



ASEAN's Largest MDF Producer

CORPORATE PRESENTATION

March 2016

Disclaimer

This corporate presentation may contain forward-looking statements. All statements other than statements of historical facts contained in this presentation. Including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Group for future operations, are forward looking statements.

Such forward-looking statements (if any) involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements (if any) are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements (if any) reflect our current view with respect to future events and are not a guarantee of future performance.








Our actual results may differ materially from the information contained in such forward-looking statements (if any) as a result of numerous factors beyond our control, including, without limitation (i) the generic economic, business, social, political and investment in Malaysia and globally (ii) government policies, legislations or regulations (iii) interest rates, foreign exchange rates and tax rates (iv) the competitive environment in our industry (v) fixed and contingent obligations and commitments (vi) the activities and financial health of our customers, suppliers and other business partners (vii) significant capital expenditure requirements and (viii) any other factors beyond our control.

Due to rounding, numbers presented throughout this corporate presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Subject to any applicable laws, rules, regulations and guidelines having the force of law, we expressly disclaim any obligation or undertaking to release any update or revision to any forward-looking statement contained in this presentation to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Information in this presentation shall not be taken as a recommendation, advice or an offer by Evergreen Fibreboard Berhad (“Group”), the advisers, or their affiliates, representatives, partners, directors, officers, employees, advisers or agents (collectively “The Relevant Parties”) or any person to enter into any transaction or an invitation to you or any other person to undertake any potential transaction. You should conduct your own due diligence on the Group. You should make your own independent appraisal of the financial condition, creditworthiness, affairs and status of the Group as the basis of any investment decision. You should be aware that any investment activity may expose them to a risk of losing the property invested. The Relevant Parties are not liable for any investment decision you make.

Table of Contents

-  About EVERGREEN
-  Business Overview
-  Financials
-  Outlook
-  Strategies
-  Conclusion
-  Company Updates

The image features a dark wood-grain background with a central horizontal band of a lighter, yellowish-gold color. The text is centered within this band.

About EVERGREEN

EVERGREEN – A Quick Snapshot



- Started in **1972** as a timber trading and veneer manufacturing company
- Across **44** 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 @ 9 March 2016

Shares Outstanding	846.4 million
Share Price	RM 1.06
Market Cap	RM 897.2 million
Listing Board	Main Market
Listing Date	10 March 2005

Major Shareholders @ 31 December 2015

Kuo Family	42%
Institutional	41%

Financial Summary @ FYE 31 December 2015

Revenue	RM 1,015 million
Gross Profits	RM 296 million
EBITDA	RM 191 million
Profit after Tax	RM 96 million

Net Asset Analysis @ 31 December 2015

Net Assets	RM 1,078 million
Net Assets/Share	RM 2.08
Net Gearing	0.08x

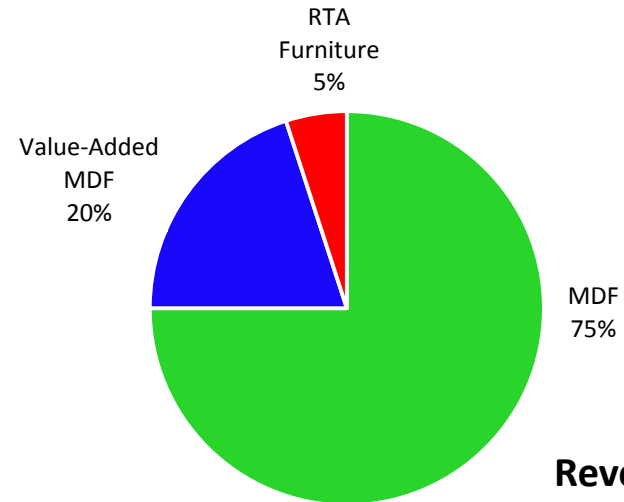
The image features a dark wood-grain background with a central horizontal yellow banner. The banner contains the text "Business Review" in a bold, black, sans-serif font.

