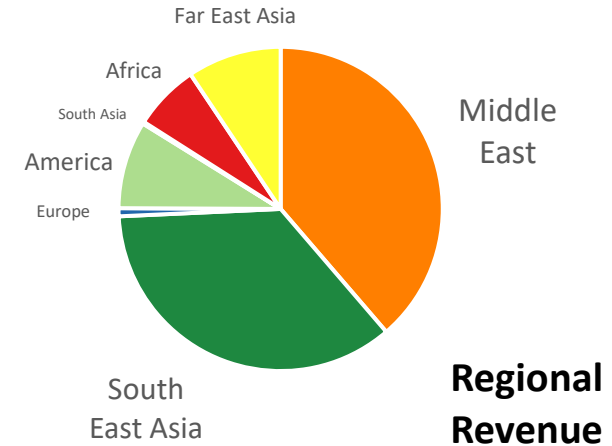
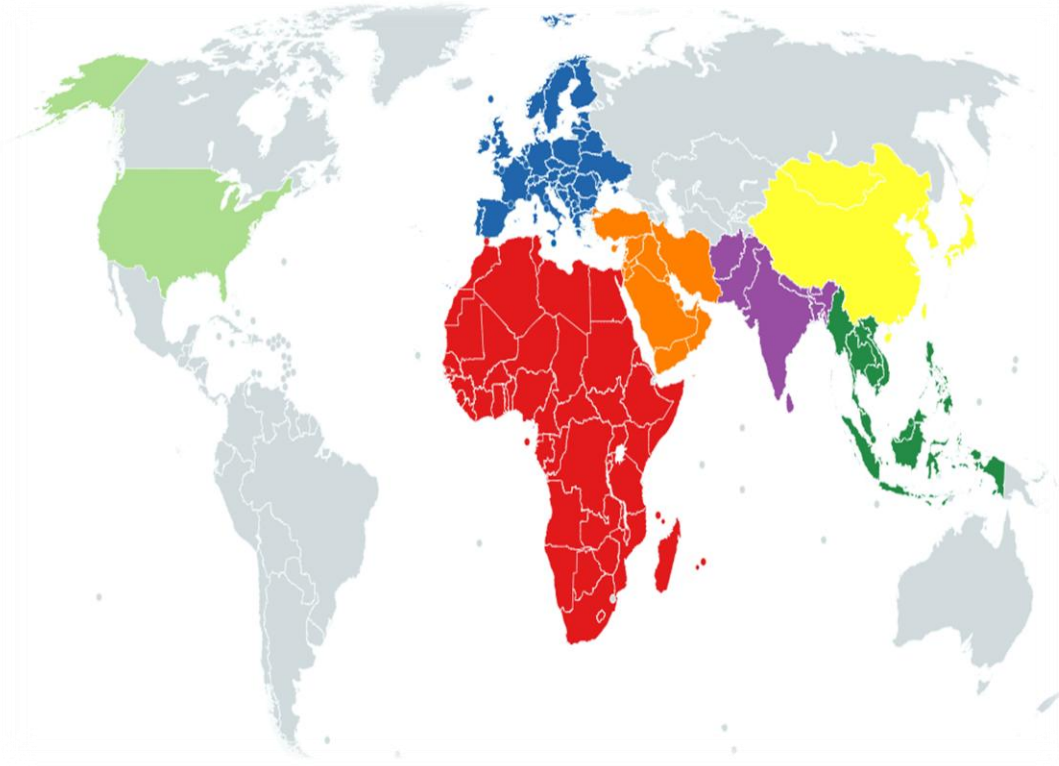
## Adhesives (Glue)



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.

