



Results Note

BUY (↔)

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Tuesday, April 28, 2026

Price: RM 1.70

Target Price: RM 1.97 (↓)

PGF Capital Bhd

Core Earnings Momentum Intact; Capacity Expansion to Drive FY27 Growth

PGF Capital Berhad (PGF) 12MFY26 results came within ours/market estimates. Stripping of the one-off RM19.6m land impairment reversal recognised in FY25, underlying earnings grew 31% YoY. Property development contribution remains negligible but is expected to gradually kick in from FY27 onwards. No changes to our earnings FY27E but reduced our SOP-based TP of RM1.97 (previously RM2.43), as we raised our targeted RNAV discount to 75%. Valuations still undemanding, we maintain our BUY call.

12MFY26 results came within our expectations and consensus estimates, with core net profit of RM26m made up 103%/98% of ours/market full-year estimates. A final dividend of 3.5 sen per share was proposed, bringing cumulative proposed DPS to 3.5 sen for FY26A, which is above our expectation of 2.1 sen DPS.

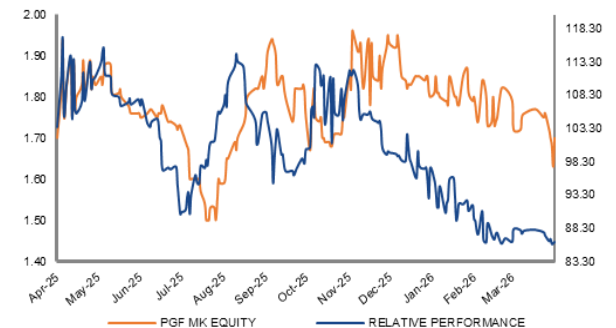
YoY, 12MFY26 revenue rose 8.3% to RM168m (FY25: RM155m), supported by steady demand from the Insulation segment, particularly from the Oceania markets, which accounted for 99.6% of total revenue. EBITDA margin contracted 8.7ppts to 30.3% (FY25: 39.0%) – but after stripping of the one-off writeback (RM19.6m) EBITDA margins improved by 4ppts. Likewise PBT improved 34.6% YoY (after stripping of the writeback) with margins at 22.0%. Core Net Profit improved by 31% (to RM26.0m) implying a margin of 15.7% or a 3ppts improvement.

QoQ, 4QFY26 topline declined 14.4%, while bottomline elevated significantly by 46% (as historically its weakest quarter and the summer season in Oceania). The drop in topline was due to the Insulation segment revenue declining to RM38m (3QFY26: RM44m), attributable to softer festive season demand and weakening of Oceania export currencies. EBITDA margin was at 34% (historically it's at c.35%). Likewise, PBT margins remained stable at 26% (historically at 26%) with PAT margins at 21% (historically c. 19%).

Outlook. We remain optimistic on PGF's medium-term earnings outlook, underpinned by renewed demand for glass mineral wool insulation across its key export markets. Regulatory tailwinds from Australia's National Construction Code (NCC 2022) and Malaysia's Energy Efficiency and Conservation Bill (EECB) continue to support insulation adoption in both new builds and retrofit activities. Earnings momentum is expected to build from FY27 onwards, supported by the commissioning of the new Karangan plant (40,000MT capacity) targeted for H2 CY2026, which should meaningfully improve operating leverage. Property development contribution is expected to be gradual, with projects in Kulim Hi-Tech Park and Tanjong Malim progressing towards construction commencement. The core insulation segment continues to remain as the primary earnings driver for the Group.

Earnings. We make no changes to our FY27E earnings of RM50.8m as results came within expectations. We also introduced our FY28E earnings of RM79.8m. We expect earnings to accelerate from FY27 onwards on account of the commissioning of the new Karangan plant and gradual contribution from the property development segment.

Share Price Performance



Business Overview

PGF Capital Berhad is a company involved in design, manufacturing and distribution of glass mineral wool and develop and invest in hospitality properties. Listed in the Main Market.