Business Review

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



**Revenue
FYE 2015**

Particleboard (PB)



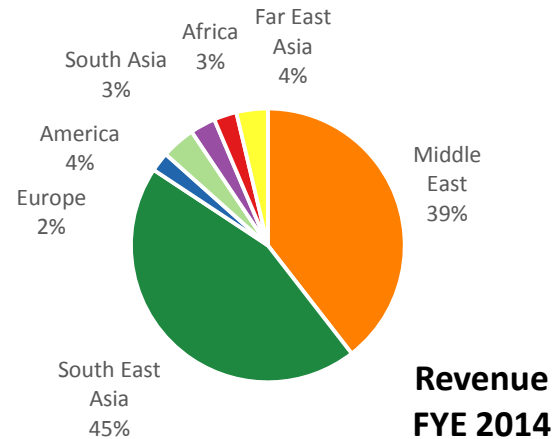
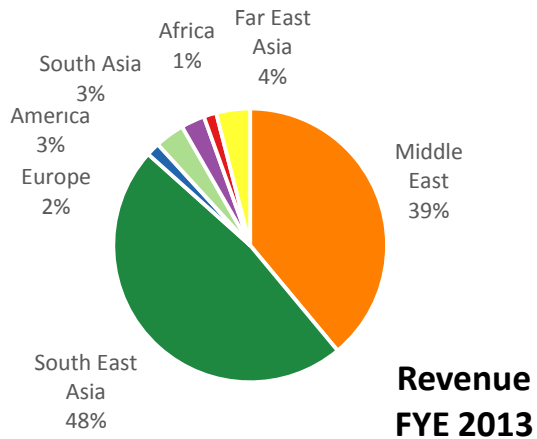
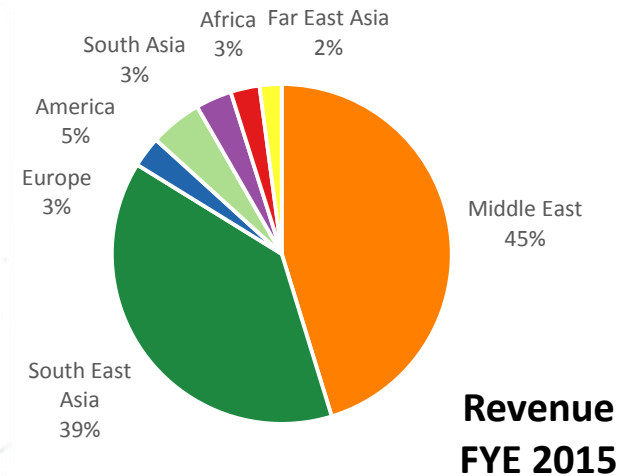
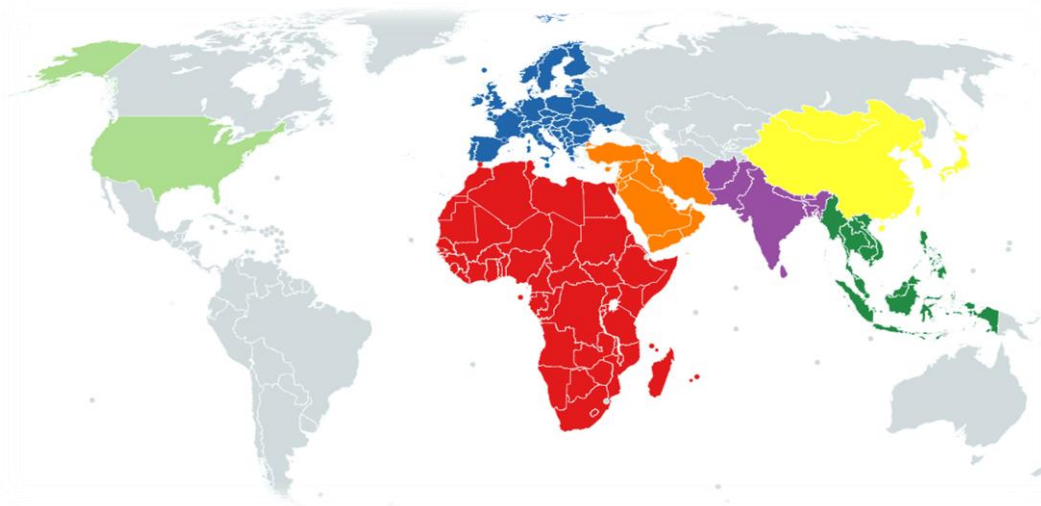
Manufacturing of PB, or chipboard, an engineered wood product manufactured from wood chips, sawmill shavings or sawdust, binded with synthetic resin

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



No geographical or customer concentration risk with no single customer accounts for > 10% of group revenue

Why Engineered Wood?

