TMK Chemical Berhad

9M26 Earnings In Line, CCM to Spice Up Growth

Results Note - 3QFY26

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Summary

- **Earnings within expectations.** TMK's 3QFY26 core PATMI rose 57.9% YoY to RM41.2m, bringing 9MFY26 core PATMI to RM112.2m, up 64.5% YoY. This represents approximately 75% of both our FY26F core earnings forecast of RM149.4m and consensus' RM149.0m estimate.

- **YoY.** Revenue increased 12.9% YoY to RM321.2m, mainly driven by higher average selling prices (ASPs). PBT rose 68.0% to RM53.7m and core PATMI climbed 57.9% to RM41.2m, as profit growth outpaced revenue growth on improved margins.

- **QoQ.** Revenue rose 3.5% QoQ to RM321.2m. PBT and core PATMI increased 3.3% and 1.0% to RM53.7m and RM41.2m, respectively, indicating earnings remained broadly stable following the strong 2QFY26 performance.

- **YTD.** 9MFY26 revenue grew 8.3% YoY to RM873.0m, while PBT and core PATMI rose 65.2% and 64.5% to RM141.7m and RM112.2m, respectively, with profit growth outpacing revenue growth. Demand was supported by healthy industrial activity, with industrial production growing 5.3% in Malaysia and 14.8% in Vietnam during 3QFY26.

- **Dividend.** No dividend was declared for 3QFY26. TMK paid a 3.6 sen per share interim dividend for FY26 on 4 November 2026.

- **Outlook.** We expect TMK's earnings momentum to remain positive, supported by favourable chemical ASPs, higher sales volumes and improving operating efficiency. Healthy industrial activity in Malaysia and Vietnam, alongside demand from the semiconductor, petrochemical, utilities and data-centre sectors, should underpin chemical demand. Malaysia's expanding rare-earth processing ecosystem also presents longer-term opportunities for HCl and caustic soda. The proposed CCM acquisition, targeted for completion in 1QFY27 subject to approvals, would strengthen TMK's manufacturing capabilities and broaden its product portfolio and customer base. Combining CCM's manufacturing operations with TMK's chemical trading, storage and logistics platform could improve procurement and supply-chain efficiencies. Banting Plant 2, scheduled for 2027, is expected to add 40,000 ECU and double TMK's existing chlor-alkali derivatives capacity. Its approximately 60% lower capital investment should reduce depreciation and manpower requirements, supporting cost efficiencies and margins as utilisation increases.

Quarterly performance 3Q26

Quarterly performance

FYE Dec (RM m)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	284.6	310.4	321.2	*3.5*	*12.9*	806.4	873.0	*8.3*
EBITDA	46.3	65.0	66.8	*2.8*	*44.2*	125.9	172.6	*37.1*
PBT	32.0	52.0	53.7	*3.3*	*68.0*	85.7	141.7	*65.2*
PAT	26.1	40.8	41.2	*1.0*	*57.9*	68.1	112.2	*64.7*
Core PATMI	26.1	40.8	41.2	*1.0*	*57.9*	68.2	112.2	*64.5*
Reported PATMI	26.1	40.8	41.2	*1.0*	*57.9*	68.2	112.2	*64.5*
Core EPS (sen)	2.6	4.1	4.1	*1.0*	*57.9*	6.8	11.2	*64.5*
PBT margin (%)	11.2	16.8	16.7			10.6	16.2	
Core PATMI margin (%)	9.2	13.1	12.8			8.5	12.9	

Source: TMK Chemical Berhad, M+Global Research

HOLD

Share price	**RM3.08**
Target price	**RM3.27**
Previous TP	**RM3.27**
Capital upside	6.2%
Dividend return	1.4%
Total return	7.6%

Company profile

Incorporated since 1989, TMK Chemical Berhad primary engaged in the inorganic chemicals industry, specializing in total chemical management, chemical terminal services and manufacturing of inorganic chemicals.

Stock information

Bursa Code	5330
Bloomberg ticker	TMK MK
Listing market	MAIN
Share issued (m)	1000.0
Market Cap (m)	3,080.0
52W High/Low	3.24 / 1.11
3-mth avg vol ('000)	629.1
Shariah compliant	Yes

Major shareholders %

Lee Soon Hian	39.50
Leong Chao Seong	9.49
Lee Oi Loon	6.48

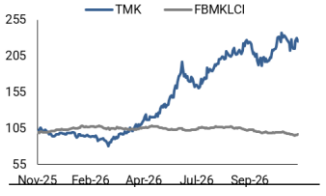
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	5.1	9.9	125.1
Relative	7.2	20.1	128.4

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PAT (m)	97.2	149.4	235.2
EPS (sen)	7.70	11.84	18.63
P/E (x)	40.00	26.02	16.54

Relative performance chart



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Valuation & Recommendation

- **Forecast.** We maintain our core earnings forecasts of RM149.4m, RM235.2m and RM274.9m for FY26F, FY27F and FY28F, respectively. Based on the enlarged share base of 1.2625bn shares following the CCM acquisition, these translate into EPS of 11.84 sen, 18.63 sen and 21.77 sen, respectively.

