

24 February 2026

Kossan Rubber Industries

FY25 Came in Above Consensus

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KOSSAN's FY25 results came in above consensus expectation but met ours. Moving into FY26, the group is cautiously optimistic for a sustained recovery, and continues to accelerate its transformation program, focusing on automation, digital solutions and cost optimisation to enhance operational efficiency. We maintain our earnings forecasts. Our new TP is RM1.50 (from RM2.70) based on 23x FY27 EPS (roll forward from FY26F to FY27F). We value KOSSAN based on 23x 5-year historical 1-year forward average instead of asset-based to better reflect its recovery to high stable earnings base. Reiterate OUTPERFORM.

Its FY25 net profit came in at RM151m (+28% YoY) within our expectation or accounting for 95% of our forecast. However, it beat consensus full-year net profit forecasts by 13%. No dividend was declared. However, we expect a final dividend to be declared somewhere in 2QCY26 (An interim DPS of 2 sen was paid on 24 Dec CY25).

QoQ, its 4QFY25 revenue was a flat +0.1%, we believe as higher sales volume was negated by forex i.e. stronger MYR vs. USD. We believe sales volumes in 4QFY25 normalised following the resumption of shipments in 3QFY25. This brought 4QFY25 net profit higher by 23% to RM47m due to a positive tax writeback from over provision in prior years.

YoY, its FY25 revenue fell 8%, primarily attributed to a temporary production halt for 10 days in April following the gas supply shutoff due to the gas pipeline explosion in Putra Heights, coupled with disruptions in global container vessel shipments which was restored in July 2025 and the strengthening of MYR against the U.S. dollar. EBITDA rose 12% due to better economies of scale. This led to a 2.6 ppts EBITDA margin expansion to 14.2% compared to 11.6% in FY24. As a result, FY25 net profit rose 28% to RM151m due to a lower effective tax rate.

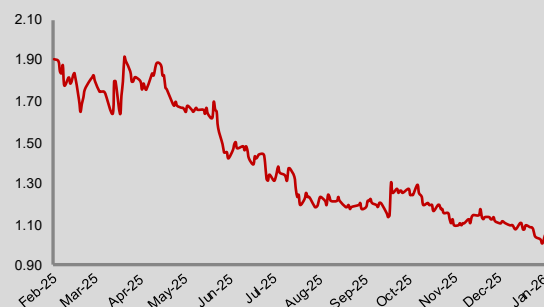
Outlook. We are positive on Kossan's prospects moving into FY26. The group is optimistic that global glove demand continues to show early signs of stabilisation, supported by steady restocking activities and a gradual return to more normalised consumption levels despite a moderate recovery trajectory which supports the glove industry's long-term prospects. We believe KOSSAN is expected to be less affected as it focuses on specialty gloves which fetch better margins. Moreover, with its disciplined cost structure and continuous efforts to streamline operations, the group's profitability is expected to be less impacted by any potential orders slowdown.

Valuations. We maintain our earnings forecasts. Our TP is RM1.50 (from RM2.70) based on 23x FY27F EPS. We value KOSSAN based on 23x 5-year historical 1-year forward average (refer chart in page 3) instead of using an asset-based approach to better reflect its recovery to higher and less volatile earnings base, accounting for earnings recovery, strong cash position, and strategic, high-margin specialty glove production. We like KOSSAN for: (i) trading at 12x PER-ex cash (RM1.57b or RM0.61/share net cash and net cash per share as at 31 Dec 2025), (ii) its solid management, and (iii) focusing on specialty gloves which fetch better margins. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3). Reiterate **OUTPERFORM**.

OUTPERFORM ↔

Price: RM1.05
Target Price: RM1.50 ↓

Share Price Performance



KLCI	1,757.98
YTD KLCI chg	4.6%
YTD stock price chg	-3.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KRI MK
Market Cap (RM m)	2,654.8
Shares Outstanding	2,528.4
52-week range (H)	2.03
52-week range (L)	0.94
3-mth avg. daily vol.	4,174,222
Free Float	46%
Beta	0.8

Major Shareholders

Kossan Holdings SdnBhd	35.3%
EPF	5.6%
Abrdn Plc	5.6%

Summary Earnings Table

FY Dec (RMm)	2025A	2026F	2027F
Turnover	1748.0	2122.5	2177.3
PBT	175.1	218.7	244.4
Net Profit	151.3	165.8	185.4
Core Net Profit	151.3	165.8	185.4
Consensus (NP)	-	141	161
Earnings Revision	-	-	-
Core EPS (sen)	6.0	6.5	7.2
Core EPS Growth (%)	27.8	8.0	11.9
NDPS (sen)	4.0	4.0	4.0
BVPS (RM)	1.45	1.47	1.51
Core PER (x)	17.7	16.2	14.5
Price/BV (x)	0.7	0.7	0.7
Net Gearing (%)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	9.1	3.9	3.9

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Key risks to our recommendation include: (i) certain Chinese glove giants ramp up predatory pricing practices (i.e. selling below cost over an extended period of time to eliminate competitors), (ii) weaker-than-expected growth in demand for gloves due to slower-than-anticipated hygiene standards implementation and health awareness globally, and (iii) unfavourable changes in tariffs to Malaysian glove makers.

