



Nextgreen Global Berhad

Below Expectations but Operations Still Intact

Nextgreen's 3MFY26 earnings came in below expectations, representing 10% of our full-year forecast, mainly due to execution delays but expected to come on-stream by 2HFY26. Hence no change to our FY26E/FY27E earnings. Maintained our HOLD call with an unchanged 11.8x P/E applied to our FY26E EPS of 7.2 sen.

3MFY26 results came in below expectations, accounting for 10% of our full-year FY26 estimates but we deemed this in line with our estimates as executions are expected to come on-stream in 2HFY26. No dividend was declared during the quarter, consistent with NGGB's lack of regular dividend payments in recent years.

YoY, 3MFY26 topline grew +26% YoY to ~RM18m (3MFY25: ~RM14m), driven by the Manufacturing Segment (+41% YoY) on stronger liquid fertiliser and pulp & paper sales, with the latter up 18% to RM4m (3MFY25: RM3.8m) on improved volume and demand.

GP grew +51% YoY to RM13m (3MFY25: RM9m), with margin expanding to 72% vs. our assumption of 70% (3MFY25: 61%) on stronger higher-margin manufacturing contribution. EBITDA rose +11% YoY to RM12m (3MFY25: RM11m), though margin contracted to 66% (3MFY25: 75%) as Opex margin widened to 13% (3MFY25: 9%) from higher admin expenses, partially cushioned by higher other income of RM4m (3MFY25: RM3m). PBT grew +6% YoY to RM8m (3MFY25: RM7m), with margin narrowing to 43% (3MFY25: 51%) as an +88% YoY surge in net finance cost outweighed a 4% YoY dip in depreciation costs. Correspondingly, bottomline rose +11% YoY to RM8m (3MFY25: RM7m), with margin at 45% (3MFY25: 51%), due to tax breaks.

QoQ, topline declined 36% QoQ to RM18m (4QFY25: RM28m) due to reasons above. GP margin edged up to 72% (4QFY25: 71%), implying modest improvement in cost efficiency within Manufacturing Division. PBT took a sharper hit, declining 58% QoQ to RM8m (4QFY25: RM18m) with margin contracting to 43% (4QFY25: 65%), weighed down by Opex margin widening to 13% (4QFY25: 7%), significantly lower other income of RM4m (4QFY25: RM11m), and higher net finance cost of RM2.3m (4QFY25: RM2m). Nonetheless, PATAMI surged >100% to RM8m (4QFY25: RM3m), due to tax breaks.

Outlook. We are still positive on NGGB's long-term prospects supported by: i) the JV with Hong Kong Paper Source to establish Neuhwhite 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 pending DOSH approval; and iii) expanding fertiliser market reach both domestically and internationally. The Libya distribution contract (RM70m-RM75m annually to the topline) secured in FY25 are expected to contribute meaningfully in 2H26 pending regulatory approval.

Post-results. We maintain our FY26E/FY27E earnings of RM83.6m/RM104.3m with both GP and PAT margins unchanged at 70%/43% respectively for both years.

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. The Company is listed on the MAIN market.

Return Information

KLCI (pts)	1,708.50
YTD KLCI chg.	1.7%
YTD Stock Price chg.	-1.3%

Price Performance	1M	3M	12M
Absolute (%)	-0.6%	-1.9%	-1.3%
Relative to KLCI (%)	0.1%	0.2%	-12.4%

Stock Information

Market Cap (RM m)	858.3
Issued Shares (m)	1,093.4
52-week High (RM)	0.85
52-week Low (RM)	0.74
Est. Free Float (%)	56%
Beta vs FBM KLCI	0.6
3-month Avg Vol.	1,771,397
Shariah Compliant	Yes
Bloomberg Ticker	NGB MK EQUITY

Top 3 Shareholders

Shareholder	%
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	-	-	-
Earnings Revision (%)	-	-	-
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%



Valuation. We maintain our TP of RM0.85 based on an unchanged 10x target P/E applied to our FY26E EPS of 7.2 sen. **Maintained** our **HOLD** recommendation.

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.

Risks to our recommendation include: (i) Delays in GTP execution, (ii) Financial risks, and (iii) Geo political tensions affecting exports.

Results Highlights

Y/E: DEC (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg	3M26	3M25	YoY Chg
Turnover	17.8	27.9	-36.3%	14.1	26.3%	17.8	14.1	26.3%
Gross Profit	12.9	19.8	-35.2%	8.5	51.0%	12.9	8.5	51.0%
OPEX	-2.3	-2.0	13.7%	-1.2	87.5%	-2.3	-1.2	87.5%
EBITDA	11.7	22.0	-47.0%	10.5	10.6%	11.7	10.5	10.6%
EBIT	9.9	20.1	-50.8%	8.4	18.2%	9.9	8.4	18.2%
PBT/(LBT)	7.6	18.1	-58.1%	7.1	6.2%	7.6	7.1	6.2%
Taxation	0.0	-13.2	-100.0%	0.0	0.0%	0.0	0.0	0.0%
Net Profit	7.6	4.9	55.7%	7.1	6.2%	7.6	7.1	6.2%
PATAMI	8.0	3.3	144.5%	7.1	11.4%	8.0	7.1	11.4%
Core EPS (sen)	0.7	0.3	141.0%	0.7	8.3%	0.7	0.7	8.3%
Gross Margin	72.3%	71.0%		60.5%		72.3%	60.5%	
OPEX	-13.0%	-7.3%		-8.8%		-13.0%	-8.8%	
EBITDA Margin	65.5%	78.7%		74.8%		65.5%	74.8%	
EBIT Margin	55.6%	72.0%		59.4%		55.6%	59.4%	
PBT Margin	42.6%	64.7%		50.7%		42.6%	50.7%	
PATAMI Margin	44.7%	11.7%		50.7%		44.7%	50.7%	
ETR	0.0%	-73.1%		0.0%		0.0%	0.0%	
Segmental Turnover (RM m)								
Manufacturing	17.79	27.91	-36.3%	12.63	40.8%	17.79	12.63	40.8%
Property & Construction	0.00	0.00	0.0%	0.87	-100.0%	0.00	0.87	-100.0%
Printing & Publishing	0.00	0.02	-95.2%	0.58	-99.8%	0.00	0.58	-99.8%
Utility & RE	0.00	0.00	0.0%	0.00	0.0%	0.00	0.00	0.0%

Source: Company, Bursa Malaysia, Mercury Securities

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