AmInvestment Bank

Company Report

28 Apr 2026

MEGA FIRST CORP

(MFCB MK EQUITY, MEGA.KL)

BUY (Upgraded)	Price: RM3.11 Target Price (% return): RM3.80 (22.2%) 52-week High/Low: RM4.17/RM2.72	**Power** Rationale for report: Company Update

An RE Laggard

Analyst (s)

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We upgrade Mega First Corporation (MFCB) to BUY from HOLD. Catalysts for a re-rating include the turnaround or disposal of the oleo joint venture and an appreciation of the USD. We reckon that the negative impact of a weak USD and unexciting oleochemical operations have already been re flected in the valuations. MFCB is currently trading at an undemanding FY27F PE of 8x, which is close to the five-year low of 6x. Since reaching a low of RM3.89, the USD has inched up by 1.5 %. As for the Edenor Oleo joint venture, we are conservative in our forecast as re flected in our estimate of a share of net loss of RM60mil in FY27F, which is t he same as FY26F.

- **BUY with a TP of RM3.80/share vs. RM3.56/share previously.** Our TP is now based on a FY27F PE of 10x instead of FY26F originally. The PE of 10x is the five-year average. We have trimmed MFCB's FY27F net profit by 3.1% to account for higher operating expenses for the packaging and resources divisions.
- **Laggard compared to other RE plays.** Compared to other solar companies, which have surged by more than 20%, MFCB's share price has only risen by 14% from its low of RM2.72 on 16 March. Also, although MFCB is not a major solar EPCC player in Malaysia, the group provides exposure to the RE sector via its hydropower plant in Laos. We forecast EBIT of the RE division (mainly DSHP (Don Sahong Hydropower Plant)) to be lower at RM433.6mil in FY26F vs. RM517mil in FY25, due to a weaker USD (FY25: US$1.00: RM4.28).
- **Hydropower earnings in MYR would rise if the USD recovers.** We estimate that a 10 sen increase in the USD would improve the EBIT of the RE division by 2% and vice versa. DSHP's earnings are stable and recurring. Seasonally, 1Q is the weakest among all of the quarters due to the dry season and turbine maintenance.
- **Packaging division may see higher demand.** We understand that MFCB's resources and packaging divisions are still able to secure raw materials. The packaging division may benefit from the strong demand for plastic as there is a shortage in the market. However a dampener would be the surge in freight costs, which may affect the resources division. We forecast EBIT of the resources division to be slightly higher at RM30mil in FY26F and EBIT of the packaging division to improve by 12% to RM35.7mil.

YE to Dec	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	1,419.6	1,296.8	1,424.4	1,564.9
Core net profit (RM mil)	387.0	336.5	357.8	385.4
FD Core EPS (sen)	40.9	35.6	37.9	40.8
FD Core EPS growth (%)	(15.7)	(13.0)	6.3	7.7
Consensus Net Profit (RM mil)		413.8	428.0	430.0
DPS (sen)	9.8	10.0	10.5	11.0
PE (x)	7.6	8.7	8.2	7.6
EV/EBITDA (x)	5.7	5.3	4.7	3.6
Div yield (%)	3.2	3.2	3.4	3.5
ROE (%)	11.6	9.7	9.6	9.7
Net Gearing (%)	16.9	16.8	14.2	na

Source: MEGA FIRST CORP, AmInvestment Bank

Key Changes

Target Price:	
EPS:	

Stock and Financial Data

Shares Outstanding (million)	945.2
Market Cap (RMmil)	2,939.6
Book Value (RM/Share)	3.54
P/BV (x)	0.9
ROE (%)	11.6
Net Gearing (%)	16.9
Free Float	65.0
Avg Daily Value (RMmil)	1.5

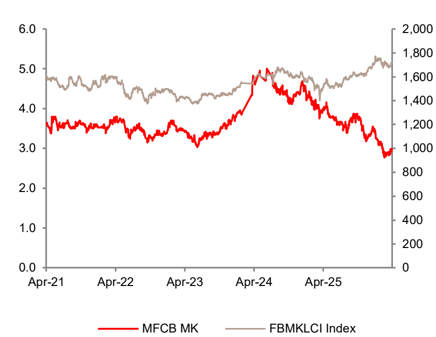
Major Shareholders

Goh Nan Kioh	35%
EPF	6.9%

Price performance	3mth	6mth	12mth
Absolute (%)	(0.3)	(17.9)	(23.0)
Relative (%)	(7.0)	(22.9)	(32.6)

Source: MEGA FIRST CORP, AmInvestment Bank

Price Chart



Company profile

Mega First Corporation (MFCB) is involved in hydropower plant, solar, lime mining and packaging activities. Apart from these, MFCB has coconut, macadamia, vegetable and fruit farms.

