Ancom Nylex

Brazil Tailwind To Strengthen In 2H

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OUTPERFORM ↔

Price :	RM0.925
Target Price :	RM1.40 ↔

1HFY26's post-results briefing backs our double-digit growth trajectory for the coming 4-5 years. Key is approval for soyabean farmers in Brazil to use MSMA but firm timber preservative sales is also expected along with growing contributions from new active ingredients (AIs) and businesses. Maintain FY26-27 earnings forecasts, TP of RM1.40 and OUTPERFORM call.

Key takeaways from ANCOMNY's post-1HFY26 results briefing are as follow:

1. **10%-15% YoY MSMA growth likely over FY27-30.** MSMA has been used in Brazil for nearly two decades, notably among sugarcane planters. Recent Dec 2025 approval by Brazil to allow soyabean farmers to use MSMA as well is very positive for ANCOMNY because: (a) it is already an established MSMA player among Brazilian sugarcane planters, (b) Brazil soyabean planting area is already 5-6 times larger than sugarcane (and still growing by 2%-4% p.a.), and (c) ANCOMNY could be gaining MSMA orders from buyers who are concerned over its Israel-based rival supply risks. As such, we expect MSMA volume to grow 10% in FY26, 15% YoY in FY27, and we now expect annual growth to stay in teens into FY30.
2. **Firm timber preservative exports**. ANCOMNY's supply contract to US encountered high freight rates which eroded FY25 margins but with normalising freight cost, margins should improve over FY26-27.
3. **New AIs growing contribution.** Launched in April 2025, sales of AI "T", is now expected to be slower in FY26, at 0.4m MT instead of earlier target of 0.5m MT but should eventually grow to 0.8m-1m MT a year eventually. Launch of another new AI "S" is still in FY27.
4. **Profits from newly acquired businesses**. Three small, adjacent businesses were acquired in the past 12 months, namely: (a) 70% in a formulation company, Colorex, for RM14m with RM2.5m guaranteed PAT in April 2025, (b) 80% in coating specialist, Flexis Solutions, for RM13m with RM2m guaranteed PAT in June 2025, and (c) 60% in a medical/animal care business under H2H Medicare Group for RM5m with guaranteed PAT of RM2m in July 2025.

Reverse takeover (RTO) of Green Lagoon Technology (GLT). 34%-associate, Ancom Logistics Bhd (ALB, Non-Rated) plans to take over GLT with 1b new shares valued at RM120m. As ANCOMNY still wants ALB as an associate, ALB is to also issue 183m new shares to ANCOMNY for RM22m cash. Due to delays, in Oct 2025, ANCOMNY bought 2.7m of new pre-RTO GLT shares for RM22m cash or 17% in GLT. This stake will then rise to 22% once the RTO concludes.

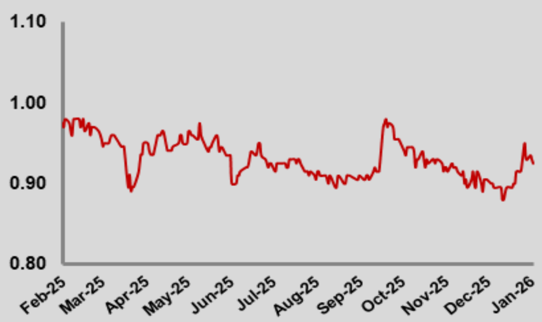
Forecasts. No change.

Valuations. Maintain TP of RM1.40, based on 15x calendarised FY26-27F PER, which is still half the forward PER of larger regional agriculture chemical peers. There is no change to our TP from its 3-star ESG rating as appraised by us (see page 4).

Investment case. We continue to like ANCOMNY for: (i) its position as the largest herbicide active ingredients producer in South-East Asia, (ii) benefiting from the widening ban on Paraquat use, (iii) it is likely to gain from the US-China trade tension as well as (iv) being a proxy to global food production and food security goal. Maintain **OUTPERFORM**.

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

Share Price Performance



KLCI	1,705.81
YTD KLCI chg	1.5%
YTD stock price chg	5.1%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ANCOMNY MK EQUITY
Market Cap (RM m)	992.8
Shares Outstanding	1,072.5
52-week range (H)	0.99
52-week range (L)	0.87
3-mth avg. daily vol.	1,168,589
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)	-	88.8	103.0
Earnings Revision	-	-	-
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	11.3	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

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE 1-Yr. Fwd.	Net. Div. (sen) 1-Yr. Fwd.	Net Div Yld 1-Yr. Fwd.
MANUFACTURING																	
ANCOM NYLEX BHD	OP	0.925	1.40	51.4%	992.8	Y	05/2026	8.2	9.5	34.5%	17.7%	11.3	9.7	1.4	13.2%	5.0	5.4%
BM GREENTECH BHD	UP	1.56	1.72	10.3%	1,073.0	Y	03/2026	11.3	12.2	11.5%	7.5%	13.8	12.8	3.0	22.5%	1.8	1.2%
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 BHD	UP	0.610	0.480	-21.3%	327.8	Y	12/2025	4.4	4.8	143.9%	8.4%	13.7	12.7	0.3	2.2%	2.0	3.3%
SCIENTEX BHD	MP	3.63	3.60	-0.8%	5,649.3	Y	07/2026	31.5	33.4	-9.2%	6.0%	11.5	10.9	1.3	11.7%	11.0	3.0%
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	1.17	1.44	23.1%	462.5	Y	12/2025	17.4	20.2	3.9%	16.2%	6.7	5.8	0.5	7.1%	6.0	5.1%
Sector Aggregate					**9,279.6**					**7.7%**	**10.6%**	**11.8**	**10.7**	**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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