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Results Note
HOLD (↓)
Research Team Coverage / research@mersec.com.my
Monday, March 2, 2026
Price: RM 0.795
Target Price: RM 0.85 (↓)

Nextgreen Global Bhd

Softer Margins and Elevated Taxation Pressure Earnings

Nextgreen's 12MFY25 PATAMI of RM33m came in below expectations, representing 75% of our full-year forecast, mainly due to lower-than-anticipated margin realisation. In response to the softer earnings profile, we trim our PAT margin assumptions to 40%–43% (from 50%–60%), resulting in a 14% reduction to our FY26E/FY27E earnings forecasts. Consequently, we lower our target price by 14% to RM0.85 (from RM0.99), based on an unchanged 11.8x P/E applied to our FY26E EPS of 7.2 sen. We downgrade our call from BUY to HOLD.

12MFY25 results came in below expectations, with PATAMI of RM34m accounting for 75% of our full-year FY25 forecast. The earnings shortfall was primarily due to: (i) the absence of operating revenue from the Property & Construction division in 4QFY25, and (ii) significantly weaker contribution from the Printing & Publishing segment, which recorded revenue of only RM0.02m (4QFY24: RM4m). In addition, the effective tax rate rose sharply to 29% (12MFY24: tax refund of RM1m), further weighing on bottom-line performance. No dividend was declared during the quarter, consistent with NGGB's lack of regular dividend payments in recent years.

YoY, revenue and PATAMI increased by 34% and 30%, respectively, driven by stronger contributions from the Fertiliser segment under the Group's integrated bio-conversion operations, alongside improved GP margin performance (FY24: 54%; FY25: 71%). GP margin expanded to 71% in FY25 (FY24: 54%), reflecting improved cost management and better absorption of production overheads. EBITDA margin strengthened to 69% (FY24: 56%), supported by operating leverage and higher other income (FY25: RM21m; FY24: RM12m), while opex margin remained stable at 7%. However, PATAMI margin eased slightly to 37% (FY24: 38%), primarily due to a higher effective tax rate during the year.

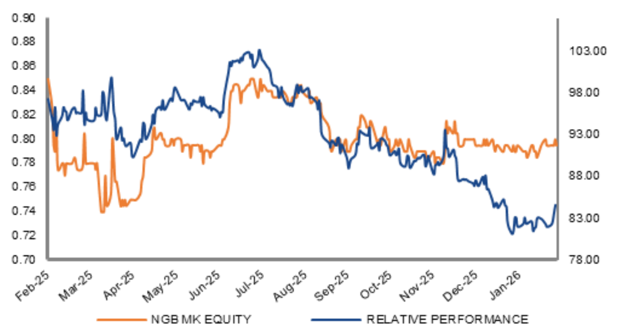
QoQ, revenue eased marginally by 1% to RM28m, primarily due to lower contribution from the Printing & Publishing and Manufacturing segments. PATAMI declined sharply by 75% to RM3m, mainly dragged by a significantly higher effective tax rate (ETR) of 73% in 4QFY25 (3QFY25: 0.0%). GP margin narrowed by 6ppts to 71% as inputs increased at a faster pace than revenue. Despite this, EBITDA margin expanded to 79% (3QFY25: 58%), supported by higher other income of RM11m (3QFY25: RM5m). Overall, the decline in bottom-line performance was largely attributable to the elevated tax expense during the quarter.

Outlook. We expect long-term demand for both fertiliser and pulp & paper to remain strong, supported by: i) the JV with Hong Kong Paper Source to establish Neuwhite Paper Pulp Sdn Bhd (NWPP) and develop a 150,000 MTPA bleached EFB pulp mill under GTP Phase 2A; ii) the near completion of NGF's 30,000-MT solid fertiliser plant; and iii) three strategic agreements (Libya, Padi Global and DOA Integrated Farming) that will broaden domestic and international fertiliser applications from FY26E onwards.

Earnings. We revised our FY26E/FY27E PAT margin assumptions to 40%–43% (from 50%–60%) to reflect the higher ETR. Accordingly, we slashed FY26E/FY27E earnings by 14%/14%.

Valuation. We revised down our TP by 14% to RM0.85 (from RM0.99). This is based on P/E multiple of 11.8x applied to its FY26E projected EPS of 7.2

Share Price Performance



Business Overview

Nextgreen Global principally involved in converting palm oil biomass specifically EFB into high-value green products, including pulp, paper, biofertilizers and bioenergy.