About 89% of MFCB's FY25 EBIT (ex-investment holding) came from the renewable energy (RE) division while the balance 11% came from the resources (lime mining) and packaging divisions. The RE division consists of hydropower and solar activities.

MFCB's Don Sahong Hydropower Plant (DSHP) sells electricity to Electricite du Laos (EDL). EDL in turn sells the electricity to Cambodia.

MFCB's operations are in Laos, Malaysia and Cambodia.

MFCB's competitive advantage lies in its recurring income from DSHP, which are denominated in USD. MFCB also has one of the largest lime mines in Malaysia. MFCB has high exposure to RE via its hydropower and solar operations.

Investment thesis and catalysts

We have a BUY on MFCB as all of the negatives have already been reflected in the valuations. Also, if the USD recovers, EBIT of the RE division would rise as the functional currency is USD.

Share price kickers are stronger-than-expected earnings from the oleochemical joint venture and an appreciation of the USD.

Valuation methodology

We applied a FY27F PE of 10x to arrive at MFCB's target price of RM3.80/share. The PE of 10x is the five-year average.

Risk factors

Key risks are losses in the oleochemical joint venture and increases in logistics and petcoke costs.

We estimate that a 10 sen depreciation in the USD vs. MYR would affect the RE division's EBIT by 2%, assuming everything else is the same.

EXHIBIT 1. VALUATIONS

Target PE (x)	10
FY27F EPS	37.9
ESG premium	-
12-month TP (RM)	3.80

EXHIBIT 2. CHANGE IN EARNINGS

RMmil	FY26F			FY27F			FY28F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	1,314.5	1,296.8	(1.3)	1,443.9	1,424.4	(1.4)	1,586.3	1,564.9	(1.4)
Net earnings	336.1	336.5	0.1	369.4	357.8	(3.1)	400.4	385.4	(3.8)

Source: AmInvestment Bank

EXHIBIT 3. ESG MATRIX

	Assessment	Parameters	Weightage	Rating					Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*	*			Scope 1, 2 and 3 emissions were 799,204 tCO2e in FY24 vs. 800,773 tCO2e in FY23
2	Exposure to renewables	More than 20% of generation mix or capacity	25%	*	*	*	*	*	100% exposure to hydro and solar
3	Contribution of coal to earnings	Less than 20%	25%	*	*	*	*	*	Zero coal
4	Workplace noise and chemical exposure - resource division	Noise exposure limit of 85 dB(A)	25%	*	*	*	*		Zero case of non-compliance in FY24
Weighted score for environmental assessment			**100%**	*	*	*	*		
1	Workers welfare	Learning and development hours	50%	*	*	*			Average training hours per executive was 25.8 in FY24 vs. 24.6 in FY23
2	Work related injuries	Zero	50%	*	*				13 work related injuries to hands and legs in FY24 vs. 12 in FY23; one fatality of third-party contractor in FY24
Weighted score for social assessment			**100%**	*	*	*			
1	Related party transactions	Value of RPTs	40%	*	*	*			RM97.2mil in FY24, mainly repayment of loan to shareholder
2	Women in workforce	% in workforce	30%	*	*	*			23.9% of workforce were women in FY24 vs. 23% in FY23
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM2.8mil in FY24 vs. RM3mil in FY23
Weighted score for governance assessment			**100%**	*	*	*			
	Environmental score		50%	*	*	*	*		
	Social score		30%	*	*	*			
	Governance score		20%	*	*	*			
	Overall ESG Score		**100%**	*	*	*			

Source: Company, AmInvestment Bank Bhd

Financial Summary

Income Statement (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1,741.9	1,419.6	1,296.8	1,424.4	1,564.9
EBITDA	624.7	618.7	666.7	737.1	820.7
Depreciation/Amortisation	(144.0)	(149.8)	(236.2)	(275.2)	(314.2)
Operating income (EBIT)	480.6	468.9	430.5	461.9	506.5
Other income & associates	34.9	(21.5)	(10.0)	(10.0)	(10.0)
Net interest	(38.0)	(22.1)	(42.4)	(40.6)	(26.6)
Exceptional items	31.8	-	-	-	-
Pretax profit	**509.3**	**425.3**	**378.1**	**411.3**	**469.9**
Taxation	(18.3)	(20.6)	(11.3)	(20.6)	(47.0)
Minorities/pref dividends	(31.8)	(17.7)	(30.2)	(32.9)	(37.6)
Net profit	**459.2**	**387.0**	**336.5**	**357.8**	**385.4**

