

Ancom Nylex

A Soft 2Q But Better 2H Still Likely

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ANCOMNY's 1HFY26 core net profit (CNP) rose 49% YoY to reach 44% of Kenanga, and 46% of consensus, full-year estimate. Though slightly softer than we had expected, earnings are still likely to improve in 2HFY26 and into FY27. MSMA sales are likely to grow following approval for its use for soyabean planting in Brazil. New products and cost streamlining from the industrial chemical arm should also help further in FY27. Downgrade FY26F core EPS (CEPS) by 3% to 8.2 sen but maintain FY27 forecast along with our TP of RM1.40 and OUTPERFORM call, ahead of briefing on 21 Jan.

1HFY26. Excluding fair value loss (RM0.1m) and foreign exchange loss (RM2m), 1HFY26 CNP surged 49% YoY to RM40.5m from: (a) steady agri-chemical contribution despite softer exports proceeds due to the stronger MYR (+6%), and (b) expanded industrial chemical margins. 1HFY26 effective tax rate of 29% was lower than last first half's 35% but still within our expectation.

2QFY26. Results came in softer than expected. 2QFY26 CNP was only RM20m (-3% QoQ, +50% YoY) though still much stronger than a year ago. Agri-chemical sales and margins were softer due to a stronger MYR as well as tighter trading margin from the industrial chemical operations.

Firmer and more sustainable growth ahead. ANCOMNY is expected to benefit from several growth drivers later in FY26 and into FY27:

1. MSMA exports to Brazil to grow further. So far, MSMA exports have been growing organically as well as from buyers wanting to manage supply risk of rival MSMA supplier operating out of Israel. The bulk of the MSMA sales to Brazil was for sugarcane. In Dec 2025, Brazil regulators approved soyabean farmers to use MSMA as well. As soyabean planting covers 50m Ha or 5.5x larger than sugarcane's (9m Ha) in Brazil, better MSMA growth for the coming five years or so can be expected.

2. Stable timber preservative sales. Firm timber preservative exports are expected for FY26-27 thanks to a 3-year supply contract which runs till June 2027 and ANCOMNY is one of only a handful of producers globally. New markets and contracts also being explored.

3. Expanding active ingredients (AIs) portfolio. ANCOMNY introduced Bromacil and Ester to the markets three years ago and in April 2025 AI "T" was launched. A new AI "S" may be commercialised in FY27. Though contributions from such AIs are still small, they are growing and provide diversification to help manage concentration risks.

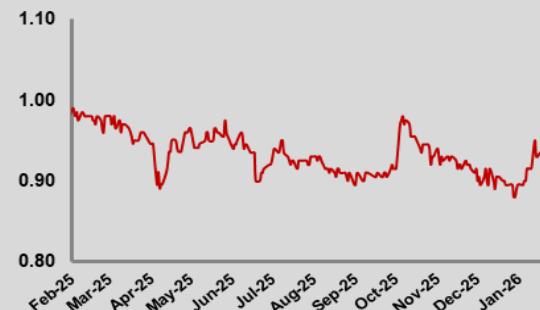
4. Industrial chemicals streamlining. Tight trading margin from industrial chemicals is expected to stay. However, cost cuts, efficiency push and a proposed 50:50 JV with Thai Oil PCL (TOP) to strengthen distribution should improve earnings from lower cost and higher scale.

Reverse takeover (RTO) of Green Lagoon Technology (GLT). 34%-associate, Ancom Logistics Bhd (ALB, Non-Rated), proposed to issue 1b new shares valued at RM120m to take over GLT. So as to retain GLT as an associate post-RTO, ANCOMNY was to subscribe 183m additional new, post-RTO GLT shares for RM22m cash. As the RTO timeline has

OUTPERFORM 

Price: **RM0.93**
Target Price: **RM1.40** 

Share Price Performance



KLCI	1,699.06
YTD KLCI chg	1.1%
YTD stock price chg	5.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ANCOMNY MK EQUITY
Market Cap (RM m)	998.5
Shares Outstanding	1,073.6
52-week range (H)	0.99
52-week range (L)	0.87
3-mth avg. daily vol.	1,175,268
Free Float	43%
Beta	0.7

