



富佳木業股份有限公司  
Focus Lumber Berhad

# **3Q 2022 FINANCIAL RESULTS BRIEFING 29 NOVEMBER 2022**

198901011405 (188710-V)



# AGENDA

- FINANCIAL RESULT
  - ❖ 3Q 2022 VS 3Q 2021
  - ❖ YTD 3Q 2022 VS YTD 3Q 2021
  - ❖ 3Q 2022 VS 2Q 2022
- FINANCIAL POSITION REVIEW
- CASH FLOWS REVIEW
- DIVIDENDS
- PROSPECTS FOR THE REMAINING PERIOD OF YEAR 2022



富佳木業股份有限公司  
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# FINANCIAL REVIEW – PROFIT OR LOSS ACCOUNT

## 3Q 2022 VS 3Q 2021

|                          | 3Q 2022      | 3Q 2021      | VARIANCE | COMMENT                                       |
|--------------------------|--------------|--------------|----------|---|
|                          | RM mil       | RM mil       | RM mil   |   |
| <b>Revenue</b>           | <b>52.74</b> | <b>22.00</b> | 30.74    | Refer page 2,3                                |
| Cost of sales            | (37.29)      | (20.29)      | 17.00    | Refer page 4                                  |
| <b>Gross profit</b>      | <b>15.45</b> | <b>1.71</b>  |          |   |
| Interest income          | 0.15         | 0.05         | 0.10     | Rate hike by BNM                              |
| Other operating income   | 2.21         | 0.80         | 1.41     | Refer page 5                                  |
| Administrative expenses  | (2.18)       | (1.50)       | 0.68     | Mainly due to revision of provision for bonus |
| Other operating expenses | (0.90)       | (0.20)       | 0.70     | Refer page 5                                  |
| <b>Profit before tax</b> | <b>14.73</b> | <b>0.86</b>  |          |   |
| Income tax               | (3.45)       | 0.84         | 4.29     | Higher profit                                 |
| <b>Profit after tax</b>  | <b>11.28</b> | <b>1.70</b>  |          |   |



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# FINANCIAL REVIEW – SEGMENTAL RESULT

## 3Q 2022 VS 3Q 2021

|                                 | 3Q 2022      | 3Q 2021      | COMMENT                        |
|---------------------------------|--------------|--------------|--------------------------------|
| <b><u>Revenue</u></b>           | RM mil       | RM mil       |                                |
| Manufacturing                   | 52.74        | 21.99        |                                |
| Electricity                     | 0.61         | 0.30         | Immaterial to the Group figure |
| Elimination                     | (0.61)       | (0.29)       |                                |
| <b>Total</b>                    | <b>52.74</b> | <b>22.00</b> |                                |
|                                 |              |              |                                |
| <b><u>Profit before tax</u></b> |              |              |                                |
| Manufacturing                   | 14.13        | 0.74         |                                |
| Electricity                     | 0.16         | (0.10)       | Immaterial to the Group figure |
| Elimination and adjustment      | 0.44         | 0.22         |                                |
| <b>Total</b>                    | <b>14.73</b> | <b>0.86</b>  |                                |



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# FINANCIAL REVIEW – REVENUE (MANUFACTURING)

## 3Q 2022 VS 3Q 2021

|  | 3Q 2022       | 3Q 2021      | VARIANCE | COMMENT  |
|--|---------------|--------------|----------|--|
| <b>Revenue (RM mil)</b>                    |               |              |          |  |
| Sale of goods                              | 46.23         | 18.96        | 27.27    | Selling price increased by 34%; sales volume increased by 82%  |
| Freight income                             | 6.51          | 3.03         | 3.48     | Higher freight rate; higher sales volume; higher USD/MYR exchange rate   |
| <b>Total</b>                               | <b>52.74</b>  | <b>21.99</b> |          |  |
|  |               |              |          |  |
| <b>Sales volume (m3)</b>                   | <b>12,402</b> | <b>6,820</b> | 5,582    | Factory was under EMCO from 14 July to 10 August 2021 resulted in lower production and sales volume in 3Q 2021 |
| <b>Average selling price of goods (RM)</b> | <b>3,727</b>  | <b>2,780</b> | 947      | 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)

