



富佳木業股份有限公司
Focus Lumber Berhad

2Q 2022 FINANCIAL RESULTS BRIEFING 22 AUGUST 2022

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AGENDA

- Financial review
 - ❖ 2Q 2022 vs 2Q 2021
 - ❖ YTD 2Q 2022 vs YTD 2Q 2021
 - ❖ 2Q 2022 vs 1Q 2022
- Financial position review
- Cash flows review
- Dividends
- Prospects for the remaining period of year 2022



FINANCIAL REVIEW – PROFIT OR LOSS ACCOUNT

2Q 2022 VS 2Q 2021

	2Q 2022	2Q 2021	VARIANCE	COMMENT
	RM mil	RM mil	RM mil	
Revenue	40.81	33.10	7.71	Refer page 2,3
Cost of sales	(26.16)	(27.97)	(1.81)	Refer page 4
Gross profit	14.65	5.13		
Interest income	0.09	0.04	0.05	Immaterial
Other operating income	2.26	1.26	1.00	Refer page 5
Administrative expenses	(1.66)	(1.52)	0.14	Immaterial
Other operating expenses	(1.33)	(0.74)	0.59	Refer page 5
Profit before tax	14.01	4.17		
Income tax	(3.41)	(0.04)	3.37	Higher profit
Profit after tax	10.60	4.13		



FINANCIAL REVIEW – SEGMENTAL RESULT

2Q 2022 VS 2Q 2021

	2Q 2022	2Q 2021	COMMENT
<u>Revenue (RM mil)</u>			
Manufacturing	40.81	33.09	
Electricity	0.61	0.57	Immaterial to the Group figure
Elimination	(0.61)	(0.56)	
Total	40.81	33.10	
<u>Profit before tax (RM mil)</u>			
Manufacturing	13.62	3.91	
Electricity	0.15	0.02	Immaterial to the Group figure
Elimination and adjustment	0.24	0.24	
Total	14.01	4.17	

FINANCIAL REVIEW – REVENUE (MANUFACTURING)

2Q 2022 VS 2Q 2021

	2Q 2022	2Q 2021	VARIANCE	COMMENT
<u>Revenue (RM mil)</u>				
Sale of goods	35.90	30.76	5.14	Selling price increased by 41%
Freight income	4.91	2.33	2.58	Higher freight rate and USD/MYR exchange rate in 2Q 2022
Total	40.81	33.09		
Sales volume (m3)	9,856	11,867	(2,011)	Lesser container ships come to KK port while there was only 1 break bulk ship in 2Q 2022 (2Q 2021: 2)
Average selling price of goods (RM)	3,642	2,592	1,050	Robust demand, tight supply of plywood and higher USD/MYR exchange rate increased selling price



FINANCIAL REVIEW – COST OF SALES (MANUFACTURING)

2Q 2022 VS 2Q 2021

	2Q 2022	2Q 2021	VARIANCE	COMMENT
<u>Cost of sales (RM mil)</u>				
Cost of goods	20.29	24.30	(4.01)	Lower sales volume
Selling & distribution costs	1.12	1.38	(0.26)	Lower sales volume
Freight charges	4.91	2.33	2.58	Higher freight rate and higher USD/MYR exchange rate in 2Q 2022; recognition of
Total	26.32	28.01		
Average cost of goods sold (RM)	2,173	2,048	125	Higher production cost due to revision of minimum wages from May 2022, higher raw material cost such as glue, diesel, etc
GPM for sale of goods	40%	21%		



FINANCIAL REVIEW – OTHER INCOME/ EXPENSES

2Q 2022 VS 2Q 2021

	2Q 2022	2Q 2021	VARIANCE	COMMENT
	RM mil	RM mil	RM mil	
Rental income	0.07	0.07	-	Immaterial
Money market fund	0.23	0.22	0.01	Immaterial
Bad debt recovered	0.12	-	0.12	Bad debt recovered from log supplier
Foreign exchange gain	0.43	0.17	0.26	Strengthening of US dollar in 2Q 2022
Others	0.08	0.06	0.02	Immaterial
Total	0.93	0.52		



FINANCIAL REVIEW – PROFIT OR LOSS ACCOUNT

YTD 2Q 2022 VS YTD 2Q 2021

Year-To-Date	2Q 2022	2Q 2021	VARIANCE	COMMENT
	RM mil	RM mil	RM mil	
Revenue	73.73	56.75	16.98	Refer page 7,8
Cost of sales	(48.76)	(53.41)	(4.65)	Refer page 9
Gross profit	24.97	3.34		
Interest income	0.14	0.09	0.05	Immaterial
Other operating income	3.32	1.81	1.51	Refer page 10
Administrative expenses	(3.35)	(3.45)	(0.1)	Immaterial
Other operating expenses	(1.42)	(0.63)	0.79	Refer page 10
Profit before tax	23.66	1.16		
Income tax	(5.66)	0.08	5.74	Higher profit
Profit after tax	18.00	1.24		



