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Retail Research

Low Chee Hao, CMT

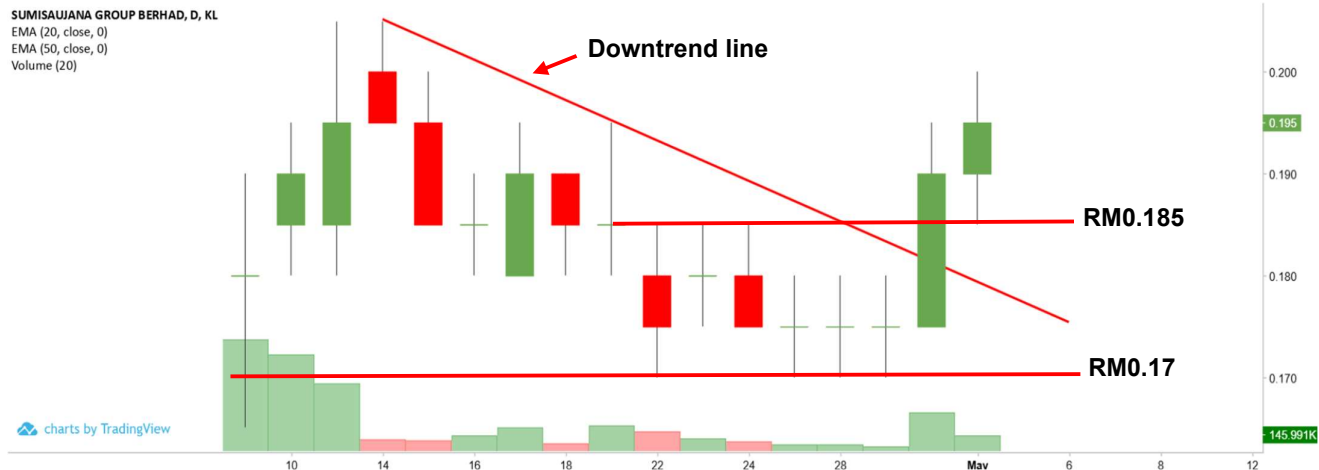
lew.chee-hao@ambankgroup.com

+603-2036 2300

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SUMISAUJANA GROUP (SUMI | 0349)

Last Price: RM0.195 | Technical Call: **BUY** | Target Price: RM0.24



Bursa Code: SUMI, 0349	Support 1: RM0.185	Entry: RM0.185–0.195
Sector: Industrial - Chemicals	Support 2: RM0.17	Target: RM0.22, RM0.24
Market Cap: RM282mil	Resistance 1: RM0.22	Exit: RM0.16
Shariah Compliant: Yes	Resistance 2: RM0.24	

Company Profile. SumiSaujana Group (SUMI), a Petronas-licensed manufacturer, produces specialty chemicals for the oil and gas (O&G) sector, specializing in drilling fluids, production chemicals, and refinery additives. Its products—including emulsifiers, fluid loss additives, demulsifiers, and corrosion inhibitors—enhance drilling efficiency, protect assets, and ensure smooth production. The group's facilities have a total capacity of over 40,000 tonnes per year and include reactors, hybrid blend-reactors, and blend tanks. SUMI serves clients in Malaysia and internationally, with a strong presence in the Asia-Pacific and Middle East regions.

Growth Strategies. (i) Rising demand for specialty chemicals in the O&G sector is being fueled by major investments from leading industry players such as Malaysia's Petronas, Thailand's PTTEP, and Saudi Arabia's Aramco—signaling growth and strategic opportunities ahead, (ii) Acquired an existing manufacturing facility and upgraded it with new reactors and hybrid blend-reactor tanks, boosting capacity by 126% and targeting a 34% energy reduction via solar PV, (iii) Establish a new R&D lab to drive innovation while expanding into the eco-friendly oleochemicals segment with products such as biodegradable lubricants and transformer oil, and (iv) Plans to establish overseas production facilities in North America and the Middle East by early 2026 to expand geographic presence.

Financial Performance. In 4QFY24, SUMI reported revenue of RM27.9mil with a profit after tax (PAT) of RM6.6mil. Comparative quarter-on-quarter (QoQ) and year-on-year (YoY) figures are unavailable, as SUMI was newly listed on 9 April 2025. The group derives more than 70% of its revenue from international markets, including the Asia-Pacific, Middle East, Europe, and the Americas.

Valuation. SUMI is trading at a FY25F P/E of 9x, which is lower than the Bursa Industrial Production Index's 19x. In comparison, Ancom Nylex, a manufacturer specializing in agricultural chemicals, herbicides, industrial chemicals, polymers, and logistics, trades at a higher FY25F P/E of 17x.

Technical Analysis. We expect further upside for SUMI, given that it broke above the 3-week downtrend line two sessions ago. The stock's move above the RM0.185 resistance also coincides with the formation of another positive candle, suggesting that additional strength may be present in the coming sessions. A bullish bias may emerge above the RM0.185 level, with a stop-loss set at RM0.16, below the 9 April low. On the upside, near-term resistance is seen at RM0.22, followed by RM0.24.

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