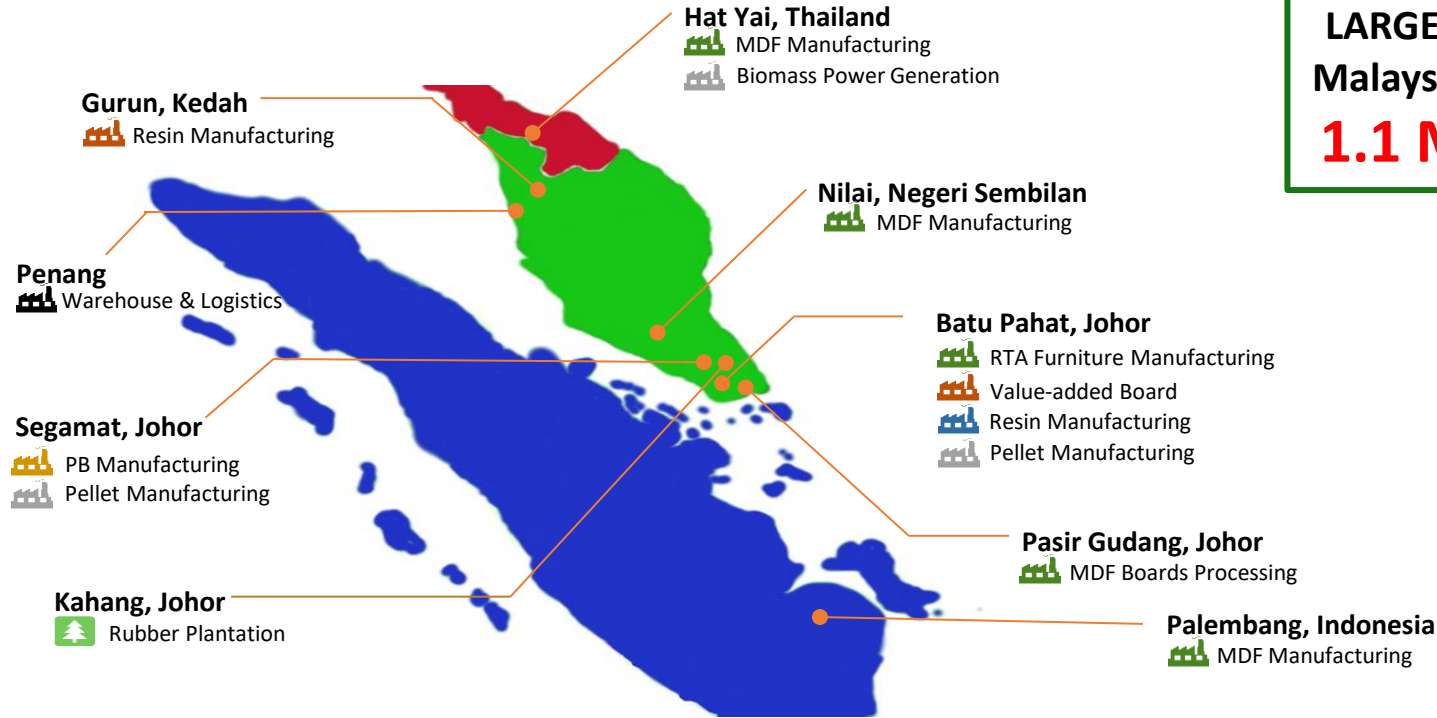


# Global Footprint



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**

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# **FINANCIALS**

# FY2024 Financial Performance Review

RM'm	FY 2022	FY 2023	FY 2024
Revenue	1,102.7	881.1	958.1
Gross Profit	223.0	136.6	172.8
PBT	(12.5)	(21.9)	12.8
PATAMI	(26.1)	(37.3)	2.0
EPS (cent)	(2.86)	(4.41)	0.24
GP Margin	20.2%	15.5%	18.0%
PBT Margin	--	--	1.3%
PATAMI Margin	--	--	0.2%

- Revenue increased YoY due to improved sales volume and average selling price.
- The faced increased operating costs such as minimum wage and electricity tariff. Nonetheless, with improved productivity and improved product mix, the Group is able to turn-around from a loss in the previous year to a profit.
- Wood supply in Malaysia remained challenging. Wood supply in other regions especially Indonesia remained plentiful.
- As such, Malaysia focuses more on Value-added segment which is profitable and with expanding demand.
- Thailand has seen much improvement in its profit margin due to improved product mix. Demand from its Middle East customers remain strong.
- Indonesia is operating at maximum capacity. The new line will allow for new capacity to meet demand. New line has started up and gradually increasing in productivity as per schedule.
- The effective tax rate for the year was higher than the statutory tax rate mainly due to the tax expense is mainly from profitable companies and non-recognition of tax assets from some loss-making companies.

