

Company Report

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MR DIY GROUP (M)

(MRDIY MK EQUITY, MRDI.KL)

CONSUMER

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Improved margins offset weak SSSG.

BUY

(Maintained)

Rationale for report: Company Result

Price RM1.60
Fair Value RM1.90
52-week High/Low RM2.26/RM1.28

Key Changes

Fair value ⇄
EPS ⇄

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	4,651.4	5,258.1	5,768.0	6,287.7
Core net profit (RM mil)	617.7	665.2	716.9	805.2
FD Core EPS (sen)	6.0	7.0	7.6	8.5
FD Core EPS growth (%)	1.3	16.9	7.8	12.3
Consensus Net Profit (RM mil)	-	634.0	700.3	764.2
DPS (sen)	5.0	5.4	5.8	6.5
PE (x)	26.6	22.8	21.1	18.8
EV/EBITDA (x)	12.9	11.0	10.2	9.1
Div yield (%)	3.1	3.4	3.6	4.1
ROE (%)	30.9	33.0	32.9	34.2
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million) 9,474.4
Market Cap (RMmil) 15,159.0
Book Value (RM/Share) 0.20
P/BV (x) 7.8
ROE (%) 30.9
Net Gearing (%) -

Major Shareholders Bee Family Limited (50.0%)
EPF (8.8%)
Hyptis (4.9%)

Free Float 25.7
Avg Daily Value (RMmil) 15.5

Price performance	3mth	6mth	12mth
Absolute (%)	(4.2)	1.3	(23.8)
Relative (%)	(4.4)	1.6	(22.7)



Investment Highlights

We maintain our BUY recommendation on MR D.I.Y. Group (M) (Mr DIY) with an unchanged target price of RM1.90. Our target price is based on a target PE of 25x FY26F, which is in line with its 3Y historical average. We continue to ascribe a neutral ESG rating of 3-star to Mr DIY. 1HFY25 core net profit of RM351.8mil was in line. YTD DPS at 2.9 sen and we expect FY25F DPS of 5.4 sen (3.4% yield) backed by RM282.5mil net cash. Revenue grew 5.6% YoY on store expansion, while a 2.1ppt GP margin lift offset weaker SSSG (-3%) and higher costs. The group added 70 stores to 1,509 (slightly behind target). To counter the negative SSSG, the group is rolling out key initiatives such as Mr TOY 2.0 rollout, RM2 campaign, and My Kasih programme expansion to boost sales. We continue to like Mr DIY for its exposure to the value-for-money segment with new brands such as KKV, The Colorist and X11 expected to expand its total addressable market.

- **Maintain BUY with an unchanged TP of RM1.90.** This is based on target CY26F PE of 25x, which is in line with its 3Y historical average. We make no adjustment to our neutral ESG rating of 3-star.
- **1HFY25 performance within expectations.** Core net profit stood at RM351.8mil, accounting for 53% of our and 55% of consensus full-year forecasts. DPS declared for the quarter was 1.5 sen, bringing YTD DPS to 2.9 sen (1HFY24: 2.2 sen). FY25F DPS forecast is 5.4 sen (3.4% yield), underpinned by RM282.5mil net cash.
- **Margin expansion offsetting weaker SSSG.** 1HFY25 revenue rose 5.6% YoY on the back of an expanded store network. Number of transactions grew 7% YoY, partially offset by a 1.2% decline in average basket size. Core net profit increased 10.6% YoY, supported by a 2.1ppt GP margin expansion, though partly eroded by higher staff, utility, and depreciation expenses in line with store expansion. SSSG for 1HFY25 was at -3% as 2QFY25 SSSG slumped to -7.2% YoY. The group added a net new 70 stores in 1HFY25, bringing the total to 1,509 stores, slightly behind its FY25 target of 190 net additions.
- **Initiatives to drive sales growth.** Key measures include rolling out Mr TOY 2.0 format (targeting 7 stores by year-end; achieving 2x monthly sales of current format; RM500k refurbishment cost/store), expanding the RM2 value campaign (~1,000 SKUs; monthly sales contribution up from <1% to 3%), and participating in the MyKasih programme (currently in 20 stores, with potential wider rollout by Sep-25). These initiatives are aimed at boosting traffic, improving basket size, and sustaining earnings momentum despite near-term SSSG headwinds.