## 3Q 2022 VS 3Q 2021

|  | 3Q 2022      | 3Q 2021      | VARIANCE | COMMENT   |
|--|--------------|--------------|----------|---|
| <b><u>Cost of sales (RM mil)</u></b>   |              |              |          |   |
| Cost of goods                          | 29.48        | 16.71        | 12.77    | Higher sales volume   |
| Selling & distribution costs           | 1.40         | 0.47         | 0.93     | Higher sales volume; higher loading fee in year 2022  |
| Freight charges                        | 6.59         | 3.03         | 3.56     | Higher freight rate; higher sales volume; higher USD/MYR exchange rate  |
| <b>Total</b>                           | <b>37.47</b> | <b>20.21</b> |          |   |
|  |              |              |          |   |
| <b>Average cost of goods sold (RM)</b> | <b>2,490</b> | <b>2,519</b> | (29)     | Lower production volume due to EMCO in 3Q 2021 offset by price increase of raw materials, consumables and wages in 2022 |
| <b>GPM for sale of goods</b>           | <b>33%</b>   | <b>9%</b>    |          |   |



# FINANCIAL REVIEW – OTHER INCOME/ EXPENSES

## 3Q 2022 VS 3Q 2021

|                       | 3Q 2022     | 3Q 2021     | VARIANCE | COMMENT   |
|-----------------------|-------------|-------------|----------|---|
|                       | RM mil      | RM mil      | RM mil   |   |
| Rental income         | 0.07        | 0.07        | -        | Immaterial  |
| Money market fund     | 0.42        | 0.20        | 0.22     | Rate hike by BNM increased net return of MMF                      |
| Bad debt recovered    | 0.08        | -           | 0.08     | Bad debt recovered from log supplier                              |
| Foreign exchange gain | 0.68        | 0.16        | 0.52     | Strengthening of US dollar in 3Q 2022                             |
| Others                | 0.06        | 0.17        | (0.11)   | 3Q 2021 included reversal of allowance for doubtful logs advances |
| <b>Total</b>          | <b>1.31</b> | <b>0.60</b> |          |   |



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# FINANCIAL REVIEW – PROFIT OR LOSS ACCOUNT

## YTD 3Q 2022 VS YTD 3Q 2021

| Year-To-Date             | 3Q 2022       | 3Q 2021      | VARIANCE | COMMENT                                       |
|--------------------------|---------------|--------------|----------|---|
|                          | RM mil        | RM mil       | RM mil   |   |
| <b>Revenue</b>           | <b>126.47</b> | <b>78.75</b> | 47.72    | Refer page 7,8                                |
| Cost of sales            | (86.05)       | (73.70)      | 12.35    | Refer page 9                                  |
| <b>Gross profit</b>      | <b>40.42</b>  | <b>5.05</b>  |          |   |
| Interest income          | 0.29          | 0.14         | 0.15     | Rate hike by BNM                              |
| Other operating income   | 5.24          | 2.21         | 3.03     | Refer page 10                                 |
| Administrative expenses  | (5.53)        | (4.95)       | 0.58     | Mainly due to revision of provision for bonus |
| Other operating expenses | (2.03)        | (0.43)       | 1.60     | Refer page 10                                 |
| <b>Profit before tax</b> | <b>38.39</b>  | <b>2.02</b>  |          |   |
| Income tax               | (9.11)        | 0.91         | 10.02    | Higher profit                                 |
| <b>Profit after tax</b>  | <b>29.28</b>  | <b>2.93</b>  |          |   |





# FINANCIAL REVIEW – SEGMENTAL RESULT

## YTD 3Q 2022 VS YTD 3Q 2021

| Year-To-Date                    | 3Q 2022       | 3Q 2021      | COMMENT                        |
|---------------------------------|---------------|--------------|--------------------------------|
| <b><u>Revenue</u></b>           | RM mil        | RM mil       |                                |
| Manufacturing                   | 126.47        | 78.67        |                                |
| Electricity                     | 1.80          | 1.33         | Immaterial to the Group figure |
| Elimination                     | (1.80)        | (1.25)       |                                |
| <b>Total</b>                    | <b>126.47</b> | <b>78.75</b> |                                |
|                                 |               |              |                                |
| <b><u>Profit before tax</u></b> |               |              |                                |
| Manufacturing                   | 37.13         | 1.33         |                                |
| Electricity                     | 0.34          | 0.01         | Immaterial to the Group figure |
| Elimination and adjustment      | 0.92          | 0.68         |                                |
| <b>Total</b>                    | <b>38.39</b>  | <b>2.02</b>  |                                |



