MERCURY SECURITIES SDN BHD
(A Participating Organisation of Bursa
Malaysia Securities Bhd.)

BURSA RISE+
Brought to you by Bursa Malaysia
Supported by Capital Market Development Fund

Results Note
HOLD (↔)
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Friday, February 27, 2026
Price: RM 0.115
Target Price: RM 0.110 (↑)

Sumisaujana Group Bhd

4Q25 Driven by One-Offs - Margins Remain Robust

SUMI SAUJANA Group Bhd (Sumi) 12MFY25 results came as a surprise, exceeding ours and consensus estimates. This was primarily driven by the fulfilment of a major contract -albeit volatile in Malaysia, amounting to RM28.3m. We raise our FY26E earnings by 24% and subsequently raise our TP by 25% to RM0.110 based on new FY26E EPS of 0.63 sen ascribed to an unchanged 17.5x PE multiple. Maintain HOLD.

12MFY25 results exceeded expectations, with core earnings coming in at 166%/110% of ours/consensus full year estimates. The earnings surprise against our estimates came from the higher-than-expected revenue contribution in Malaysia coming in from a fulfilment of a major contract. No dividend was declared for reporting quarter.

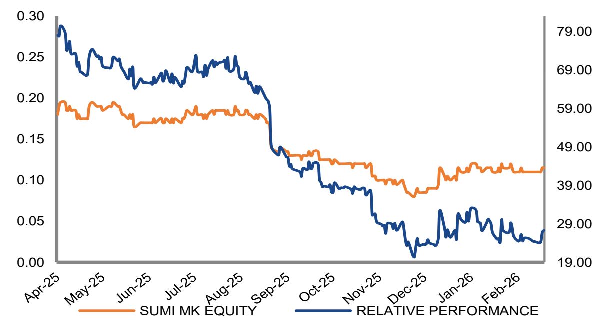
YoY, no comparative figures for 12MFY24 was given as Sumi was listed in April of this year. In terms of margins, GP came at 27% in 12MFY25 (FY24: 33%). The dissipation of margins came from less favorable product mix – prevalent in 3QFY25. While EBITDA margins moderated to 12% (FY24: 17%), this notably outperformed our 8% estimate, even as PBT margins narrowed to 7% with a recorded PBT of RM12.8m. On a normalized basis, excluding RM1.4m in one-off listing expenses and a RM2.3m net forex loss, the Group would have achieved a core PBT of RM17.8m at a 10% margin; nevertheless, a significantly higher Effective Tax Rate of 34.8% (FY24: 17%), which also overshot our 28% forecast, ultimately dragged PATAMI margins down to 4.5% (FY24: 11%).

QoQ, revenue surged 50% on the back of 71% growth in revenue contribution in Malaysia following the fulfilment of a major contract which amounted to RM28.3m in revenue during the financial quarter. GP and EBITDA margins improved to 25% and 11% respectively (3QFY25: 21% and 5% respectively), despite higher OPEX (+46% QoQ). Subsequently, PBT margin rose exponentially to 11% (3QFY25: 1%) PATAMI margin came at 7%, as the Group benefitted from lower ETR at 40% (3QFY25: 66%).

Post results, we introduce our FY27E earnings of RM18m and revised our FY26E earnings by 24% to better reflect the outstanding 4QFY25 performance.

Valuation. On a revised FY26E EPS of 0.63 sen (previously 0.51 sen) pegged to 17.5x PE multiple, (implying a 50% discount to global peers), we derive a new TP of RM0.110 (previously RM0.088). We **maintain our HOLD call**, as valuations still appear demanding.

Share Price Performance



Business Overview

SUMI Group Bhd manufacture specialty chemicals for the oil & gas industry's upstream, midstream and downstream sectors. Their products, ranging from drilling fluid and production chemicals to refinery additives. Listed in the ACE Market under Oil & Gas.

Return Information

KLCI (pts)			1,740.94
YTD KLCI chg.			3.6%
YTD Stock Price chg.			0.0%
Price Performance	1M	3M	12M
Absolute (%)	4.5%	27.8%	N.A
Relative to KLCI (%)	4.7%	20.6%	N.A

Stock Information

Market Cap (RM m)	166.0
Issued Shares (m)	1,443.6
52-week High (RM)	0.21
52-week Low (RM)	0.08
Est. Free Float (%)	31.5
Beta vs FBM KLCI	N.A
3-month Avg Vol. (m)	1,777,427
Shariah Compliant	Yes
Bloomberg Ticker	SUMI MK EQUITY

Top 3 Shareholders	%
Atreon Holdings Bhd	65.0
Norazlam bin Norbi	1.5
Toh Chee Seng	1.5