EXHIBIT 1: 2QFY25 EARNINGS SUMMARY

FYE Dec (RM mil)	2Q24	1Q25	2Q25	QoQ (%)	YoY (%)	6M24	6M25	YoY (%)
Revenue	1,196.2	1,257.2	1,214.2	(3.4)	1.5	2,339.3	2,471.4	5.6
Gross Profit	544.7	601.2	579.5	(3.6)	6.4	1,068.0	1,180.7	10.6
EBITDA	307.7	339.4	318.2	(6.2)	3.4	600.2	657.7	9.6
D&A	(82.6)	(88.0)	(88.6)	0.7	7.3	(161.6)	(176.6)	9.3
EBIT	225.1	251.5	229.7	(8.7)	2.0	438.6	481.1	9.7
Finance Cost	(19.7)	(19.2)	(18.4)	(4.2)	(6.8)	(38.6)	(37.6)	(2.5)
PBT	207.9	234.1	212.0	(9.4)	2.0	403.0	446.1	10.7
Tax	(52.7)	(60.0)	(53.4)	(10.9)	1.4	(102.9)	(113.4)	10.2
PATAMI	155.2	174.1	158.6	(8.9)	2.2	300.1	332.7	10.9
Core Net Profit	164.2	183.4	168.4	(8.2)	2.6	318.1	351.8	10.6
Core EPS (sen)	1.7	1.9	1.8	(8.2)	2.4	3.4	3.7	10.4
DPS (sen)	1.2	1.4	1.5	7.1	25.0	2.2	2.9	31.8
Margins (%)								
GP margin (%)	45.5	47.8	47.7	-0.1ppt	2.2ppt	45.7	47.8	2.1ppt
EBITDA margin (%)	25.7	27.0	26.2	-0.8ppt	0.5ppt	25.7	26.6	1.0ppt
Pretax margin (%)	17.4	18.6	17.5	-1.2ppt	0.1ppt	17.2	18.1	0.8ppt
Effective tax rate (%)	-25.3	-25.6	-25.2	0.4ppt	0.1ppt	-25.5	-25.4	0.1ppt
Net profit margin (%)	13.7	14.6	13.9	-0.7ppt	0.1ppt	13.6	14.2	0.6ppt

Source: Company, AmInvestment Bank Bhd

Company profile

Mr D.I.Y. Group (M) (Mr DIY) engages in the retail of home improvement products and mass merchandise in Malaysia and Brunei with more than 1,400 stores as of end Dec 2024. The Company offers products such as hardware, household, electrical, car accessories, furnishing, stationery. In addition, the Company operates through its e-commerce platform, mrdiy.com.my. The Company was founded in 2005 and is based in Seri Kembangan, Malaysia.

Investment thesis and catalysts

We have a BUY recommendation on Mr DIY as the Company still has ample of room for growth and is venturing into complementary brands such as KKV and THE COLORIST to increase their total addressable market.

Valuation methodology

The stock is valued based on a target FY26F PE of 25x, which is in line with its 3Y historical average forward PE. We think 3Y period is very reflective of the valuation post FBMKLCI inclusion in June 2021.

Risk factors

Mr DIY stores may experience potential cannibalisation due to market saturation, particularly in the Klang Valley area. It is also concerning to note the negative same store sales growth in seven out of the past eight quarters.

EXHIBIT 2: VALUATIONS

Target PE (x)	25x
FY26 EPS (sen)	7.6
ESG premium	0%
12-month target price	1.90

Source: AmlInvestment Bank

EXHIBIT 3: PB BAND CHART



EXHIBIT 4: PE BAND CHART



EXHIBIT 5: ESG RATING

ESG	Parameters	Weightage	Rating					Rationale
Environmental assessment								
1	Renewable Energy	RE mix for all the distribution facilities	30%	*	*	*		11.2% renewable energy mix in FY24
2	Scope 1 GHG Emissions Intensity	Co2e/1k transactions reduction	30%	*	*	*		5% reduction in 2024 from 2023
3	Scope 2 GHG Emissions	Co2e/sqft reduction	20%	*	*			7% increase in 2024 from 2023
4	Minimise waste generation	Single use plastic bags per 1k transactions (kg)	20%	*	*	*		15% reduction in plastic usage per transaction for 2022-2024
Weighted score for environmental assessment		100%	*	*	*			
Social assessment								
1	Health, safety & well-being	Number of lost time injuries	20%	*	*	*		18 in 2024, decreased from 20 in 2022
2	Women in workforce	% of total workforce	20%	*	*	*		38% in workforce & 49% in senior management
3	Investment in employee training	Hours	20%	*	*	*		41% increase in average training hours per employee.
4	Procurement sourcing from local vendors	% of total procurement	20%	*	*	*		34.5% in 2024
5	CSR programmes	No. of events involved	20%	*	*	*	*	Invested RM1.2M over 289 programmes in 2024. Doubled the amount in 2023.
Weighted score for social assessment		100%	*	*	*			
Governance assessment								
1	Board age diversity	% under 60 years old	15%	*	*	*		50% representation
2	Board women representation	% of total board directors	15%	*	*	*		50% representation
3	Directors with tenure below 6 years	% below 6 years category	15%	*	*	*		33% representation
4	Independent board directors	% of total board directors	20%	*	*	*	*	67% - independent non-exec
6	Remuneration to directors	% of total staff costs	20%	*	*	*	*	RM4.2mil - 0.6% of 2024 staff costs
7	Corruption investigations	% of operations that underwent corruption risk assessments	15%	*	*	*		100%
Weighted score for governance assessment		100%	*	*	*			
	Environmental score		40%	*	*	*		
	Social score		30%	*	*	*		
	Governance score		30%	*	*	*		
Overall ESG Score			100%	*	*	*		