Return Information

KLCI (pts)	1,717.27
YTD KLCI chg.	2.2%
YTD Stock Price chg.	-12.8%

Price Performance	1M	3M	12M
Absolute (%)	-5.0%	-6.1%	0.0%
Relative to KLCI (%)	-5.1%	-3.0%	-12.9%

Stock Information

Market Cap (RM m)	329.9
Issued Shares (m)	194.1
52-week High (RM)	1.98
52-week Low (RM)	1.50
Est. Free Float (%)	24%
Beta vs FBM KLCI	0.5
3-month Avg Vol.	24,458
Shariah Compliant	Yes
Bloomberg Ticker	PGF MK EQUITY

Top 3 Shareholders

	%
Equaplus Sdn Bhd	43.3%
Green Cluster Sdn Bh	12.2%
Fong Wern Sheng	5.9%

FY Feb (RM m)	FY26A	FY27E	FY28E
Revenue	167.9	303.8	566.6
EBITDA	50.8	83.3	125.5
PBT	36.9	65.3	105.2
Net Profit	26.0	50.8	79.8
Core Net Profit	26.0	50.8	79.8
Consensus Net Profit	26.6	50.8	-
Earnings Revision (%)	-	-	-
Core EPS (sen)	13.4	26.2	41.1
Core EPS Growth (%)	-23.4	95.6	56.9
Net DPS (sen)	3.5	5.3	8.3
BV Per Share (sen)	145.8	164.6	195.4
Net Div. Yield (%)	1.9	3.9	6.0
P/E (x)	13.4	6.9	4.1
ROE (%)	9.0	15.9	21.0



BUY maintained with a changed in SOP-derived TP of RM1.97. Valuation remains anchored on a 10x FY27E P/E for PGF's core glass wool insulation manufacturing business, broadly in line with the construction materials sector average. We however raised our targeted RNAV discount to 75% (from 50%) for the property development segment on execution risks.

Investment Case. We continue to favour PGF for its compelling risk-reward, supported by i) strong earnings visibility backed by robust glass mineral wool demand, supported by positive regulatory tailwinds in Malaysia & Australia, alongside future contributions from its upcoming property development project, ii) timely capacity expansion to capture incremental demand, and iii) attractive asset play from its strategically located 1,311-acre landbank in Tanjong Malim, Perak.

Key Risks include: (i) Regulatory risk, ii) Foreign exchange rate fluctuation and iii) Supply chain disruption.

Results Highlights

Y/E: DEC (RM m)	4QFY26	3QFY26	QoQ Chg	4QFY25	YoY Chg	12M26	12M25	YoY Chg
Turnover	37.8	44.1	-14.4%	33.7	12.2%	167.9	155.0	8.3%
OPEX	(23.9)	(30.3)	-21.3%	(29.2)	-18.3%	(113.2)	(113.8)	-0.6%
EBITDA	12.7	13.0	-2.3%	22.4	-43.2%	50.8	60.5	-16.0%
EBIT	10.5	9.2	14.5%	20.4	-48.7%	38.8	48.9	-20.6%
PBT/(LBT)	10.0	8.7	15.0%	20.0	-49.9%	36.9	47.0	-21.5%
Taxation	(2.0)	(3.2)	-37.6%	(6.1)	-66.9%	(10.9)	(13.1)	-16.9%
Net Profit	8.0	5.5	46.0%	13.9	-42.5%	26.0	33.9	-23.3%
PATAMI	8.0	5.5	46.0%	13.9	-42.5%	26.0	33.9	-23.3%
Core net profit*	8.0	5.5	46.0%	0.3	2728.5%	26.0	19.8	31.5%
Core EPS (sen)	4.1	2.8	46.0%	7.5	-44.9%	13.4	18.3	-26.6%
DPS (sen)	3.7	2.5	45.8%	6.4	-42.6%	13.4	18.3	-26.6%
Opex	-63.1%	-68.7%		-86.7%		-67.4%	-73.4%	
EBITDA Margin	33.6%	29.5%		66.4%		30.3%	39.0%	
EBIT Margin	27.7%	20.7%		60.7%		23.1%	31.5%	
PBT Margin	26.5%	19.7%		59.4%		22.0%	30.3%	
PATAMI Margin	21.2%	12.4%		41.3%		15.5%	21.9%	
ETR	-20.1%	-37.0%		-30.4%		-29.5%	-27.8%	
Core Net Profit Margin*	21.2%	12.4%		0.8%		15.5%	12.8%	

Source: Company, Bursa Malaysia, Mercury Securities

*Excluding the one-off reversal of impairment loss on land held for property development in 4QFY25 of RM19.6m

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