# Resilient Financial Position to Face Challenges

RM'm	2022	2023	2024
PPE	803.7	851.4	886.3
Non-Current Assets	83.6	82.0	85.4
Current Assets ex Cash & Time Deposits	309.8	323.3	320.9
Cash & Time Deposits	116.6	199.6	140.0
<b>Total Assets</b>	<b>1,313.7</b>	<b>1,456.3</b>	<b>1,432.6</b>
Current Liabilities	231.7	330.2	310.3
Non Current Liabilities	69.9	130.0	135.2
<b>Total Liabilities</b>	<b>301.6</b>	<b>460.2</b>	<b>445.5</b>
Total Equity	1,012.1	996.1	987.1
<b>Total Equity &amp; Liabilities</b>	<b>1,313.7</b>	<b>1,456.3</b>	<b>1,432.6</b>
<i>Net Asset/Share (RM)</i>	<i>1.20</i>	<i>1.18</i>	<i>1.17</i>
<i>Net Gearing</i>	<i>0.03x</i>	<i>0.04x</i>	<i>0.13x</i>
<i>Current Ratio</i>	<i>1.84x</i>	<i>1.58x</i>	<i>1.49qx</i>

- Cash and deposits healthy level at **RM140m** @ 31 Dec 2024
- Higher PPE due to recognition of additional assets from the relocation of MDF line to Indonesia project.
- Higher non-current liabilities to bank loans for Indonesia's new line
- Net asset per share at **RM1.17** per share
- Net gearing remained low despite additional bank loans to finance Indonesia's new line.
- Current ratio remained strong, ensuring sufficient asset liquidity to meet current obligations

# Financial Flexibility to Pursue Growth

RM'm	2022	2023	2024
<b>Net cash from OPERATING ACTIVITIES</b>	<b>82.4</b>	<b>85.0</b>	<b>18.4</b>
Net cash used in INVESTING ACTIVITIES	(16.1)	(15.8)	(80.4)
Net cash (used in)/ generated from FINANCING ACTIVITIES	(44.9)	4.3	13.9
<b>Net movement in CASH</b>	<b>21.4</b>	<b>73.5</b>	<b>(48.1)</b>
Effects of foreign exchange rate changes	2.8	2.1	(4.0)
Beginning Cash Balance	91.5	115.7	191.3
<b>Cash Balance at end of Financial Year</b>	<b>115.7</b>	<b>191.3</b>	<b>139.2</b>

- The Group has **INFLOW** of operating cashflow of **RM18mil** for the FYE 2024. This is lower than the norm due to a December 2024 shipment was delayed to January 2025, resulting in higher finished goods inventory. There is also an increase in machine parts inventory which will be capitalized as part of Indonesia's new line.
- There is additional financing activities due to Indonesia's capex
- Cash balance as at 31 Dec 2024 stood at **RM139mil**.



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# **CHALLENGES**

## MACROECONOMICS & POLICIES

### ○ **Disruption in Supply Chain**

- The tariff announcement by the US President has up-ended established supply chains and caused wide-spread uncertainty, which could negatively impact world trade. However, in the shorter term, this could be beneficial to Malaysia as we can be an alternative to China for supplying furniture to the US.

### ○ **Higher cost of operations**

- Minimum wage continue to rise especially in Malaysia
- Malaysia's cost of electricity is expected to rise by another 14% due to surcharge
- Tight log supply in Malaysia. Thailand and Indonesia also experienced tighter wood supply in 4Q24 and 1Q25 respectively due to wet weather but the situation has improved.

### ○ **Increased geopolitical instability**

- Aside from the on-going Russia-Ukraine war, Gaza conflict and Houthi's threatening international shipping via the Red Sea a new point of conflict occurred in the Kashmir region between India and Pakistan.