Major Shareholders

Helm Ag	16.8%
Datuk Siew Ka Wei	14.2%
Dato Lee Cheun Wei	10.1%

Summary Earnings Table

FY May (RM m)	2025A	2026F	2027F
Turnover	1,874.6	1,901.1	2,062.9
EBIT	117.0	139.5	158.5
PBT	99.2	125.3	146.9
Net Profit	64.5	88.6	107.5
Core Net Profit	67.9	88.6	107.5
Consensus (NP)	0.0	88.8	103.0
Earnings Revision	-	-3%	-
Core EPS (sen)	6.2	8.2	9.6
CNP Growth (%)	-20	32	17
NDPS (sen)	5.0	3.6	3.6
BVPS (RM)	0.6	0.6	0.7
PER (x)	15.0	11.4	9.7
PBV (x)	1.7	1.4	1.3
Net Gearing (x)	0.2	(0.0)	(0.1)
Net Div. Yield (%)	5.4	3.9	3.9

been extended 12 months (till end-2026), ANCOMNY subscribed for 2.7m new but pre-RTO GLT shares for RM22m cash in Oct 2025 to hold 17% in GLT. Nonetheless, once the RTO concludes, this 17% stake will increase to 22%, or marginally above the original proposed post-RTO holding in GLT of 21%.

Forecasts. We are revising down FY26 core EPS (CEPS) by 3% to 8.2. sen but maintaining FY27 CEPS on the back of a slightly softer than expected 1HFY26 earning. In general, we expect ANCOMNY to see stronger earnings moving into 2H of FY26 and into FY27 and beyond on the back of:

- (a) maiden MSMA sales to Brazilian soyabean farmers should start in 2HFY26.
- (b) growing new AI sales, including AI "T" which saw commercial launch in April 2025 (or 1QFY26).
- (c) FY27 expected to see some GLT contributions come 2HFY27 as we expect the RTO to conclude by then.

Valuations. TP for ANCOMNY is maintained at RM1.40 based on 15x calendarised FY26-27F PER or nearly half the forward PER (25-30x) of regional agriculture chemical peers given ANCOMNY's much smaller size. There is no change to our TP arising from its 3-star ESG rating which is appraised by us (see page 4).

Investment case. We continue to like ANCOMNY for it being: (i) largest active ingredients producer for herbicide in South-East Asia, (ii) a beneficiary of widening ban of the highly toxic Paraquat, and (iii) an alternative, neutral supplier amidst US-China trade tension. It is indirectly a proxy to global food production and food security as well. Maintain **OUTPERFORM**.

Risks to our call include: (i) downturn in crop production in key markets, (ii) regulatory risk, and (iii) foreign exchange translation risk.

Results Highlights								
FYE May (RM m)	2Q26	1Q26	QoQ	2Q25	YoY	6MFY26	6 MFY25	YoY
Revenue	428.8	447.4	-4%	450.7	-5%	876.2	966.3	-9%
Gross Profit	74.5	80.5	-7%	75.0	-1%	155.0	151.4	2%
EBIT	30.9	34.0	-9%	27.4	12%	64.4	54.1	19%
Interest	(4.7)	(4.9)	-5%	(5.0)	-6%	(9.6)	(10.3)	-7%
Associates	0.4	0.4	-1%	(0.0)	-38600%	0.8	(0.0)	-25933%
EI	(2.0)	(0.4)	337%	1.9	-206%	(2.0)	1.2	-264%
Pre-tax Profit (PBT)	24.6	29.0	-15%	24.3	1%	53.6	45.0	19%
Taxation	(6.6)	(8.9)	-26%	(8.6)	-23%	(15.5)	(15.6)	0%
Minority Interest	0.0	(0.0)	-139%	(0.6)	-102%	(0.0)	(1.1)	-99%
Net Profit	18.0	20.1	-10%	15.2	19%	38.1	28.4	34%
Core Net Profit (CNP)	20.0	20.5	-3%	13.3	50%	40.5	27.2	49%
EPS (sen)	1.7	1.8	-10%	1.4	17%	3.5	2.7	32%
CEPS (sen)	1.8	1.8	-2%	1.2	48%	3.6	2.4	47%
DPS (sen)	-	1.0	N.A.	-	N.A.	1.0	4.0	-75%
GP margin	17%	18%		17%		18%	16%	
EBIT margin	7%	8%		6%		7%	6%	
PBT margin	6%	6%		5%		6%	5%	
CNP margin	5%	5%		3%		5%	3%	
Effective tax rate	-27%	-31%		-35%		-29%	-35%	

Source: Company, Kenanga Research

21 January 2026

Segmental Breakdown								
FYE May (RM m)	2Q26	1Q26	QoQ	2Q25	YoY	6MFY26	6MFY25	Yoy
Revenue								
Agriculture chemicals	134.0	137.2	-2%	135.0	-1%	271.2	271.6	0%
Industrial chemicals	256.2	268.0	-4%	267.9	-4%	524.2	607.3	-14%
Logistics	11.5	12.0	-5%	11.6	-2%	23.5	23.9	-2%
Polymer	14.9	19.8	-25%	21.3	-30%	34.6	36.7	-6%
Investments & others	12.3	10.4	18%	14.9	-18%	22.6	26.7	-15%
Total	428.8	447.4	-4%	450.7	-5%	876.2	966.3	-9%
Profit Before Tax								
Agriculture chemicals	21.1	24.9	-15%	23.6	-11%	46.0	45.8	1%
Industrial chemicals	8.1	10.2	-21%	5.6	43%	18.2	13.2	38%
Logistics	2.3	3.3	-30%	3.5	-35%	5.5	6.8	-19%
Polymer	(0.3)	1.4	-124%	1.7	-120%	1.1	1.1	-1%
Assoc, invest. & others	(1.8)	(5.8)	-68%	(5.2)	-65%	(7.6)	(11.5)	-34%
Finance cost	(4.7)	(4.9)	-5%	(5.0)	-6%	(9.6)	(10.3)	-7%
Total	24.6	29.0	-15%	24.3	1%	53.6	45.0	19%
PBT margins								
Agriculture chemicals	16%	18%		18%		17%	17%	
Industrial chemicals	3%	4%		2%		3%	2%	
Logistics	20%	27%		30%		24%	29%	
Polymer	-2%	7%		8%		3%	3%	
Total	6%	6%		5%		6%	5%	

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
		1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	
MANUFACTURING																	
ANCOM NYLEX BHD	OP	0.930	1.40	50.5%	998.5	Y	05/2026	8.2	9.5	34.5%	17.7%	11.4	9.8	1.4	13.2%	5.0	5.4%
BM GREENTECH BHD	UP	1.60	1.72	7.5%	1,100.5	Y	03/2026	11.3	12.2	11.5%	7.5%	14.1	13.1	3.1	22.5%	1.8	1.1%
BP PLASTICS HOLDINGS BHD	MP	0.605	0.630	4.1%	170.3	Y	12/2025	3.4	7.9	-63.5%	133.7%	17.9	7.7	0.6	3.5%	2.0	3.3%
HPP HOLDINGS BHD	MP	0.320	0.300	-6.3%	124.4	Y	05/2026	2.0	2.3	146.9%	12.7%	15.7	14.0	1.0	6.3%	2.0	6.3%
KUMPULAN PERANGSANG SELANGOR	UP	0.615	0.480	-22.0%	330.5	Y	12/2025	4.4	4.8	143.9%	8.4%	13.8	12.8	0.3	2.2%	2.0	3.3%
SCIENTEX BHD	MP	3.56	3.60	1.1%	5,540.3	Y	07/2026	31.5	33.4	-9.2%	6.0%	11.3	10.7	1.3	11.7%	11.0	3.1%
SLP RESOURCES BHD	MP	0.795	0.890	11.9%	252.0	Y	12/2025	3.5	4.6	-20.7%	31.5%	22.7	17.3	1.4	5.9%	4.0	5.0%
TECHBOND GROUP BHD	OP	0.300	0.470	56.7%	227.6	Y	06/2026	4.1	4.5	37.5%	9.1%	7.3	6.7	0.8	12.0%	1.0	3.3%
THONG GUAN INDUSTRIES BHD	OP	1.16	1.44	24.1%	458.5	Y	12/2025	17.4	20.2	3.9%	16.2%	6.7	5.7	0.5	7.1%	6.0	5.2%
Sector Aggregate					9,202.5					7.7%	10.6%	11.7	10.6	1.1	9.5%	4.0%	

Source: Bloomberg, Kenanga Research

STOCK ESG RATINGS

	Criterion	Rating		
GENERAL	Earnings Sustainability & Quality	★	★	☆
	Community Investment	★	★	
	Workers Safety & Wellbeing	★	★	☆
	Corporate Governance	★	★	★
	Anti-Corruption Policy	★	★	★
	Emissions Management	★	★	
SPECIFIC	Product Quality & Safety	★	★	★
	Effluent/Waste Management	★	★	
	Digitalisation & Innovation	★	★	
	Material/Resource Management	★	★	★
	Supply Chain Management	★	★	★
	Energy Efficiency	★	★	☆
OVERALL		★	★	★

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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Published by:

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