Medium Density Fibreboard (MDF)

- Isotropic, so no tendency to split
- Consistent in strength and size
- Excellent substrate for veneer, paper foil, melamine and easy to finish (i.e. paint)
- Flexible and shapes well (profiling)
- Less expensive than solid wood
- Used for internal panelling, building material, doors, furniture, packaging and industrial

Particleboard (PB)

- Lighter and lower cost than plywood and MDF
- More uniform than plywood
- Can be laminated with veneer, paper foil and melamine to improve surface attractiveness
- Mostly used indoors and suitable for furniture especially cabinets

Largest MDF Producer in ASEAN



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

**3Y Average
MDF Utilisation Rate
84%**

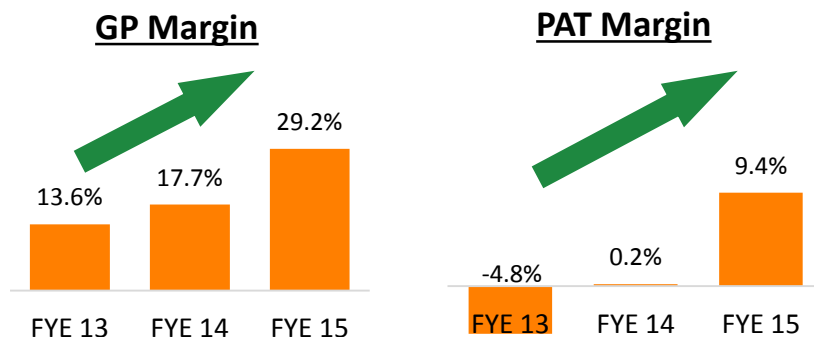
The image features a dark wood-grain background with a central horizontal band of a lighter, yellowish-gold color. The word "Financials" is centered within this band in a bold, black, sans-serif font.

Financials

Financial Highlights

RM'm	FYE 2013	FYE 2014	FYE 2015
Revenue	938.7	942.0	1,014.5
Gross Profit	127.5	166.6	296.3
EBITDA	34.2	81.4	191.3
PBT	(49.0)	4.2	114.9
PAT	(45.1)	1.6	95.6
EPS (cent)	n.a.	0.03	17.89
GP Margin	13.6%	17.7%	29.2%
EBITDA Margin	3.6%	8.6%	18.9%
PBT Margin	(5.2%)	0.4%	11.3%
PAT Margin	(4.8%)	0.2%	9.4%

- Group revenue in FYE 2015 surpassed **RM1b** due to higher selling price
- Resilient and growing EBITDA
- GP & PAT margins saw progressive growth largely attributable to favourable exchange rates, lower log & glue costs
- Additionally, management's restructuring efforts yielded higher operational efficiency that results in synergistic cost savings
- The Board of Directors declared an interim dividend of **1 sen per share** & also adopted a dividend policy to pay out a **minimum 25%** of its net profit starting FYE 2016
- Profit margin expansion expected moving forward due to focus on high margin products, stable raw material prices & foreign exchange rates



Financial Flexibility to Pursue Growth

RM'm	FYE 2014	FYE 2015
PPE	777.0	845.8
Non-Current Assets	76.9	83.6
Current Assets	341.6	387.4
Cash	73.9	116.6
Total Assets	1,269.3	1,433.4
Current Liabilities	372.1	287.3
Non Current Liabilities	67.0	68.4
Total Liabilities	439.1	355.7
Total Equity	830.3	1,077.7
Total Equity & Liabilities	1,269.3	1,433.4
<i>Net Asset/Share (RM)</i>	<i>1.62</i>	<i>2.08</i>
<i>Net Gearing</i>	<i>0.26x</i>	<i>0.08x</i>
<i>Current Ratio</i>	<i>1.12x</i>	<i>1.75x</i>
<i>Quick Ratio</i>	<i>0.54x</i>	<i>0.96x</i>

- Net gearing improved **69.2%** to **0.08x**, indicating stronger flexibility to undertake growth strategies
- Long term borrowings obtained at attractive rates to fund new capex plans
- Net asset per share rose **28.4%** to **RM2.08**
- Cash of **RM116.6m** reinforces the ability to fund business expansion
- Current ratio improved **56.3%** to **1.75x** while quick ratio improved **77.8%** to **0.96x**
- Restructuring of short term borrowings further improves profit margins via interest cost savings

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

Outlook

2010 - 2013

- Aggressive expansion led to overcapacity
- Commodity prices for raw materials spiked upwards
- Demand moderated due to uncertain global economy

End 2013 - 2014

- Excess capacity gradually absorbed by market over this period
- Raw material prices normalized
- Product selling price rebounded with demand recovery

2015

- Demand continued to improve especially in Middle East and Asian markets
- Raw material prices remained low
- Selling price slightly moderated due to price competition