Result Highlights

	4Q	3Q	Q-o-Q	4Q	Y-o-Y	12M	12M	Y-o-Y
FY Dec (RM m)	FY25	FY25	Chg %	FY24	Chg %	FY24	FY25	Chg %
Turnover	439.5	439.0	0.1	517.9	(13.5)	1,906.8	1,748.0	(8.3)
EBITDA	64.2	61.9	3.7	55.3	7.3	221.9	247.4	11.5
Depreciation	(26.3)	(23.6)	11.3	(24.9)	(14.2)	(107.4)	(100.1)	(6.8)
Net interest income	6.5	6.7	(3.8)	8.3	(29.7)	42.9	27.8	(35.1)
EI [^]	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
PBT	44.4	45.0	(1.4)	38.7	13.2	157.3	175.1	11.3
Tax	2.5	(6.8)	(137.3)	(10.6)	(30.3)	(36.5)	(22.5)	(38.4)
Minority interest	(0.2)	(0.4)	(49.2)	(0.5)	(31.9)	(2.4)	(1.3)	(47.4)
Net profit / (loss)	46.7	37.8	23.4	27.7	28.5	118.4	151.3	27.8
Core net profit / (loss)	46.7	37.8	23.4	27.7	28.5	118.4	151.3	27.8
EPS / (LPS) (sen)	1.9	1.5	23.3	1.1	30.4	4.6	6.0	28.9
EBITDA margin (%)	14.6	14.1		10.7	19.2	11.6	14.2	
PBT margin (%)	10.1	10.3		7.5	22.1	8.3	10.0	
NP margin (%)	10.6	8.6		5.3	13.8	6.2	8.7	
Effective tax rate (%)	(5.7)	18.4		27.2	NM	23.2	12.9	

Source: Kenanga Research, Company

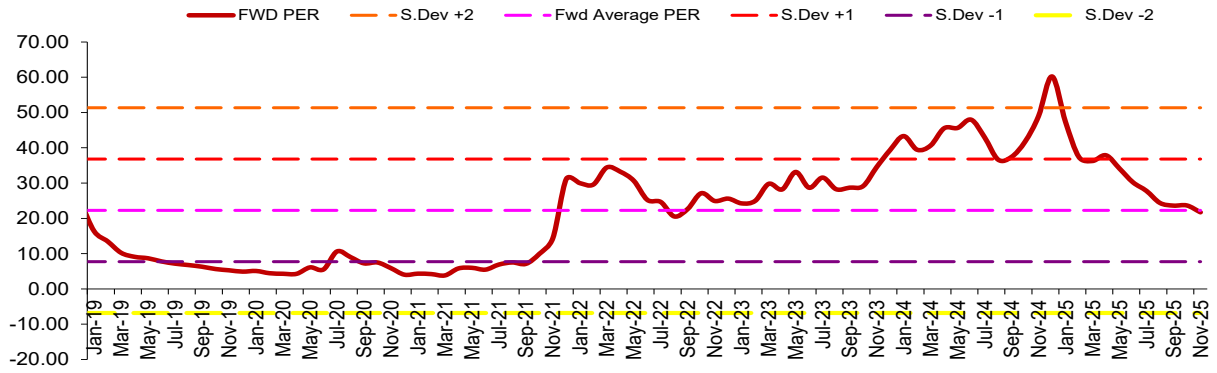
Quarterly segmental breakdown

	1Q25	2Q25	3Q25	4Q25	Chg %	12M	12M	Chg %
					q-o-q	FY24	FY25	y-o-y
Revenue (RM m)								
Gloves division	415.7	315.1	359.5	367.7	2.3	1,600.1	1,458.0	(8.9)
Technical rubber products (TRP) division	45.7	43.6	53.4	45.1	(15.6)	201.6	187.8	(6.8)
Cleanroom products division	26.0	23.4	26.1	26.7	2.2	114.5	102.2	(10.7)
Total	487.4	382.2	439.0	439.4	0.1	1,916.2	1,748.0	(8.8)
Pre-tax profit (RM m)								
Gloves division	37.3	30.8	36.5	37.6	3.1	104.1	142.2	36.6
Technical rubber products (TRP) division	4.9	3.4	4.2	3.7	(11.6)	30.2	16.2	(46.2)
Cleanroom products division	3.5	2.9	3.5	2.6	(24.2)	11.1	12.4	11.8
Investment Holding	1.6	1.4	0.8	0.3	(65.5)	11.9	4.1	(65.4)
Total	47.3	38.5	45.0	44.4	(1.6)	157.3	175.0	11.2
Pre-tax profit margin (%)								
Gloves division	9	10	10	10		7	10	
Technical rubber products division	11	8	8	8		15	9	
Cleanroom products division	14	12	13	10		10	12	

Source: Kenanga Research, Company

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Kossan : PER Band



Source: Bloomberg, Kenanga

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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 / (LPS) (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.
Stocks Under Coverage																	
HARTALEGA HOLDINGS BHD	OP	0.935	1.13	20.9%	3,205	Y	03/2026	2.1	3.7	-2%	75%	43.7	25.0	0.7	1.7%	1.0	1.1%
KOSSAN RUBBER INDUSTRIES	OP	1.05	1.50	42.9%	2,686	Y	12/2026	6.5	7.2	10%	12%	16.2	14.5	0.7	4.4%	4.0	3.8%
SUPERMAX CORP BHD	MP	0.305	0.370	21.3%	996	N	06/2026	(1.4)	0.6	-128%	-55%	N.A.	48.3	0.2	-1.1%	0.0	0.0%
TOP GLOVE CORP BHD	OP	0.600	0.750	25.0%	4,931	Y	08/2026	1.6	1.7	145%	4%	36.4	35.2	1.0	2.8%	0.8	1.4%

Source: 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	★	★	★
	Automation & Innovation	★	★	★
	Energy Efficiency	★	★	★
	Supply Chain Management	★	★	★
	Legal & Regulatory Compliance	★	★	
OVERALL		★	★	★

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

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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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