FINANCIAL REVIEW – SEGMENTAL RESULT

YTD 2Q 2022 VS YTD 2Q 2021

Year-To-Date	2Q 2022	2Q 2021	COMMENT
<u>Revenue (RM mil)</u>			
Manufacturing	73.73	56.68	
Electricity	1.19	1.04	Immaterial to the Group figure
Elimination	(1.19)	(0.97)	
Total	73.73	56.75	
<u>Profit before tax (RM mil)</u>			
Manufacturing	23.00	0.59	
Electricity	0.18	0.11	Immaterial to the Group figure
Elimination and adjustment	0.48	0.46	
Total	23.66	1.16	



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FINANCIAL REVIEW – REVENUE (MANUFACTURING)

YTD 2Q 2022 VS YTD 2Q 2021

Year-To-Date	2Q 2022	2Q 2021	VARIANCE	COMMENT
<u>Revenue (RM mil)</u>				
Sale of goods	61.85	52.00	9.85	Selling price increased by 47%
Freight income	11.88	4.68	7.20	Higher freight rate and USD/MYR exchange rate in 1H 2022; recognition of deferred income b/f from 31.12.2021 in 1H 2022
Total	73.73	56.68		
Sales volume (m3)	18,552	22,894	(4,342)	Shipping woes reduced availability of both container ships and break bulk ships
Average selling price of goods (RM)	3,334	2,271	1,063	Robust demand, tight supply of plywood and higher USD/MYR exchange rate increased selling price



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FINANCIAL REVIEW – COST OF SALES (MANUFACTURING)

YTD 2Q 2022 VS YTD 2Q 2021

Year-To-Date	2Q 2022	2Q 2021	VARIANCE	COMMENT
<u>Cost of sales (RM mil)</u>				
Cost of goods	35.11	45.91	(10.80)	Lower sales volume
Selling & distribution costs	2.07	2.32	(0.25)	Lower sales volume
Freight charges	11.88	4.68	7.2	Higher freight rate and USD/MYR exchange rate in 1H 2022; recognition of prepaid freight charges b/f from 31.12.2021 in 1H 2022
Total	49.06	52.91		
Average cost of goods sold (RM)	2,004	2,107	(103)	Sales mix difference and allocation of fixed production overhead to P/L in 1H 2021 resulted in higher cost of sales per m3 despite of increasing production costs in wages, logs price, glue, diesel, etc in 1H 2022
GPM for sale of goods	40%	7%		



FINANCIAL REVIEW – OTHER INCOME/ EXPENSES

YTD 2Q 2022 VS YTD 2Q 2021

Year-To-Date	2Q 2022	2Q 2021	VARIANCE	COMMENT
	RM mil	RM mil	RM mil	
Rental income	0.14	0.14	-	Immaterial
Money market fund	0.45	0.43	0.02	Immaterial
Bad debt recovered	0.24	-	0.24	Bad debt recovered from log supplier
Foreign exchange gain	0.77	0.33	0.44	Strengthening of US dollar in 1H 2022
Others	0.30	0.28	0.02	Immaterial
Total	1.90	1.18		

FINANCIAL REVIEW – PROFIT OR LOSS ACCOUNT

2Q 2022 VS 1Q 2022

	2Q 2022	1Q 2022	VARIANCE	COMMENT
	RM mil	RM mil	RM mil	
Revenue	40.81	32.92	7.89	Refer page 12,13
Cost of sales	(26.16)	(22.59)	3.57	Refer page 14
Gross profit	14.65	10.33		
Interest income	0.09	0.05	0.04	Immaterial
Other operating income	2.26	1.33	0.93	Immaterial after net off with other expenses
Administrative expenses	(1.66)	(1.68)	(0.02)	Immaterial
Other operating expenses	(1.33)	(0.37)	0.96	Immaterial after net off with other income
Profit before tax	14.01	9.66		
Income tax	(3.41)	(2.26)	1.15	Higher profit
Profit after tax	10.60	7.40		



FINANCIAL REVIEW – SEGMENTAL RESULT

2Q 2022 VS 1Q 2022

	2Q 2022	1Q 2022	COMMENT
<u>Revenue (RM mil)</u>			
Manufacturing	40.81	32.92	
Electricity	0.61	0.58	Immaterial to the Group figure
Elimination	(0.61)	(0.58)	
Total	40.81	32.92	
<u>Profit before tax (RM mil)</u>			
Manufacturing	13.62	9.39	
Electricity	0.15	0.03	Immaterial to the Group figure
Elimination and adjustment	0.24	0.24	
Total	14.01	9.66	

FINANCIAL REVIEW – REVENUE (MANUFACTURING)