Source: AmlInvestment Bank Bhd

EXHIBIT 6: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	4,359.3	4,651.4	5,258.1	5,768.0	6,287.7
EBITDA	1,121.3	1,167.8	1,366.8	1,473.0	1,633.9
Depreciation/Amortisation	(301.3)	-	(388.8)	(429.0)	(464.4)
Operating income (EBIT)	820.0	-	978.0	1,044.0	1,169.5
Other income & associates	3.6	6.4	6.7	7.0	7.4
Net interest	(70.5)	(78.7)	(85.8)	(82.2)	(88.8)
Exceptional items	-	-	-	-	-
Pretax profit	753.2	763.1	898.9	968.8	1,088.1
Taxation	(192.5)	(194.2)	(233.7)	(251.9)	(282.9)
Minorities/pref dividends	-	-	-	-	-
Net profit	560.7	568.9	665.2	716.9	805.2
Core net profit	599.9	617.7	665.2	716.9	805.2
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	827.1	881.7	960.8	1,003.4	1,040.9
Intangible assets	7.7	7.7	7.7	7.7	7.7
Other long-term assets	1,287.3	1,397.7	1,650.0	1,736.1	1,804.8
Total non-current assets	2,122.1	2,287.1	2,618.4	2,747.2	2,853.4
Cash & equivalent	232.3	276.0	109.0	172.9	286.1
Stock	1,084.4	1,082.4	1,255.2	1,389.4	1,514.6
Trade debtors	106.6	148.5	172.9	189.6	206.7
Other current assets	5.5	8.0	8.4	8.4	8.4
Total current assets	1,428.9	1,514.8	1,545.5	1,760.3	2,015.7
Trade creditors	189.2	218.7	244.9	268.6	292.9
Short-term borrowings	191.1	128.2	28.2	28.2	28.2
Other current liabilities	260.6	288.4	313.3	336.3	358.5
Total current liabilities	640.9	635.3	586.4	633.2	679.5
Long-term borrowings	11.4	10.9	10.9	10.9	10.9
Other long-term liabilities	1,153.4	1,218.2	1,473.1	1,602.9	1,728.0
Total long-term liabilities	1,164.8	1,229.2	1,484.0	1,613.9	1,738.9
Shareholders' funds	1,745.2	1,937.5	2,093.5	2,260.5	2,450.6
Minority interests	-	-	-	-	-
BV/share (RM)	0.18	0.20	0.22	0.24	0.26
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	753.2	763.1	898.9	968.8	1,088.1
Depreciation/Amortisation	301.3	2.8	388.8	429.0	464.4
Net change in working capital	58.7	(10.4)	(171.0)	(127.2)	(118.1)
Others	(140.3)	179.4	(147.9)	(169.6)	(194.2)
Cash flow from operations	972.9	934.9	968.8	1,100.9	1,240.3
Capital expenditure	(229.3)	(144.1)	(196.6)	(170.4)	(170.4)
Net investments & sale of fixed assets	1.8	-	-	-	1.0
Others	(19.4)	(24.4)	-	-	-
Cash flow from investing	(246.9)	(168.5)	(196.6)	(170.4)	(169.4)
Debt raised/(repaid)	(154.9)	-	(100.0)	-	-
Equity raised/(repaid)	13.4	21.4	-	-	-
Dividends paid	(264.3)	(397.0)	(509.2)	(549.9)	(615.0)
Others	(222.6)	(345.0)	-	(337.8)	(364.7)
Cash flow from financing	(628.3)	(720.6)	(609.2)	(887.7)	(979.7)
Net cash flow	97.8	45.8	163.0	42.9	91.3
Net cash/(debt) b/f	114.9	213.0	258.8	421.8	464.6
Net cash/(debt) c/f	213.0	258.8	421.8	464.6	556.9
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	9.4	6.7	13.0	9.7	9.0
EBITDA growth (%)	16.0	4.1	17.0	7.8	10.9
Pretax margin (%)	17.3	16.4	17.1	16.8	17.3
Net profit margin (%)	12.9	12.2	12.7	12.4	12.8
Interest cover (x)	11.6	-	11.4	12.7	13.2
Effective tax rate (%)	25.6	25.4	26.0	26.0	26.0
Dividend payout (%)	53.9	83.1	76.6	76.7	76.4
Debtors turnover (days)	9	12	12	12	12
Stock turnover (days)	166	157	157	157	157
Creditors turnover (days)	16	17	17	17	17

Source: Company, AmlInvestment Bank Bhd estimates

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