Balance Sheet (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	775.8	980.1	1,580.7	1,841.7	2,102.7
Intangible assets	57.9	57.9	57.9	57.9	57.9
Other long-term assets	3,441.3	2,982.2	3,018.6	2,884.0	2,822.3
Total non-current assets	**4,275.1**	**4,020.2**	**4,657.2**	**4,783.6**	**4,982.9**
Cash & equivalent	268.3	466.5	530.0	701.8	1,377.2
Stock	185.9	168.6	142.1	156.1	171.5
Trade debtors	391.8	303.1	284.2	312.2	343.0
Other current assets	0.3	-	-	-	-
Total current assets	**846.3**	**938.2**	**956.3**	**1,170.1**	**1,891.7**
Trade creditors	214.5	227.5	195.8	218.8	669.0
Short-term borrowings	615.5	656.1	721.7	793.9	873.3
Other current liabilities	3.8	2.2	2.2	2.2	2.2
Total current liabilities	**833.8**	**885.9**	**919.7**	**1,014.9**	**1,544.5**
Long-term borrowings	530.9	374.7	412.2	453.4	498.7
Other long-term liabilities	212.1	143.6	455.2	367.5	394.6
Total long-term liabilities	**743.1**	**518.4**	**867.4**	**820.9**	**893.3**
Shareholders' funds	**3,324.5**	**3,348.2**	**3,590.2**	**3,848.7**	**4,130.1**
Minority interests	219.9	206.0	236.3	269.2	306.8
BV/share (RM)	3.52	3.54	3.80	4.07	4.37

Cash Flow (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	509.3	425.3	378.1	411.3	469.9
Depreciation/Amortisation	144.0	149.8	236.2	275.2	314.2
Net change in working capital	(227.5)	103.1	2.2	(39.5)	357.0
Others	53.6	22.4	(2.2)	(8.5)	(7.5)
Cash flow from operations	**479.4**	**700.6**	**614.3**	**638.5**	**1,133.6**
Capital expenditure	(617.5)	(179.4)	(300.0)	(300.0)	(300.0)
Net investments & sale of fixed assets	0.0	0.0	0.0	0.0	0.0
Others	(154.1)	(104.8)	(136.1)	(147.2)	(147.2)
Cash flow from investing	**(771.6)**	**(284.1)**	**(436.1)**	**(447.2)**	**(447.2)**
Debt raised/(repaid)	218.9	(95.3)	103.1	113.4	124.7
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(97.5)	(115.8)	(75.6)	(79.4)	(83.2)
Others	(58.1)	(34.9)	(62.2)	(68.5)	(67.5)
Cash flow from financing	**63.4**	**(246.0)**	**(34.7)**	**(34.5)**	**(25.9)**
Net cash flow	**(228.8)**	**170.4**	**143.5**	**156.8**	**660.5**
Net cash/(debt) b/f	**462.9**	**228.4**	**371.5**	**530.0**	**701.8**
Forex	**(5.7)**	**(27.4)**	**15.0**	**15.0**	**15.0**
Net cash/(debt) c/f	**228.4**	**371.5**	**530.0**	**701.8**	**1,377.2**

Key Ratios

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	32.2	-18.5	-8.7	9.8	9.9
EBITDA growth (%)	17.7	-1.0	7.8	10.6	11.3
Pretax margin (%)	29.2	30.0	29.2	28.9	30.0
Net profit margin (%)	26.4	27.3	25.9	25.1	24.6
Interest cover (x)	16.4	27.9	15.7	18.1	30.9
Effective tax rate (%)	3.6	4.8	3.0	5.0	10.0
Dividend payout (%)	18.5	23.9	28.1	27.7	27.0
Debtors turnover (days)	82.1	77.9	80.0	80.0	80.0
Stock turnover (days)	39.0	43.3	40.0	40.0	40.0
Creditors turnover (days)	72.2	104.8	100.0	100.0	100.0

Source: Company, AmInvestment Bank

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