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# **CHALLENGE MANAGEMENT**

## STRATEGIES & TEAM EFFORTS

### ○ Responding to Disruption in Supply Chain

- To continue to develop new and broadening down stream market, reducing reliance on US and Europe.
- Take advantage of US lifting sanctions in Syria (and possible other Middle East countries) to further strengthen our position in that region.
- 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
- New capacities in Indonesia to help expand market share in Indonesia and Middle East

### ○ Responding to increased geopolitical instability

- Develop sales to East Asia to reduce reliance on Red Sea transit



The background of the image is a wooden floor with vertical planks. A horizontal band of bright yellow light is centered across the middle of the image, creating a strong contrast with the dark wood. The word "OPPORTUNITIES" is written in bold black capital letters on this yellow band.

# **OPPORTUNITIES**

## Playing to Strengths

### ○ **Benefiting from diversified geo-location advantages**

- Indonesia and Thailand have more readily accessible wood materials and labor supply. By expanding MDF capacity in low-cost Indonesia, this 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 and the increasing trade tensions between USA and China will benefit the 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 to support the new line.

### ○ **Improving Middle East economies**

- Major projects announced in Mid East countries could spur more panel board and furniture demand. More friendly relations with US could result in lifting of US sanctions on more countries, further opening up trade opportunities in the region.



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# **STRENGTHS**

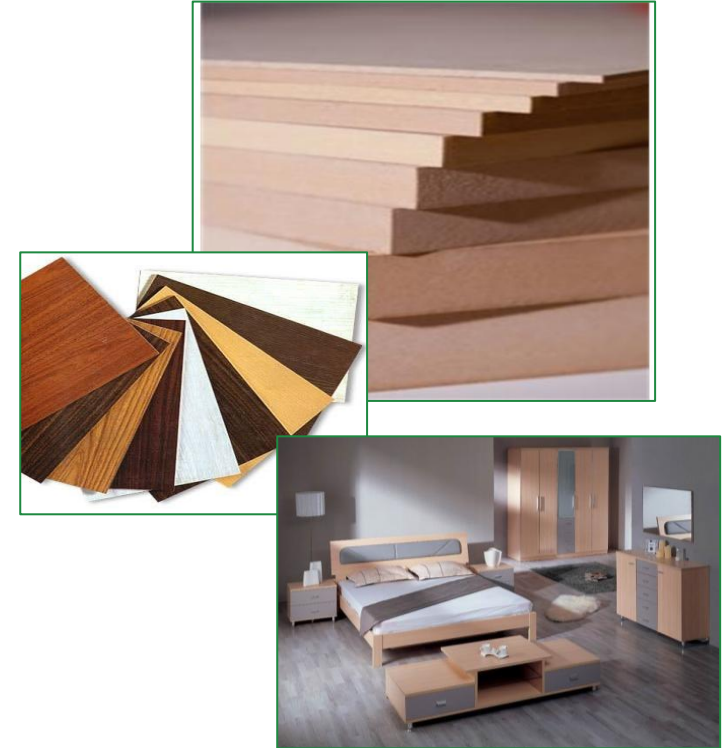
## Vertically Integrated Operations & Wide Customer Base

### ○ 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 background of the image consists of vertical wood panels. A horizontal band of lighter, yellowish light is centered across the middle, creating a gradient effect. The text "LOOKING AHEAD" is centered within this light band.

**LOOKING AHEAD**

## UPCOMING IMPROVEMENTS

### ○ Improved Furniture Orders from USA and Europe

- Western economies' buyers are front-loading their orders to avoid potential tariffs in future

### ○ Improving weather in Indonesia and Malaysia

- With Southwest Monsoon, the coming dry weather will improve log supply in 2Q25

### ○ Drop in cost of glue

- Weak demand from industrial chemical, restart of manufacturing plants previously shut for maintenance and lackluster 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



## 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
  
- **New line in Indonesia to hit full capacity**
  - 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

# Expected Improvements in 2H2025

## INDONESIA'S NEW MDF LINE



# INDONESIA'S NEW MDF LINE 2





# INDONESIA'S NEW MDF LINE 2



## 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



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**Thank You**