

24 February 2026

## SLP Resources

### Better Year Ahead

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SLP's FY25 result fell below our expectations, accounting for just 92% of our FY25 full-year forecast. The deviation was mainly led by the faster-than-expected strengthening of the MYR and an unexpected delay in some orders delivery due to logistics-related issues in 4QFY25 according to the group. While there was growth in its export sales, its revenue was 6% lower and net profit fell by 27% on elevated competition in the domestic market. Stronger MYR, impairment on receivables and inventories and higher operating costs from the commencement of higher minimum wage since Feb CY25. The push into higher value plastic-based medical device-related components will be a key catalyst underpinning the stronger FY26F earnings. Meanwhile, we continue to recognize SLP's strong balance sheet with RM81m net cash which should support a dividend yield of 6.5% for FY26-27. We keep our FY26F earnings and introduce new FY27F earnings while maintaining our TP at RM0.81 and MARKET PERFORM call.

**Below expectations.** SLP's FY25 full-year net profit of RM10.2m made up only 92% of our full-year forecast. The deviation was mainly led by the faster-than-expected strengthening of the MYR and an unexpected delay in some orders delivery due to logistics-related issues in 4QFY25 according to the group. The group also declared a DPS of 1.25 sen, bringing YTD total dividend to 4.75 sen, slightly above our full-year dividend forecast of 4.3 sen.

**YoY,** despite volume growth in exports sales, the group's FY25 turnover dipped by 6% on weaker domestic performance due to persistent stiff competition. Its net profit fell sharper by 27%, mainly attributable to unfavourable forex movements (RM1.2m), impairment losses of RM1.2m on receivables as well as inventories following the softening of resin prices (-5% YoY), compounded by higher operating costs from the commencement of higher minimum wage since Feb CY25 and an unexpected delay in some orders delivery due to logistics-related issues in 4QFY25. We expect the said revenue reversal to be recognised in 1QFY26. We foresee resin prices to remain steady with a downside bias, consistent with the U.S. Energy Information Authority's (EIA)'s bearish view on the global crude oil pricing trend for CY26

**QoQ,** both its revenue and net profit decreased by 10% and 48%, respectively, primarily led by the strengthening of MYR against the USD in 4QFY26, further weighed by the reversal of revenue mentioned above. All in, SLP ended FY25 with a net cash of RM80.7m (versus 3QFY25 net cash of RM88.3m).

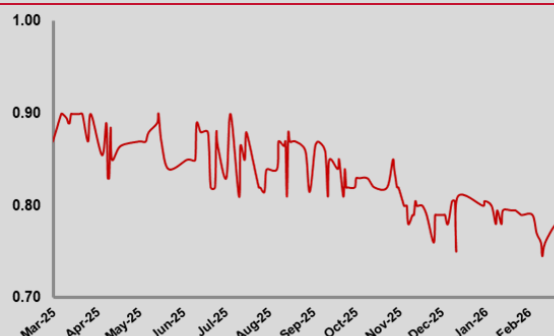
**Outlook.** Kenanga is forecasting MYR to remain steady between RM3.88 to RM3.95 for CY26. The group will likely not suffer for unfavourable forex translation in FY26 as much as in FY25. While Japanese orders for kitchen and garbage bags were steady as buoyant tourism there helped support overall demand for packaging, we expect demand for SLP's plastic packaging products in Malaysia to remain challenging on persistent domestic competition while we see only minimal direct impact from US tariffs given that its exports to the US made up <3% of its total revenue.

We expect the Japan market to remain the largest export market for SLP, accounting for 30%–40% of its plastic packaging sales. The move away from plastic fashion bags in Australia and New Zealand (ANZ) has shrunk exports but SLP has been studying and tapping into new opportunities there to recover orders.

## MARKET PERFORM ↔

Price: RM0.765  
Target Price: RM0.81 ↔

### Share Price Performance



KLCI 1,757.98  
YTD KLCI chg 4.6%  
YTD stock price chg -5.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SLPR MK EQUITY
Market Cap (RM m)	242.5
Shares Outstanding	316.96
52-week range (H)	0.91
52-week range (L)	0.70
3-mth avg. daily vol.	5,892
Free Float	18%
Beta	0.7