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# FINANCIAL REVIEW – REVENUE (MANUFACTURING)

## YTD 3Q 2022 VS YTD 3Q 2021

| Year-To-Date                               | 3Q 2022       | 3Q 2021       | VARIANCE | COMMENT   |
|--|---------------|---------------|----------|---|
| <b><u>Revenue (RM mil)</u></b>             |               |               |          |   |
| Sale of goods                              | 108.08        | 70.97         | 37.11    | Selling price increased by 51%  |
| Freight income                             | 18.39         | 7.70          | 10.69    | Higher freight rate and USD/MYR exchange rate in 2022; recognition of deferred income b/f from 31.12.2021 in 2022 |
| <b>Total</b>                               | <b>126.47</b> | <b>78.67</b>  |          |   |
|  |               |               |          |   |
| <b>Sales volume (m3)</b>                   | <b>30,954</b> | <b>30,707</b> | 247      | Immaterial  |
| <b>Average selling price of goods (RM)</b> | <b>3,492</b>  | <b>2,311</b>  | 1,181    | 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 3Q 2022 VS YTD 3Q 2021

| Year-To-Date                           | 3Q 2022      | 3Q 2021      | VARIANCE | COMMENT   |
|--|--------------|--------------|----------|---|
| <b><u>Cost of sales (RM mil)</u></b>   |              |              |          |   |
| Cost of goods                          | 64.60        | 62.61        | 1.99     | Slightly higher sales volume and cost per m3  |
| Selling & distribution costs           | 3.48         | 2.80         | 0.68     | Higher sales volume; higher loading fee in 2022   |
| Freight charges                        | 18.47        | 7.71         | 10.76    | Higher freight rate and USD/MYR exchange rate in 2022; recognition of deferred income b/f from 31.12.2021 in 2022 |
| <b>Total</b>                           | <b>86.55</b> | <b>73.12</b> |          |   |
| <b>Average cost of goods sold (RM)</b> | <b>2,199</b> | <b>2,130</b> | 63       | Higher cost of sales per m3 due to increase in costs such as wages, logs price, glue, diesel, etc in 2022         |
| <b>GPM for sale of goods</b>           | <b>37%</b>   | <b>8%</b>    |          |   |



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## FINANCIAL REVIEW – OTHER INCOME/ EXPENSES YTD 3Q 2022 VS YTD 3Q 2021

| Year-To-Date          | 3Q 2022     | 3Q 2021     | VARIANCE | COMMENT   |
|-----------------------|-------------|-------------|----------|---|
|                       | RM mil      | RM mil      | RM mil   |   |
| Rental income         | 0.21        | 0.21        | -        | Immaterial  |
| Money market fund     | 0.87        | 0.63        | 0.24     | Rate hike by BNM increased net return of MMF  |
| Bad debt recovered    | 0.32        | -           | 0.32     | Bad debt recovered from log supplier  |
| Foreign exchange gain | 1.46        | 0.48        | 0.98     | Strengthening of US dollar in 2022  |
| Others                | 0.35        | 0.46        | (0.11)   | Amount recorded in 2021 includes wages subsidy from government offset by the allowance for doubtful logs advances |
| <b>Total</b>          | <b>3.21</b> | <b>1.78</b> |          |   |



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# FINANCIAL REVIEW – PROFIT OR LOSS ACCOUNT

## 3Q 2022 VS 2Q 2022

|                          | 3Q 2022      | 2Q 2022      | VARIANCE | COMMENT                                       |
|--------------------------|--------------|--------------|----------|---|
|                          | RM mil       | RM mil       | RM mil   |   |
| <b>Revenue</b>           | <b>52.74</b> | <b>40.81</b> | 11.93    | Refer page 12,13                              |
| Cost of sales            | (37.29)      | (26.16)      | 11.13    | Refer page 14                                 |
| <b>Gross profit</b>      | <b>15.45</b> | <b>14.65</b> |          |   |
| Interest income          | 0.15         | 0.09         | 0.06     | Immaterial                                    |
| Other operating income   | 2.21         | 2.26         | (0.05)   | Refer page 15                                 |
| Administrative expenses  | (2.18)       | (1.66)       | 0.52     | Mainly due to revision of provision for bonus |
| Other operating expenses | (0.90)       | (1.33)       | (0.43)   | Refer page 15                                 |
| <b>Profit before tax</b> | <b>14.73</b> | <b>14.01</b> |          |   |
| Income tax               | (3.45)       | (3.41)       | 0.04     | Immaterial                                    |
| <b>Profit after tax</b>  | <b>11.28</b> | <b>10.60</b> |          |   |