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	183.6	204.0	233.4
EBITDA	19.7	19.9	32.4
PBT	14.3	11.0	21.8
Net Profit	12.8	11.9	23.4
Core Net Profit	**8.3**	9.1	17.8
Consensus Net Profit	-	12.2	29.0
Earnings Revision (%)	-	24.3	15.7
Core EPS (sen)	0.58	0.51	1.06
Core EPS Growth (%)	-51%	79%	110%
Net DPS (sen)	-	0.15	0.32
Net Div. Yield (%)	-	1.32	2.78
BV Per Share (sen)	11.66	6.89	7.64
P/E (x)	19.9	22.7	10.8
PBV (x)	1.0	1.7	1.5
ROE (%)	5%	7%	14%

Outlook. Management remains optimistic about the stability of the global oil and gas sector despite the current Trump tantrums prevailing tariff uncertainties and geopolitical uncertainties. With drilling activity in key markets proving resilient amidst fluctuating Brent crude prices, the Group is aggressively pivoting toward its next growth phase by scaling toll-manufacturing activities and marketing efforts in North America. Beyond geographical expansion and product line diversification, the Group is also eyeing strategic collaborations to penetrate the Middle East market more effectively. These growth initiatives are being complemented by an internal reorganization and streamlining exercise designed to optimize the Group's cost structure and enhance operational efficiency, which the Group expects will bolster long-term profitability.

Investment case. We view Sumi favorably in the long-term; i) SUMI manufactures and supplies drilling fluids and oilfield chemical solutions to leading players in the global oil and gas industry. Its 4 major customers including (Petronas) contribute 78% of total revenue ii) New Markets to Drive Growth with plans to expand both its domestic and international market presence by expanding its product range to include oleochemical for industrial application such as biodegradable lubricants and transformer oil. On the international front, Sumi is actively exploring the establishment of new production facilities outside Malaysia, with a focus on North America (expected to execute by 1HFY26) and the Middle East and iii) Diversifying Growth via Innovation via leveraging its licensing agreement with the Malaysian Palm Oil Board (MPOB) to produce palm-based polyols and bio-chemicals.

Risks to our recommendation include: (i) Dependence on key customers, (ii) Foreign currency exposure, (iii) Raw material input cost fluctuation.

Results Highlights

Y/E: Mar (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	12M25	12M24	YoY Chg
Turnover	**65.36**	**43.59**	***50.0%***	*N.a*	*N.a*	**183.6**	*N.a*	*N.a*
Gross Profit	**16.53**	**8.97**	***84.3%***	*N.a*	*N.a*	**50.2**	*N.a*	*N.a*
OPEX	**-10.19**	**-6.98**	***46.1%***	*N.a*	*N.a*	**(31.1)**	*N.a*	*N.a*
EBITDA	7.40	2.30	*221.3%*	*N.a*	*N.a*	21.5	*N.a*	*N.a*
EBIT	6.24	0.90	*591.1%*	*N.a*	*N.a*	16.1	*N.a*	*N.a*
PBT/(LBT)	**7.04**	**0.32**	***2135.9%***	*N.a*	*N.a*	**12.8**	*N.a*	*N.a*
Taxation	-2.78	-0.21	*1229.7%*	*N.a*	*N.a*	(4.4)	*N.a*	*N.a*
Net Profit	4.26	0.11	*3922.6%*	*N.a*	*N.a*	8.3	*N.a*	*N.a*
PATAMI	**4.26**	**0.11**	*3922.6%*	*N.a*	*N.a*	**8.3**	*N.a*	*N.a*
Core EPS (sen)	0.30	0.01	*3922.6%*	*N.a*	*N.a*	0.6	*N.a*	*N.a*
DPS (sen)	0.00	0.00	*#DIV/0!*	*N.a*		-	*N.a*	*N.a*
Margins %								
Gross Profit	25.3%	20.6%				27.3%	*N.a*	
Opex	-15.6%	-16.0%				-17.0%	*N.a*	
EBITDA Margin	11.3%	5.3%				11.7%	*N.a*	
EBIT Margin	9.5%	2.1%				8.8%	*N.a*	
PBT Margin	10.8%	0.7%				7.0%	*N.a*	
PATAMI Margin	6.5%	0.2%				4.5%	*N.a*	
ETR	-39.5%	-66.3%				-34.8%	*N.a*	
Geographical Revenue								
Thailand	11.66	7.42	*57.2%*			**47.2**	*N.a*	
Malaysia	38.08	22.27	*71.0%*			**76.5**	*N.a*	
Indonesia	4.75	5.25	*-9.5%*			**17.7**	*N.a*	
USA	0.81	0.89	*-8.6%*			**8.7**	*N.a*	
South Korea	0.00	0.01	*-100.0%*			**3.6**	*N.a*	
Oman	2.74	0.00	*N.a*			**2.7**	*N.a*	
Other	1.32	7.76	*-83.0%*			**21.1**	*N.a*	

Source: Company, Bursa Malaysia, Mercury Securities

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