### Major Shareholders

Khoon Tee & Family Sdn Bhd	42.2%
Khaw Seang Chuan	15.0%
Khaw Khoon Tee	9.9%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	152.1	165.6	177.8
EBIT	11.4	18.6	22.1
PBT	11.4	19.5	22.8
<b>Net Profit</b>	<b>8.4</b>	<b>14.6</b>	<b>17.1</b>
<b>Core Net Profit</b>	<b>10.2</b>	<b>14.6</b>	<b>17.1</b>
Consensus	-	-	-
Earnings Revision	-	-	NEW
Core EPS (sen)	3.2	4.6	5.4
Core EPS Growth (%)	-27.4%	43.4%	17.4%
NDPS (sen)	4.8	5.0	5.3
BVPS (RM)	0.54	0.54	0.54
Core PER (x)	23.8	16.6	14.2
P/BV (x)	1.4	1.4	1.4
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	6.2	6.5	6.9

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Looking ahead, we anticipate the current marketing push into new markets and higher value products to partially help offset cost pressures, and coupled with increasing orders from overseas markets, we are expecting better performance ahead. A key earnings catalyst for SLP is its ongoing development for medical-related components/devices (which command better than average margins) for several international clients, for which the management is now targeting to reach finalisation in 2QFY26 (slightly delayed from the previous 1QFY25 targeted date). On that note, we have also included part of the potential profits into our estimations, being one of the primary drivers for the 42% net profit growth forecast in FY26.

**Forecasts.** We keep our FY26 earnings forecast unchanged while we introduced new FY27F numbers that implies a 17% growth in net profit.

**Valuations.** We maintained our DDM-derived TP at RM0.81. We expect the company to be able to distribute broadly steady dividends supported by a positive outlook for FY26 and its strong current net cash position of RM81m. The company is also reinvesting a portion of its earnings in strategic assets like the new mono film machine. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

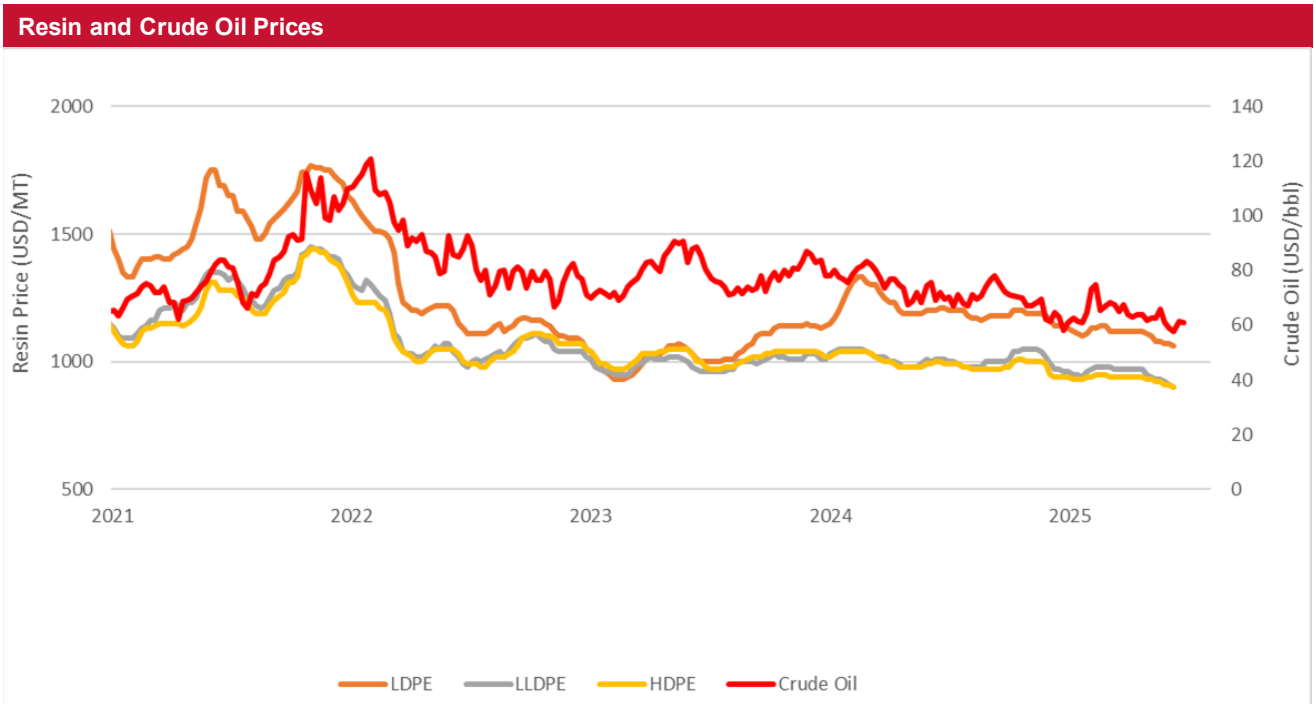
**Investment case.** We like SLP for its: (i) product mix which focuses on high-margin, less commoditised segments such as kangaroo pouches and mono films, (ii) robust cash flows and a strong balance sheet (a net cash position), enabling consistent and generous dividend payments, and (iii) project pipelines of upcoming venture into the higher-margin medical device components. Maintain **MARKET PERFORM** call.