MDF

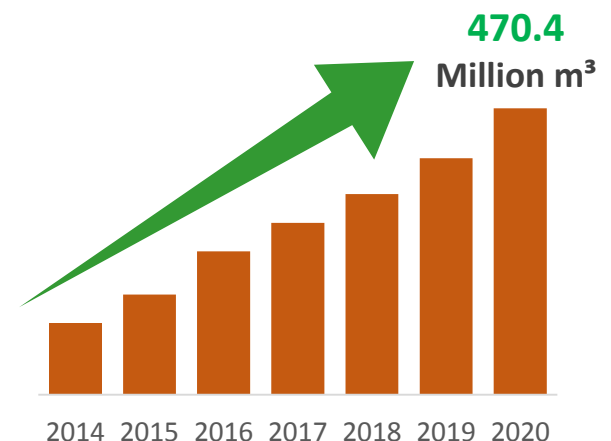
- Global consumption of MDF is booming thanks to expanding furniture industry and strong housing growth in Asia, South America, Australasia, Eastern Europe and Russia
- Consumption of MDF in the major producing countries is forecast to increase by **15%** from 80.7 million m³ in 2012 to **92.8 million m³** in 2017
- Prices are projected to increase by an average of **3%** to **4%** annually¹

PB

- Market for PB is thriving on the back of increasing demand for timber-substitute furniture, which is sustainable and cheaper
- Consumption of PB in the major producing countries is projected to increase **17.5%** from 72.2 million m³ in 2012 to **84.8 million m³** in 2017²

Wood Panels

- Global market for Wood Panels is forecast to reach **470.4 million m³** by 2020, driven by recovery in construction activity worldwide and rising demand for eco-friendly building materials
- Asia-Pacific represents the largest and the fastest growing market worldwide with a CAGR of **7.7%** until 2020³



Source:

¹ BIS Shrapnel, *Medium Density Fibreboard in the Pacific Rim and Europe 2013 -2017*

² BIS Shrapnel, *Particleboard in the Pacific Rim and Europe 2013 -2017*

³ *Global Industry Analyst, Inc Wood Panels Market Trends*

Strategies

NEW AUTOMATED LINES

Cost Rationalisation via new highly automated lines

NEW CATALYST

Increase Value-Added Products with Higher Margins

DISPOSAL OF NON-CORE ASSETS

Carve-out of Non-Core & Low Performing Assets

IMPROVE OPERATIONAL EFFICIENCY

Restructure, Upgrade and Modernise

Batu Pahat MDF Plant

- **Objective:**
Enhance efficiency of manufacturing process and reduce overhead costs
- **Machine:**
 - New chipping line with high degree of automation
 - Anthon CTS, new automated state-of-the-art finishing line (sanding, cut-to-size and packaging) from Germany
- **How:**
Improve productivity significantly and reduce damages from manual handling as well as lower electricity consumption and manpower. This exercise was completed in 3Q 2015



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 that produces 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 Assets & Rubber Plantation

- **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

 - 4,410 acres of rubber plantation in Kahang
 - Majority of the available land area has been planted whilst clearing and planting process are currently in progress for the remaining areas.



Conclusion

1

ASEAN's Largest MDF Producer

- As the largest producer with 1,310,000m³ MDF capacity, the Group enjoys economies of scale
- Strong network with log suppliers, freight providers and distribution channels

2

Integrated Facilities with High Automation

- The Group has integrated manufacturing facilities - upstream and downstream
- State-of-the-art European technology with high degree of automation

3

New Catalysts to Enhance Earnings

- Cost rationalisation efforts continue to boost core earnings through costs savings
- Earning strategies focusing on higher margin products e.g. RTA furniture, premium boards
- Impact of operational efficiency & modernisation plans will be reflected from 2H2016 onwards

4

Diversified Operations

- With manufacturing plants in 3 different countries, there is less geographic/political risk
- Customer concentration risk is also low with >600 customers

5

Experienced & Focused Management

- With 44 years of track record, Evergreen's management has always been focusing on enhancing growth and sustainability of the business

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 as at 17 February 2016:-

RM'm	Proposed Utilisation	Actual Utilisation	Balance	Intended timeframe
Development & business expansion	40.00	14.75	25.25	≤ 12 months
Repayment of borrowings	30.00	30.00	-	≤ 12 months
Working capital	33.14	2.90	30.24	≤ 12 months
Expenses relating to the Proposals	2.00	1.88	0.12	≤ 3 months
Total	105.14	49.53	55.61	

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 & Dividend Policy

- An interim dividend of **1 sen per share** was declared on 29 February 2016
- The Group also adopted a dividend policy to **pay out ≥25% of net profits** starting FYE16

Thank You