

18 April 2025

Acom Nylex

A Soft Quarter But Largely Expected

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ANCOMNY's 9MFY25 results were expectedly soft and was within Kenanga (1%) and consensus (3%) estimates. YoY, 9MFY25 core net profit (CNP) slipped on weaker industrial chemicals revenue coupled with margin tightness from agriculture chemicals. The strategic outlook for ANCOMNY remain good even though FY25 is looking clearly to be a year of consolidation with FY26 likely to see some recovery. Maintain FY25-26 core EPS, TP at RM1.20 and OUTPERFORM call.

9MFY25. Excluding net gains from fair value, disposals and foreign exchange gain of RM0.7m, 9M FY25 CNP of RM71.6m (-17%) came in at 69% and 72% of Kenanga and consensus full-year estimates respectively. Revenue was generally soft especially industrial chemicals but agriculture chemical sales held flat. Margins also slipped as improving agriculture chemical margins QoQ was insufficient to offset a poor 1QFY25 due to high shipping cost though freight rates have eased since. No interim DPS was declared, as expected.

3QFY25 revenue held flat QoQ but fell 17% YoY on weaker industrial chemicals and the other operations. This was with the exception of agriculture chemicals which held flat YoY and inched up QoQ on timber preservative and MSMA demand. CNP surged 39% QoQ and 2% softer YoY as freight cost eased QoQ. 3Q can also be a seasonally soft quarter due to MSMA Brazil's sugarcane planting cycle.

FY25 looks set to be consolidation year. YTD, agriculture chemicals demand has been robust but margins struggled under high freight rates., which have receded since early part of 2025. Concurrently, industrial chemicals demand and margin have been slow. Further compounding the soft business performance thus far, there is also additional dilution to EPS as 96.2m new shares were issued to Helm AG (Helm) in Sept CY24. 63m warrants have also been converted YTD FY25 hence aggregated EPS dilution of 15% is estimated for FY25. Thereafter, ANCOMNY has about 28m warrants or 2-3% dilution left.

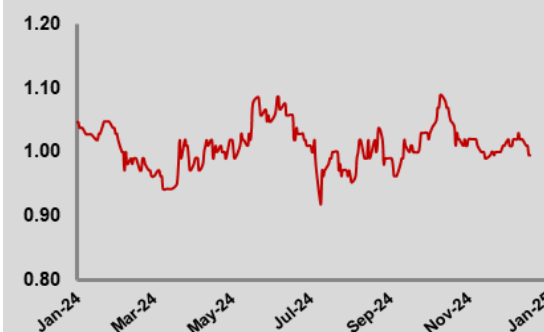
Better days ahead on the back of the following factors:

- New strategic partner.** As a key agriculture chemicals active ingredient (AI) player in SE Asia, Helm strategic interest in ANCOMNY is thus not surprising. A major chemicals trader and distributor in Europe and Americas, Helm can potentially help ANCOMNY tap new markets. As it is ANCOMNY is seeking to widen its Brazilian MSMA business beyond sugarcane into soyabean, a market that is potentially 5x larger and Helm has established network in Brazil's soyabean regions.
- Timber preservative exports to US exempted from tariff.** As such, ANCOMNY's 3-year supply contract should continue to provide some sale stability. However, margins have been affected by higher freight rates to the US since 1QFY25. Although shipping charges have been easing since, shipping rates are still higher than normal and we expect this to stay so until FY26.
- Growth from newer AIs.** Launched in FY22, Bromacil and Ester sales are growing but still small. Full commercialisation of AI "T" is also in the final stages. Installation of the tri-phosgenation equipment to allow ANCOMNY greater flexibility in raw material import for AI "T" has been installed with test running pending this or next month. As such, full commercial run of AI "T" looks likely in 1H FY26. Work on other new AIs can also be expected in FY26.

OUTPERFORM ↔

Price : RM0.945
Target Price : RM1.20 ↔

Share Price Performance



KLCI 1,483.27
YTD KLCI chg -9.7%
YTD stock price chg -6.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ANCOMNY MK EQUITY
Market Cap (RM m)	1,004.8
Shares Outstanding	1,063.3
52-week range (H)	1.14
52-week range (L)	0.88
3-mth avg. daily vol.	2,341,241
Free Float	58%
Beta	0.5

Major Shareholders

Helm Ag	16.7%
Siew Ka Wei	14.3%
Lee Cheun Wei	10.0%

Summary Earnings Table

FY May (RM m)	2024	2025F	2026F
Turnover	1,996.3	1,920.6	2,097.8
EBIT	130.1	107.1	143.3
PBT	110.5	96.5	138.9
Net Profit	82.8	67.1	106.2
Core Net Profit	79.0	67.0	106.2
Consensus (NP)	-	64.1	96.0
Earnings Revision	-	0%	0%
Core EPS (sen)	7.8	5.8	9.1
Core EPS Grwth (%)	9%	-26%	58%
NDPS (sen)	2.0	2.0	2.0
BVPS (RM)	0.6	0.6	0.6
PER (x)	12.2	16.4	10.4
PBV (x)	1.7	1.7	1.5
Net Gearing (x)	0.3	0.2	0.0
Net Div. Yield (%)	2.1%	2.1%	2.1%

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Results Highlights

FYE May (RM m)	3Q25	2Q25	QoQ	3Q24	YoY	9MFY25	9MFY24	YoY
Revenue	449.0	450.7	0%	516.8	-13%	1,415.3	1,509.3	-6%
Gross Profit	78.9	75.0	5%	83.1	-5%	230.2	235.5	-2%
EBIT	31.1	27.4	13%	32.6	-4%	31.1	32.6	-4%
Interest	(4.1)	(5.0)	-17%	(5.3)	-22%	(14.4)	(15.6)	-8%
Associates	0.0	(0.0)	-1000%	(0.0)	-1000%	0.0	(0.0)	-119%
EI	(0.5)	1.9	-124%	1.3	-136%	0.7	0.8	-19%
Pre-tax Profit (PBT)	26.5	24.3	9%	28.5	-7%	71.6	85.8	-17%
Taxation	(8.3)	(8.6)	-3%	(8.1)	2%	(23.9)	(21.9)	9%
Minority Interest	(0.2)	(0.6)	-69%	(0.3)	-27%	(1.3)	(0.9)	44%
Net Profit	18.0	15.2	19%	20.1	-10%	46.4	63.0	-26%
Core Net Profit (CNP)	18.5	13.3	39%	18.9	-2%	45.7	62.2	-26%
EPS (sen)	1.7	1.4	21%	2.1	-19%	4.4	6.6	-33%
CEPS (sen)	1.7	1.2	45%	1.8	-6%	4.3	6.6	-35%
DPS (sen)	-	-	N.A.	-	N.A.	4.0*	2.1	91%
GP margin	18%	17%		16%		16%	16%	
EBIT margin	7%	6%		6%		2%	2%	
PBT margin	6%	5%		6%		5%	6%	
CNP margin	4%	3%		4%		3%	4%	
Effective tax rate	-31%	-35%		-29%		-33%	-26%	

*About 4.0 sen dividend based on 4 treasury shares for every 100 ordinary shares held.

Source: Company, Kenanga Research

Segmental Breakdown

FYE May (RM m)	3Q25	2Q25	QoQ	3Q24	YoY	9MFY25	9MFY24	Yoy
Revenue								
Agriculture chemicals	137.7	135.0	2%	138.1	0%	409.3	404.7	1%
Industrial chemicals	263.2	267.9	-2%	335.7	-22%	870.6	963.8	-10%
Logistics	11.6	11.6	0%	12.2	-5%	35.4	36.6	-3%
Polymer	21.3	21.3	0%	19.0	12%	58.0	58.6	-1%
Investments & others	15.3	14.9	2%	11.9	29%	42.0	45.7	-8%
Total	449.0	450.7	0%	516.8	-13%	1,415.3	1,509.3	-6%
Profit Before Tax								
Agriculture chemicals	26.3	23.6	11%	27.6	-5%	72.1	79.3	-9%
Industrial chemicals	6.0	5.6	6%	5.8	3%	19.1	17.3	11%
Logistics	2.8	3.5	-21%	3.3	-15%	9.6	8.8	9%
Polymer	1.8	1.7	7%	2.6	-31%	2.9	6.9	-59%
Assoc, invest. & others	(6.2)	(5.2)	20%	(5.5)	13%	(17.7)	(10.9)	62%
Finance cost	(4.1)	(5.0)	-17%	(5.3)	-22%	(14.4)	(15.6)	-8%
Total	26.5	24.3	9%	28.5	-7%	71.6	85.8	-17%
PBT margins								
Agriculture chemicals	19.1%	17.5%		20.0%		17.6%	19.6%	
Industrial chemicals	2.3%	2.1%		1.7%		2.2%	1.8%	
Logistics	23.9%	30.0%		26.8%		27.1%	24.0%	
Polymer	8.4%	7.9%		13.7%		4.9%	11.9%	
Total	5.9%	5.4%		5.5%		5.1%	5.7%	

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.
MANUFACTURING																	
ANCOM NYLEX BHD	OP	4.88	6.30	29.1%	4,378.1	Y	12/2025	40.2	42.4	18.2%	5.6%	12.1	11.5	0.7	12.2%	25.0	5.1%
BM GREENTECH BHD	OP	1.91	2.70	41.4%	1,527.4	Y	12/2025	18.9	16.7	1.7%	-11.7%	10.1	11.5	0.7	7.2%	13.0	6.8%
BP PLASTICS HOLDINGS BHD	OP	3.59	4.30	19.8%	22,271.3	Y	06/2025	22.2	23.2	28.2%	4.8%	16.2	15.5	1.8	11.3%	11.0	3.1%
HPP HOLDINGS BHD	MP	20.00	22.00	10.0%	22,273.2	Y	09/2025	124.5	145.3	78.0%	16.7%	16.1	13.8	1.4	9.9%	50.0	2.5%
KUMPULAN PERANGSANG SELANGOR	OP	11.50	16.00	39.1%	16,359.9	Y	12/2025	130.6	138.1	13.9%	5.7%	8.8	8.3	0.6	6.4%	45.0	3.9%
SCIENTEX BHD	MP	4.57	4.65	1.8%	31,604.8	Y	12/2025	25.3	24.7	16.7%	-2.4%	18.0	18.5	1.6	11.6%	15.0	3.3%
SLP RESOURCES BHD	MP	3.85	4.00	3.9%	1,695.8	Y	12/2025	37.8	39.9	-11.0%	5.6%	10.2	9.6	0.9	9.8%	35.0	9.1%
TECHBOND GROUP BHD	OP	1.09	1.40	28.4%	1,448.6	Y	12/2025	11.6	11.1	21.4%	-3.8%	9.4	9.8	0.7	7.2%	3.0	2.8%
THONG GUAN INDUSTRIES BHD	OP	5.00	6.30	26.0%	1,048.8	Y	04/2025	53.2	50.9	84.8%	-4.4%	9.4	9.8	0.7	7.3%	12.0	2.4%
Sector Aggregate					102,608.0					25.6%	4.9%	14.1	13.4	1.0	9.2%		4.3%

Source: Bloomberg, Kenanga Research

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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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