**Risks to our call include:** (i) dampening consumer demand for plastic packaging, and (ii) high fluctuations in the foreign exchange market.

### Results Highlights

FYE Dec (RM m)	4Q25	3Q25	QoQ	4Q24	YoY	FY25	FY24	YoY
Revenue	33.7	37.6	-10%	40.7	-17%	152.1	161.7	-6%
EBIT	2.0	3.9	-50%	4.7	-58%	12.6	15.5	-19%
Finance income	0.1	0.1	-23%	0.4	-79%	0.6	1.9	-69%
Exceptional items	-1.2	0.0	>100%	0.3	->100%	-1.7	0.0	->100%
PBT	0.9	4.0	-79%	5.4	-84%	11.4	17.5	-35%
Taxation	-0.5	-1.0	-52%	-1.1	-56%	-3.0	-3.4	-12%
<b>Net profit</b>	<b>0.4</b>	<b>3.0</b>	<b>-87%</b>	<b>4.3</b>	<b>-91%</b>	<b>8.4</b>	<b>14.0</b>	<b>-40%</b>
<b>Core net profit</b>	<b>1.6</b>	<b>3.1</b>	<b>-48%</b>	<b>4.0</b>	<b>-61%</b>	<b>10.2</b>	<b>14.0</b>	<b>-27%</b>
EPS (sen)	0.1	1.0	-87%	1.4	-91%	2.7	4.4	-40%
Core EPS (sen)	0.5	1.0	-48%	1.3	-61%	3.2	4.4	-27%
Effective tax rate (%)	54.1	24.1		19.6		26.1	19.5	
EBIT margin (%)	5.9	10.5		11.6		8.3	9.6	
PBT margin (%)	2.6	10.7		13.2		7.5	10.8	
CNP margin (%)	4.7	8.1		9.9		6.7	8.7	

Source: Company, Kenanga Research



Source: Bloomberg, 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.				
<b>Stocks Under Coverage</b>																	
ANCOM NYLEX BHD	OP	0.895	1.20	34.1%	953.6	Y	05/2026	8.8	9.6	49.8%	11.5%	10.2	9.3	1.3	13.9%	5.0	5.6%
BM GREENTECH BHD	UP	1.43	1.72	20.3%	983.5	Y	03/2026	11.3	12.2	11.5%	7.5%	12.6	11.7	2.7	22.5%	1.8	1.3%
BP PLASTICS HOLDINGS BHD	MP	0.630	0.630	0.0%	177.3	Y	12/2025	3.4	7.9	-63.5%	133.7%	18.7	8.0	0.6	3.5%	2.0	3.2%
HPP HOLDINGS BHD	MP	0.355	0.300	-15.5%	138.0	Y	05/2026	2.0	2.3	146.9%	12.7%	17.5	15.5	1.1	6.3%	2.0	5.6%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.605	0.480	-20.7%	325.1	Y	12/2025	4.4	4.8	143.9%	8.4%	13.6	12.6	0.3	2.2%	2.0	3.3%
SCIENTEX BHD	MP	3.78	3.60	-4.8%	5,882.7	Y	07/2026	31.5	33.4	-9.2%	6.0%	12.0	11.3	1.4	11.7%	11.0	2.9%
SLP RESOURCES BHD	OP	0.765	0.810	5.9%	242.5	Y	12/2025	4.6	5.4	43.4%	17.4%	16.6	14.2	1.4	8.4%	5.0	6.5%
TECHBOND GROUP BHD	OP	0.295	0.470	59.3%	223.8	Y	06/2026	4.1	4.5	37.5%	9.1%	7.2	6.6	0.8	12.0%	1.0	3.4%
THONG GUAN INDUSTRIES BHD	OP	1.18	1.29	9.3%	466.4	Y	12/2025	17.4	20.2	3.9%	16.2%	6.8	5.8	0.5	7.1%	6.0	5.1%
<b>SECTOR AGGREGATE</b>					<b>9,392.9</b>					<b>9.5%</b>	<b>9.7%</b>	<b>11.8</b>	<b>10.8</b>	<b>1.1</b>	<b>9.7%</b>		<b>4.1%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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