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# Ancom Nylex

## Brazilian Tailwind Remains Promising

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9MFY26's post-results briefing suggests >20% YoY growth for FY26-27F core EPS (CEPS) remain within sight, underpinned by: (a) MSMA entry into Brazil's soyabean planting, (b) firm higher margin timber preservative exports, and (c) stronger YoY industrial chemical contribution. Maintain FY26-27F forecasts, TP of RM1.50 and OUTPERFORM call.

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

- 1. Despite teething issues in Brazil, MSMA should grow >10% in FY27-28F.** Brazil's approval in Dec 2025 to allow soyabean farmers to use MSMA should lead to a multi-year growth for ANCOMNY because: (a) it is already selling MSMA to Brazilian sugarcane farmers for nearly two decades so it is not a new market, (b) Brazil soyabean area is 5-6 times larger than sugarcane and still growing c.3% YoY, and (c) ANCOMNY is likely to gain further market share as buyers diversify away from its Israel-based rival to manage supply disruption. As such, we believe MSMA orders can grow 10%-15% a year over FY27-30.
- 2. Steady timber preservative orders likely.** We expect timber preservative exports to stay relatively firm even after its 3-year supply contract ends in Jan 2027 because (a) there are only a handful of producers globally and (b) the longstanding buyer has ceased its own production in-house. However, high freight costs are expected to erode 4QFY26 and 1QFY27 margins before normalising in late FY27.
- 3. Elevated shipping cost for one to two quarters.** Freight rates have risen from USD2k to USD4k-USD5k per container (still well below recent peak of USD10k in Sept 2021) following the Middle East conflict and may stay high till 1QFY27 before easing. Fortunately, industrial chemical margins should soar in 4QFY26 to help mitigate the impact of higher freight cost.
- 4. Strong industrial chemical profits to persist.** Strong industrial chemical performance is expected for FY26 with PBT of RM40m (+45% YoY) estimated thanks to (a) healthy 9MFY26 PBT of RM28m which already surpassed 12-month FY25 PBT of RM27.8m, and (b) 4QFY26 profit expected to grow further QoQ as ASPs have risen 50%-70% since the Middle East conflict while it has 60-80 days of inventory secured at lower prices. Demand growth may moderate but not expected to be over 30%. Availability is not an issue, most of its chemicals are locally produced.

**Forecasts.** No change.

**Valuations.** Maintain TP of RM1.50, based on 15x calendarised FY27-28F PER, which is half the forward PER of larger regional agriculture chemical peers of 25-30x. 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.

**OUTPERFORM** ↔

Price : **RM0.88**  
Target Price : **RM1.50** ↔

### Share Price Performance



KLCI	1,695.21
YTD KLCI chg	0.9%
YTD stock price chg	0.0%

### Stock Information

Shariah Compliant	Yes
	ANCOMNY MK
Bloomberg Ticker	EQUITY
Market Cap (RM m)	917.0
Shares Outstanding	1,042.1
52-week range (H)	0.99
52-week range (L)	0.84
3-mth avg. daily vol.	1,219,132
Free Float	42%
Beta	0.7

### Major Shareholders

Helm Ag	17.5%
Datuk Siew Ka Wei	13.7%
Dato Lee Cheun Wei	10.5%

### Summary Earnings Table

FY May (RM m)	2025A	2026F	2027F
<b>Turnover</b>	1,874.6	1,865.4	2,017.4
EBIT	117.0	133.2	151.4
PBT	99.2	114.4	136.6
<b>Net Profit</b>	<b>64.5</b>	<b>81.5</b>	<b>100.2</b>
<b>Core Net Profit</b>	<b>67.9</b>	<b>81.5</b>	<b>100.2</b>
Consensus (NP)	-	84.6	99.3
Earnings Revision	-	-	-
<b>Core EPS (sen)</b>	<b>6.2</b>	<b>7.7</b>	<b>9.4</b>
CNP Growth (%)	-20	24	23
NDPS (sen)	5.0	3.6	3.6
BVPS (RM)	0.6	0.7	0.7
PER (x)	14.2	11.5	9.4
PBV (x)	1.6	1.4	1.2
Net Gearing (x)	0.2	-	(0.1)
Net Div. Yield (%)	5.7	4.1	4.1

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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.
<b>MANUFACTURING</b>																	
ANCOM NYLEX BHD	OP	0.880	1.50	70.5%	917.0	Y	05/2026	7.7	9.4	20.0%	22.9%	11.5	9.4	1.3	11.9%	3.6	4.1%
BM GREENTECH BHD	UP	1.33	1.72	29.3%	914.8	Y	03/2026	11.3	12.2	11.5%	7.5%	11.8	10.9	2.6	22.5%	1.8	1.4%
BP PLASTICS HOLDINGS BHD	MP	0.755	0.670	-11.3%	212.5	Y	12/2026	8.4	8.8	85.2%	4.6%	9.0	8.6	0.7	8.5%	4.3	5.7%
HPP HOLDINGS BHD	MP	0.280	0.300	7.1%	108.8	Y	05/2026	2.0	2.3	146.9%	12.7%	13.8	12.2	0.9	6.3%	2.0	7.1%
KUMPULAN PERANGSANG SELANGOR	UP	0.550	0.480	-12.7%	295.6	Y	12/2026	4.4	4.8	143.9%	8.4%	12.4	11.4	0.3	2.2%	2.0	3.6%
SCIENTEX BHD	OP	3.56	3.84	7.9%	5,540.3	Y	07/2026	37.9	39.0	12.1%	3.1%	9.4	9.1	1.2	12.9%	12.5	3.5%
SLP RESOURCES BHD	MP	0.760	0.850	11.8%	240.9	Y	12/2026	4.9	5.5	52.0%	12.9%	15.5	13.8	1.4	8.9%	4.8	6.3%
TECHBOND GROUP BHD	OP	0.285	0.470	64.9%	216.2	Y	06/2026	4.1	4.5	37.5%	9.1%	6.9	6.3	0.8	12.0%	1.0	3.5%
THONG GUAN INDUSTRIES BHD	OP	1.37	1.41	2.9%	536.2	Y	12/2026	19.3	19.5	7.9%	0.9%	7.1	7.0	0.6	8.1%	6.0	4.4%
SOUTHERN CABLE GROUP BHD	OP	2.11	2.71	28.4%	2,395.3	Y	12/2026	12.4	15.0	15.3%	21.7%	17.1	14.0	4.2	30.6%	3.5	1.7%
<b>Sector Aggregate</b>					<b>11,377.7</b>					<b>16.6%</b>	<b>8.0%</b>	<b>10.7</b>	<b>9.9</b>	<b>1.2</b>	<b>11.4%</b>		<b>4.6%</b>

Source: Bloomberg, Kenanga Research

**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	★	★	★
	Effluent/Waste Management	★	★	
	Digitalisation & Innovation	★	★	
	Material/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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