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# FINANCIAL REVIEW – SEGMENTAL RESULT

## 3Q 2022 VS 2Q 2022

|                                 | 3Q 2022      | 2Q 2022      | COMMENT                        |
|---------------------------------|--------------|--------------|--------------------------------|
| <b><u>Revenue</u></b>           | RM mil       | RM mil       |                                |
| Manufacturing                   | 52.74        | 40.81        |                                |
| Electricity                     | 0.61         | 0.61         | Immaterial to the Group figure |
| Elimination                     | (0.61)       | (0.61)       |                                |
| <b>Total</b>                    | <b>52.74</b> | <b>40.81</b> |                                |
|                                 |              |              |                                |
| <b><u>Profit before tax</u></b> |              |              |                                |
| Manufacturing                   | 14.13        | 13.62        |                                |
| Electricity                     | 0.16         | 0.15         | Immaterial to the Group figure |
| Elimination and adjustment      | 0.44         | 0.24         |                                |
| <b>Total</b>                    | <b>14.73</b> | <b>14.01</b> |                                |



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# FINANCIAL REVIEW – REVENUE (MANUFACTURING)

## 3Q 2022 VS 2Q 2022

|  | 3Q 2022       | 2Q 2022      | VARIANCE | COMMENT  |
|--|---------------|--------------|----------|--|
| <b><u>Revenue (RM mil)</u></b>             |               |              |          |  |
| Sale of goods                              | 46.23         | 35.90        | 10.33    | Mainly due to higher sales volume  |
| Freight income                             | 6.51          | 4.91         | 1.60     | Freight rate, sales volume and USD/MYR exchange rate were all higher in 3Q as compared to 2Q |
| <b>Total</b>                               | <b>52.74</b>  | <b>40.81</b> |          |  |
| <b>Sales volume (m3)</b>                   | <b>12,402</b> | <b>9,856</b> | 2,546    | Considerable improvement in the shipping challenges  |
| <b>Average selling price of goods (RM)</b> | <b>3,727</b>  | <b>3,642</b> | 85       | Higher USD/MYR exchange rate in 3Q 2022  |



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# FINANCIAL REVIEW – COST OF SALES (MANUFACTURING)

## 3Q 2022 VS 2Q 2022

|  | 3Q 2022      | 2Q 2022      | VARIANCE | COMMENT  |
|--|--------------|--------------|----------|--|
| <b>Cost of sales (RM mil)</b>          |              |              |          |  |
| Cost of goods                          | 29.48        | 20.29        | 9.19     | Higher sales volume and cost per m3  |
| Selling & distribution costs           | 1.40         | 1.12         | 0.28     | Higher sales volume  |
| Freight charges                        | 6.59         | 4.91         | 1.68     | Freight rate, sales volume and USD/MYR exchange rate were all higher in 3Q as compared to 2Q   |
| <b>Total</b>                           | <b>37.47</b> | <b>26.32</b> |          |  |
| <b>Average cost of goods sold (RM)</b> | <b>2,490</b> | <b>2,173</b> | 317      | Poorer recovery rate, increase of production cost, higher allocation of fixed production overhead cost as a result of lower production volume in 3Q 2022 |
| <b>GPM for sale of goods</b>           | <b>33%</b>   | <b>40%</b>   |          |  |





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# FINANCIAL REVIEW – OTHER INCOME/ EXPENSES

## 3Q 2022 VS 2Q 2022

|                       | 3Q 2022     | 2Q 2022     | VARIANCE | COMMENT                                      |
|-----------------------|-------------|-------------|----------|--|
|                       | RM mil      | RM mil      | RM mil   |  |
| Rental income         | 0.07        | 0.07        | -        | Immaterial                                   |
| Money market fund     | 0.42        | 0.23        | 0.19     | Rate hike by BNM increased net return of MMF |
| Bad debt recovered    | 0.08        | 0.12        | (0.04)   | Immaterial                                   |
| Foreign exchange gain | 0.68        | 0.43        | 0.25     | Strengthening of US dollar in 3Q 2022        |
| Others                | 0.06        | 0.08        | (0.02)   | Immaterial                                   |
| <b>Total</b>          | <b>1.31</b> | <b>0.93</b> |          |  |



# FINANCIAL POSITION REVIEW

## MATERIAL CHANGES IN BALANCE SHEET ITEMS

|                                | 30.09.2022 | 31.12.2021 | VARIANCE | COMMENT   |
|--------------------------------|------------|------------|----------|---|
|                                | RM mil     | RM mil     | RM mil   |   |
| Trade and other receivables    | 6.31       | 37.03      | (30.72)  | Lower sales in September 2022 – RM2.85 million vs December 2021 – RM50.63 million   |
| Other current assets           | 3.19       | 9.09       | (5.90)   | Lower prepaid freight cost which is recognised overtime   |
| Other current financial assets | 95.54      | 49.06      | 46.48    | Additional placement in money market funds during the financial period  |
| Cash and bank balances         | 43.07      | 29.61      | 13.46    | Mainly due to collection from debtors as at 31.12.2021  |
| Tax (payable)/ refundable      | (7.58)     | 0.79       | 8.37     | Actual tax higher than estimated tax paid to IRB, tax estimate revised in September 2022 with instalments payable from October 2022 to January 2023 |
| Share capital                  | (67.61)    | (57.69)    | 9.92     | Issuance of 6.63 million shares through exercise of ESOS  |



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## CASH FLOWS REVIEW

| Year-To-Date                                     | 3Q 2022       | COMMENT  |
|--|---------------|--|
|  | RM mil        |  |
| Net cash generated from operating activities     | 65.55         | Mainly due to collection from trade debtors as at 31.12.2021 as well as profit generated in 2022   |
| Net cash used in investing activities            | (1.63)        | Mainly capital expenditure   |
| Net cash used in financing activities            | (3.92)        | 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) |
| <b>Net increase in cash and cash equivalents</b> | <b>60.00</b>  |  |
| Effect of exchange rate changes                  | 0.34          |  |
| Cash and cash equivalents at 01.01.2022          | 77.88         |  |
| <b>Cash and cash equivalents at 30.09.2022</b>   | <b>138.22</b> |  |



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## DIVIDENDS

- SHARE DIVIDEND ON THE BASIS OF 1 TREASURY SHARE FOR 25 EXISTING ORDINARY SHARES, EQUIVALENT TO APPROXIMATELY 2.45 SEN PER SHARE BASED ON THE BOOK COST OF TREASURY SHARE HELD
- EQUALS TO PAY OUT RATIO OF 45% (EPS OF 5.43 SEN AFTER BONUS ISSUE)
- TOTAL DIVIDEND DECLARED TO-DATE 6.64 SEN (46% PAY OUT RATIO BASED ON EPS OF 14.20 SEN AFTER BONUS ISSUE)
- EX DATE – 13.12.2022
- ENTITLEMENT DATE – 14.12.2022
- CREDITING DATE – 30.12.2022



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# PROSPECT FOR THE REMAINING PERIOD OF YEAR 2022

- CHANGES IN MACRO-ECONOMIC ENVIRONMENT:
  - ❖ SLOWDOWN IN US HOUSING INDUSTRY AFFECT SELLING PRICE OF PLYWOOD;
  - ❖ DELIVERY OF ORDER FROM A CUSTOMER IS HELD TEMPORARILY; AND
  - ❖ SLOWDOWN IN US RECREATIONAL VEHICLE SECTOR AFFECT THE DEMAND OF OUR PLYWOOD.
- HIGHER PRODUCTION COST PER M3 GIVEN THE CURRENT INFLATION SITUATION AS WELL AS PRODUCTION CURTAILMENT.
- STRENGTHENING OF US DOLLAR GIVES US ROOM TO ADJUST OUR SELLING PRICE IN ORDER TO SECURE MORE ORDERS.
- EXPECTING LOWER SALES AND PROFIT MARGIN IN THIS CHALLENGING OPERATING ENVIRONMENT.



**THANK YOU**