- **Maintain HOLD with unchanged TP of RM3.27.** We maintain our 15.0x FY28F P/E valuation, which captures a full year of CCM's earnings contribution and the potential benefits from greater scale and vertical integration. We believe this provides a reasonable balance between TMK's earnings growth prospects and the acquisition's execution and integration risks. At 21.77 sen FY28F EPS, this implies a TP of RM3.27.

- **Downside risks.** Risks include: (i) non-completion of the CCM acquisition; (ii) higher-than-expected debt funding or share issuance; (iii) integration risks; (iv) commodity and raw material cost volatility; (v) potential environmental liabilities; and (vi) regulatory and non-interested shareholder approval risks.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec (RM'm)	FY24	FY25	FY26f	FY27f	FY28f
Cash	503.2	398.4	437.3	643.1	876.1
Receivables	221.1	226.3	222.4	348.5	419.4
Inventories	104.9	110.4	119.2	188.0	227.7
PPE	424.0	421.5	493.1	489.0	481.8
Others	111.6	115.8	115.8	115.8	115.8
Assets	**1,364.9**	**1,272.4**	**1,387.8**	**1,784.3**	**2,120.7**
Debts	406.6	261.0	234.9	343.0	415.5
Payables	168.1	177.6	214.5	338.3	409.8
Others	56.9	71.6	71.6	71.6	71.6
Liabilities	**631.7**	**510.2**	**521.0**	**753.0**	**896.9**
Shareholder's equity	732.9	762.2	866.8	1,031.4	1,223.8
Minority interest	0.3	-	-	-	-
Equity	**733.2**	**762.2**	**866.8**	**1,031.4**	**1,223.8**

Valuation & Ratios

FYE Dec (RM'm)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	8.85	7.70	11.84	18.63	21.77
P/E (x)	34.82	40.00	26.02	16.54	14.15
EV/EBITDA (x)	19.09	22.33	15.41	10.34	8.89
DPS (sen)	2.14	2.77	3.55	5.59	6.53
Dividend yield	0.7%	0.9%	1.2%	1.8%	2.1%
BVPS (RM)	0.581	0.604	0.687	0.817	0.969
P/B (x)	5.305	5.102	4.486	3.770	3.177
EBITDA margin	14.7%	15.5%	20.4%	19.4%	18.8%
EBIT margin	11.9%	11.8%	16.6%	16.7%	16.4%
PBT margin	10.8%	11.4%	16.3%	16.4%	15.9%
Net margin	8.6%	9.2%	12.9%	12.9%	12.6%
ROE	17.8%	13.0%	18.3%	24.8%	24.4%
ROA	9.2%	7.4%	11.2%	14.8%	14.1%
Net gearing	CASH	CASH	CASH	CASH	CASH

Income Statement

FYE Dec (RM'm)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**1,303.4**	**1,053.0**	**1,159.9**	**1,817.3**	**2,186.8**
EBITDA	191.0	163.3	236.5	352.5	410.1
EBIT	154.6	124.1	193.1	303.5	357.9
Net finance income/ (co	(14.5)	(4.5)	(3.9)	(5.8)	(10.0)
Associates & JV	-	0.4	-	-	-
Profit before tax	**140.1**	**120.1**	**189.2**	**297.7**	**347.9**
Tax	(28.5)	(22.9)	(39.7)	(62.5)	(73.1)
Net profit	**111.7**	**97.2**	**149.4**	**235.2**	**274.9**
Minority interest	-	0.1	-	-	-
Core earnings	**111.7**	**97.2**	**149.4**	**235.2**	**274.9**
Exceptional items	-	-	-	-	-
Reported earnings	111.7	97.2	149.4	235.2	274.9

Cash Flow Statement

FYE Dec (RM'm)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	140.1	120.1	189.2	297.7	347.9
Depreciation & amortisat	36.4	39.2	43.5	49.1	52.2
Changes in working capit	4.7	(31.0)	32.0	(71.1)	(39.1)
Share of JV profits	-	(0.4)	-	-	-
Taxation	(28.5)	(26.6)	(39.7)	(62.5)	(73.1)
Others	8.8	13.4	(0.0)	0.0	0.0
Operating cash flow	**161.6**	**114.7**	**224.9**	**213.2**	**288.0**
Net capex	(42.6)	(24.7)	(115.0)	(45.0)	(45.0)
Others	(246.5)	(1.6)	-	-	-
Investing cash flow	**(289.1)**	**(26.3)**	**(115.0)**	**(45.0)**	**(45.0)**
Changes in borrowings	174.1	(145.7)	(26.1)	108.1	72.5
Issuance of shares	210.6	-	-	-	-
Dividends paid	(27.0)	(35.0)	(44.8)	(70.5)	(82.5)
Others	139.1	(20.0)	-	-	-
Financing cash flow	**496.8**	**(200.7)**	**(70.9)**	**37.6**	**(10.0)**
Net cash flow	**369.3**	**(112.3)**	**38.9**	**205.8**	**233.0**
Forex	-	7.5	-	-	-
Others	(2.6)	-	-	-	-
Beginning cash	136.5	503.2	398.4	437.3	643.1
Ending cash	503.2	398.4	437.3	643.1	876.1

Source: TMK Chemical Berhad, M+Global Research

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned