Results Note
BUY (↔)
research@mersec.com.my
Thursday, August 27, 2026
Price: RM 0.095
Target Price: RM 0.200 (↑)

SumiSaujana Group Bhd

Pricing Action Drive Margin Recovery

SumiSaujana Group Bhd's (SUMI) results came in ahead of our expectations, YoY, revenue expanded 17% while PATAMI surged 74%, supported by stronger contributions from Malaysia and the US, cost optimization initiatives and the absence of sizeable non-recurring expenses recorded in the corresponding period. More importantly, 2QFY26 marked a sharp sequential margin recovery following pricing adjustments, with GP margin expanding to 34.9% from 26.3% in 1QFY26. Raise our FY26E/FY27E earnings by 28%/47% to RM14.2m/RM17.0m. Consequently, raise our TP to RM0.20 from RM0.138, based on an unchanged 17.23x FY27E P/E multiple. Reiterate BUY.

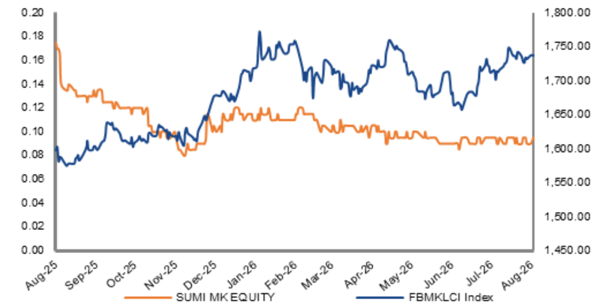
6MFY26 results ahead of our expectations. SUMI recorded 6MFY26 revenue of RM87.3m and PATAMI of RM6.9m, representing approximately 63%/60% of ours/market estimates. The positive variance was due to GP margin performed better than expected as we had pencilled in a much lower assumption and better ASPs. No dividend was declared for the quarter. Topline came in at 474% of our full year estimates.

YoY, topline rose 17%, driven primarily by Malaysia (+80%), the US (+53%) and Thailand (+2%). These more than offset softer sales from Indonesia (-23%) and other markets (-19%). GP rose to a more moderate 9% as cost of sales increased faster than revenue, resulting in GP margin easing by 2.4ppts to 30.7% from 33.1%. Nevertheless, operating cost discipline remained evident, with OPEX declining 5% and OPEX margin improving to 17.5% from 21.6%. Consequently, PBT surged 86% to RM10.1m and PBT margin improved by 4.3ppts to 11.6%, aided by cost optimization and the absence of the sizeable forex losses and one-off listing expenses recognised in 6MFY25. PATAMI increased 74% to RM6.9m despite the higher ETR of 31.4% versus 26.9% previously.

QoQ, margin recovery was the key positive. Revenue increased 7% to RM45.1m, supported by higher average selling prices following pricing adjustments implemented during the quarter. Geographically, Malaysia (+37%), the US (+34%), Oman (+31%) and Thailand (+13%) recorded stronger sales, offsetting softer Indonesia (-17%) and other markets (-44%). More importantly, GP jumped 42% to RM15.8m as GP margin expanded sharply by 8.6ppts to 34.9%, with improved product mix and pricing adjustments more than offsetting higher input costs. OPEX declined 10%, resulting in PBT surging 83% to RM6.5m and PBT margin expanding to 14.5% from 8.5%. PATAMI rose 76% to RM4.4m despite the ETR increasing to 32.3% from 29.8%.

Earnings revised upwards despite more conservative volume assumptions. We raise our FY26E/FY27E core earnings by 28%/47% to RM14.2m/RM17.0m, respectively. We increase our GP margin assumption to 31% from 28%, reflecting the benefits of progressive pricing adjustments, improved product mix, procurement optimization and ongoing cost rationalization. Raise our FY26E ETR assumption to 31% from 29%, broadly reflecting the 31.4% ETR recorded in 6MFY26. Conversely, we adopt a more conservative production output assumption of approximately 14,420 tonnes for FY26E (c.15,200 tonnes previously). Consequently, our FY26E/FY27E revenue estimates are trimmed by approximately 3% to RM174m/RM181m, but the stronger margin profile more than offsets the lower volume assumptions.

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)	1,748.54
YTD KLCI chg.	4.1%
YTD Stock Price chg.	-17.4%

Price Performance	1M	3M	12M
Absolute (%)	0.0%	-5.0%	-45.7%
Relative to KLCI (%)	-2.1%	-7.9%	-54.8%

Stock Information	
Market Cap (RM m)	137.1
Issued Shares (m)	1,443.6
52-week High (RM)	0.17
52-week Low (RM)	0.08
Est. Free Float (%)	21.3%
Beta vs FBM KLCI	#N/A N/A
3-month Avg Vol. (m)	492,127
Shariah Compliant	Yes
Bloomberg Ticker	SUMI MK EQUITY

Top 3 Shareholders	%
Atreon Holdings Bhd	65.0%
Norazlam bin Norbi	1.8%
Toh Chee Seng	1.8%

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	**183.6**	**174.3**	**181.3**
EBITDA	17.2	24.9	29.4
PBT	11.7	18.9	21.1
Net Profit	12.8	20.6	22.3
Core Net Profit	**8.3**	**14.0**	**17.0**
Consensus Net Profit	-	11.5	17.3
Earnings Revision (%)		*27.13%*	*46.81%*
Core EPS (sen)	0.58	0.97	1.18
Core EPS Growth (%)	-51%	68%	21%
Net DPS (sen)	-	-	0.35
Net Div. Yield (%)	-	-	3.72
BV Per Share (sen)	11.66	12.63	13.45
P/E (x)	16.4	9.8	8.1
PBV (x)	0.8	0.8	0.7
ROE (%)	5%	8%	9%

Valuation. We raise our TP to RM0.20 from RM0.138, pegging our revised FY27E EPS of approximately 1.18 sen to an unchanged 17.23x target P/E, representing a 50% discount to the 10-year average P/E of global peers of approximately 34.5x. We believe the valuation remains undemanding given the improving margin profile, stronger earnings trajectory and still-underappreciated geographic diversification. **Reiterate BUY.**

Investment case. We remain constructive on SUMI's medium- to long-term prospects, underpinned by its established position in specialty chemicals for the O&G industry, geographic diversification and exposure to leading global energy customers. The Group's improving cost structure and ability to implement progressive pricing adjustments strengthen its earnings resilience, while longer-term growth optionality is supported by expansion into bio-based chemicals, North American opportunities and WSA-related projects. The sharp margin recovery in 2QFY26 provides greater confidence that the operational efficiency initiatives highlighted previously are beginning to translate into earnings.

Risks to our recommendation include: i) dependence on key customers, ii) foreign-currency exposure, iii) raw-material input cost fluctuations, iv) execution risks associated with new projects and v) weaker-than-expected O&G activity.

Results Highlights

Y/E: Dec (RM m)	2Q26	1Q26	QoQ Chg	2Q25	YoY Chg	6M26	6M25	YoY Chg
Turnover	**45.1**	**42.2**	*7.0%*	**36.896**	*22.3%*	**87.3**	**74.7**	*16.9%*
Gross Profit	**15.8**	**11.1**	*42.3%*	**13.184**	*19.5%*	**26.8**	**24.7**	*8.7%*
OPEX	**(7.3)**	**(8.1)**	*-9.9%*	**(7.049)**	*2.9%*	**(15.3)**	**(16.1)**	*-4.9%*
EBITDA	8.8	4.0	*121.3%*	6.284	*39.4%*	12.7	11.8	*7.6%*
EBIT	5.2	5.1	*1.6%*	4.850	*6.7%*	10.3	9.0	*14.6%*
PBT/(LBT)	6.5	3.6	***82.9%***	2.077	*214.0%*	**10.1**	**5.4**	*85.8%*
Taxation	(2.1)	(1.1)	*98.0%*	(0.824)	*155.7%*	(3.2)	(1.5)	*117.0%*
Net Profit	4.4	2.5	*76.4%*	1.253	*252.3%*	6.9	4.0	*74.3%*
PATAMI	**4.4**	**2.5**	*76.4%*	**1.253**	*252.3%*	6.9	4.0	*74.3%*
Core EPS (sen)	**0.3**	**0.2**	*76.4%*	**0.170**	*79.9%*	0.5	0.3	*74.3%*
DPS (sen)	**0.0**	**0.2**	N.a	**0.000**	N.a	0.2	0.0	N.a
Margins %								
Gross Profit	34.9%	26.3%		35.7%		30.7%	33.1%	
Opex	-16.1%	-19.1%		-19.1%		-17.5%	-21.6%	
EBITDA Margin	19.4%	9.4%		17.0%		14.6%	15.8%	
EBIT Margin	11.5%	12.1%		13.1%		11.8%	12.0%	
PBT Margin	14.5%	8.5%		5.6%		11.6%	7.3%	
PATAMI Margin	9.8%	5.9%		3.4%		7.9%	5.3%	
ETR	-32.3%	-29.8%		-39.7%		-31.4%	-26.9%	
Geographical Revenue								
Thailand	15.25	13.53	*12.7%*	12.31	*23.9%*	28.8	28.1	*2.2%*
Malaysia	12.84	9.38	*36.9%*	9.24	*38.9%*	22.2	12.4	*79.6%*
Indonesia	3.89	4.68	*-16.9%*	4.17	*-6.7%*	8.6	11.1	*-23.0%*
USA	5.35	4.00	*33.5%*	3.86	*38.4%*	9.4	6.1	*53.1%*
South Korea	*N.a*	*N.a*	*N.a*	*1.32*	*N.a*	*N.a*	*1.3*	*N/A*
Oman	3.24	2.47	*31.2%*	0.00	*N/A*	5.7	*N.a*	*N/A*
Other	4.56	8.13	*-43.9%*	6.00	*-24.1%*	12.7	15.6	*-18.7%*

Source: Company, Bursa Malaysia, Mercury Securities

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