Return Information			
KLCI (pts)			1,716.61
YTD KLCI chg.			2.2%
YTD Stock Price chg.			0.0%
Price Performance	**1M**	**3M**	**12M**
Absolute (%)	-3.1%	-6.5%	-12.8%
Relative to KLCI (%)	-0.1%	1.9%	0.8%

Stock Information	
Market Cap (RM m)	869.3
Issued Shares (m)	1,093.4
52-week High (RM)	0.86
52-week Low (RM)	0.72
Est. Free Float (%)	56%
Beta vs FBM KLCI	0.6
3-month Avg Vol.	1,534,479
Shariah Compliant	Yes
Bloomberg Ticker	NGB MK EQUITY

Top 3 Shareholders	%
Gan Kong Hiok	12.8%
Lim Thiam Huat	10.6%
Kenanga Investors Bh	8.2%

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	91.0	194.7	241.2
EBITDA	62.3	113.0	141.3
PBT	46.0	117.3	146.4
Net Profit	32.8	83.7	104.4
Core Net Profit	33.7	83.6	104.3
Core EPS (sen)	0.03	0.07	0.09
Consensus Net Profit	-	*96.8*	*145.0*
Earnings Revision (%)	-	*-14%*	*-14%*
Core EPS Growth (%)	28.5	158.5	24.8
Net DPS (sen)	0.0	0.0	0.0
BV Per Share (sen)	38.1	38.1	38.1
Net Div. Yield (%)	-	-	-
P/E (x)	28.2	10.9	8.7
ROE (%)	7.3%	18.9%	23.6%

sen. Downgrade our recommendation from **BUY to HOLD**.

Investment Case. We remain positive on Nextgreen given: (i) its position as Malaysia's pioneer in palm-based waste-to-value solutions, (ii) its advantage use of patented PRC-RBMP technology that converts EFB into high-grade pulp without relying on traditional wood fibres, and (iii) its superior GP margins driven by operational efficiency and higher-value fertiliser products. Notably, RSPO/MSPO-certified EFB feedstock is priced at only RM2–RM3/MT.

Key Risks include: (i) delays in GTP execution, (ii) financial risks, and (iii) geo political tensions affecting exports.

Results Highlights

Y/E: DEC (RM m)	4QFY25	3QFY25	QoQ Chg	4QFY24	YoY Chg	12M25	12M24	YoY Chg
Turnover	**27.9**	**28.3**	***-1.2%***	**16.8**	***66.5%***	**91.0**	**68.0**	***33.8%***
Gross Profit	**19.8**	**21.4**	***-7.5%***	**9.0**	***120.9%***	**65.0**	**36.6**	***77.6%***
OPEX	**-2.0**	**-1.8**	***14.4%***	**-1.2**	***70.2%***	**-6.5**	**-5.0**	***30.2%***
EBITDA	22.0	16.4	*34.4%*	5.9	*273.0%*	62.3	38.2	*>100%*
EBIT	20.1	12.5	*60.6%*	3.6	*457.8%*	52.5	29.8	*76.2%*
PBT/(LBT)	**18.1**	**10.7**	***68.2%***	**2.4**	***650.6%***	**46.0**	**24.8**	***85.4%***
Taxation	-13.2	-0.0	*>100%*	1.1	*>-100%*	-13.2	1.1	*>-100%*
Net Profit	4.9	10.7	*-54.7%*	3.5	*38.0%*	32.8	25.9	*26.5%*
PATAMI	**3.3**	**13.2**	***-75.3%***	**3.5**	***-7.8%***	**33.7**	**26.0**	***29.7%***
Core EPS (sen)	0.3	1.2	*-75.4%*	0.3	*-9.0%*	3.2	2.4	*29.1%*
Gross Margin	71.0%	75.9%		53.5%		71.4%	53.8%	
OPEX	-7.3%	-6.3%		-7.1%		-7.1%	-7.3%	
EBITDA Margin	78.7%	57.9%		35.1%		68.5%	56.2%	
EBIT Margin	72.0%	44.3%		21.5%		57.7%	43.8%	
PBT Margin	64.7%	38.0%		14.4%		50.6%	36.5%	
PATAMI Margin	11.7%	46.6%		21.0%		37.0%	38.2%	
ETR	-73.1%	0.0%		46.4%		-28.7%	4.5%	
Segmental Turnover (RM m)								
Manufacturing	27.91	27.36	*2.0%*	11.81	*136.4%*	85.85	59.27	*44.8%*
Property & Construction	0.00	0.00	-	1.24	*-100.0%*	3.16	1.24	*154.6%*
Printing & Publishing	0.02	0.90	*-97.7%*	3.72	*-99.4%*	2.00	7.27	*-72.5%*
Utility & RE	0.00	0.00	-	0.00	-	0.00	0.00	-

Source: Company, Bursa Malaysia, Mercury Securities

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BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

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