2Q 2022 VS 1Q 2022

	2Q 2022	1Q 2022	VARIANCE	COMMENT
Revenue (RM mil)				
Sale of goods	35.90	25.95	9.95	Higher sales volume and selling price
Freight income	4.91	6.97	(2.06)	Lower freight income in 2Q due to recognition of deferred income b/f from 31.12.2021 in 1Q 2022 despite freight rate, sales volume and USD/MYR exchange rate were all higher in 2Q as compared to 1Q
Total	40.81	32.92		
Sales volume (m3)	9,856	8,696	1,160	Break bulk shipment was higher in 2Q because available goods for loading to bulk carrier was lesser in Jan 2022 as most of the goods were loaded to the two break bulk ships which arrived in December 2021
Average selling price of goods (RM)	3,642	2,985	657	Sales mix difference – more thin plywood loaded in 2Q; higher USD/MYR exchange rate in 2Q; higher selling price as shipment in 1Q included long outstanding orders with lower price

FINANCIAL REVIEW – COST OF SALES (MANUFACTURING)

2Q 2022 VS 1Q 2022

	2Q 2022	1Q 2022	VARIANCE	COMMENT
<u>Cost of sales (RM mil)</u>				
Cost of goods	20.29	14.82	5.47	Higher sales volume and sales mix difference
Selling & distribution costs	1.12	0.95	0.17	Higher sales volume
Freight charges	4.91	6.97	(2.06)	Lower freight charges in 2Q due to recognition of prepaid freight cost b/f from 31.12.2021 in 1Q 2022 despite freight rate, sales volume and USD/MYR exchange rate were all higher in 2Q as compared to 1Q
Total	26.32	22.74		
Average cost of goods sold (RM)	2,173	1,814	(284)	Sales mix difference as well as higher production costs due to revision of minimum wages
GPM for sale of goods	40%	39%		



FINANCIAL POSITION REVIEW

MATERIAL CHANGES IN BALANCE SHEET ITEMS

	30.06.2022	31.12.2021	VARIANCE	COMMENT
	RM mil	RM mil	RM mil	
Inventories	44.87	30.85	14.02	Lower sales volume (18,552m3) vs net production volume (23,904m3) in 1H 2022
Trade and other receivables	5.20	37.03	(31.83)	Lower sales in June 2022 – RM1.49 million vs December 2021 – RM50.63 million
Other current assets	4.32	9.09	(4.77)	Lower prepaid freight cost which is recognised overtime
Other current financial assets	54.11	49.06	5.05	Addition of RM5 million in money market funds
Cash and bank balances	67.59	29.61	37.98	Mainly due to collection from debtors as at 31.12.2021
Tax (payable)/ refundable	(4.32)	0.79	5.11	Actual tax higher than estimated tax paid to IRB, revision of estimate will be made in September 2022
Share capital	(64.83)	(57.69)	7.14	Issuance of 4.85 million shares through exercise of ESOS



CASH FLOWS REVIEW

Year-To-Date	2Q 2022	COMMENT
	RM mil	
Net cash generated from operating activities	43.70	Mainly due to collection from trade debtors as at 31.12.2021 as well as profit generated in 1H 2022
Net cash used in investing activities	(1.20)	Mainly capital expenditure
Net cash generated from financing activities	0.79	Issuance of share capital from ESOS exercised by employees; offset by the dividend paid and purchase of treasury shares (Disclosed in QR Note A6 and A7)
Net increase in cash and cash equivalents	43.29	
Effect of exchange rate changes	0.14	
Cash and cash equivalents at 01.01.2022	77.88	
Cash and cash equivalents at 30.06.2022	121.31	



DIVIDENDS

- Interim dividend of approximately 5.38 sen per share (Q2 2021: NIL)
 1. Cash dividend of 3 sen per share; and
 2. Share dividend on the basis of 1 treasury share for 50 existing ordinary shares, equivalent to approximately 2.38 sen per share based on the book cost of treasury share held.
- Equals to pay out ratio of 51% (EPS of 10.46 sen)
- Ex date – 14.09.2022
- Entitlement date – 15.09.2022
- Crediting/ payment date – 30.09.2022



PROSPECT FOR THE REMAINING PERIOD OF YEAR 2022

- Changes in macro-economic environment:
 - ❖ Slowdown in US housing industry may affect selling price of wood products such as plywood to US region; and
 - ❖ Slowdown in US recreational vehicle sector may affect the demand of our plywood.
- Higher production cost per m³ given the current inflation situation while production volume maintained at same level.
- Strengthening of US dollar improves profitability of the Group.
- Changes of current macro-economic environment have minimal impact to the Group's result in remaining period of the current financial year.
- Pending orders of the Group as at 30 June 2022 is approximately 17,550m³.

THANK YOU