Mr D.I.Y. Group (M) Berhad

(5295 | MRDIY MK) Main | Consumer Products & Services

SHARIAH Compliant | FTSL4Good | ESG 3 Stars

Corporate Update

1QFY26 Results Review

Resilient Start

Maintain **BUY**

Unchanged Target Price: **RM2.13**

Maintain BUY with an unchanged TP of RM2.13. MR D.I.Y. delivered a healthy set of results, supported by higher transaction volumes during the festive season and contributions from new stores. We continue to view MR DIY as a strong consumer play, anchored by a credible store rollout pathway to 2,000 stores by 2028, procurement-driven gross margin resilience and a high and rising dividend distribution policy supported by strong operating cash flow and a net cash balance sheet. We maintain our **BUY** call on MR D.I.Y. with an unchanged **target price of RM2.13**, pegged to 30.0x FY26F Core EPS of 7.1 sen.

Within Expectations. MR. D.I.Y. reported a 1QFY26 revenue of RM1.37b (+9.3%yoy, +7.0%qoq) and a Core PATANCI of RM198.4m (+10.0%yoy, +19.3%qoq), in line with our and consensus expectations at 30% of our FY26F and 29% of consensus forecast. The Group declared a 1st interim dividend of 1.6 sen per share (RM151.6m, +14.6%yoy), representing a 79.0% payout ratio.

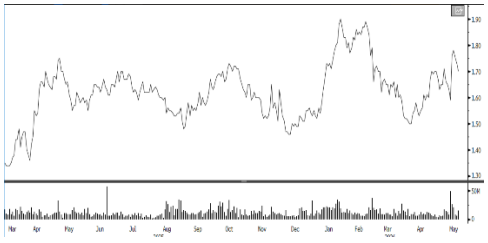
Revenue growth on store rollout, transactions and SSSG recovery. 1QFY26 revenue of RM1.37b grew +9.3%yoy, driven by (i) a +7.7%yoy expansion in the store network to 1,584 stores as at 31 March 2026 (vs 1,471 as at 31 March 2025; 1,615 including KKV and sub-brands), (ii) +12.3%yoy growth in transactions to 54.1m, and (iii) SSSG of +1.6% (1QFY25: +0.6%; 4QFY25: +1.4%), the strongest quarterly print in five quarters on the back of stronger Lunar New Year and Hari Raya Aidilfitri festive demand. The growth was partly offset by a -2.6%yoy decline in average basket size to RM25.30 (1QFY25: RM25.90). Revenue mix continued to tilt toward Household & Furnishing (40% in 1QFY26 vs 37% in 1QFY25), with Hardware easing to 17% (18%) and Electrical and Stationery & Sports stable at 11% and 7% respectively.

Earnings lifted by GP margin expansion. 1QFY26 Core PATANCI of RM198.4m (+10.0%yoy, +19.3%qoq) was driven by revenue growth and an improved GP margin expansion to 48.6%, which was comfortably within FY26 guidance of 46-48%, underpinned by disciplined promotional activity, favourable inventory cost levels, healthy procurement scale and a stronger Ringgit cushioning imported costs. GP margin expanded +0.8ppts yoy to 48.6%, lifting EBITDA +10.5%yoy to RM372.2m (margin: 27.1%, +0.3ppts yoy) and Core PATANCI margin to 14.4% (+0.1ppts yoy). Operating expenses rose to 24.6% of revenue (1QFY25: 24.2%), with employee benefits at 13.4% (13.1%), ROU depreciation at 4.7% (4.3%) and PPE depreciation at 2.4% (2.2%), reflecting network expansion and distribution system enhancement. Utilities eased to 2.3% of revenue (2.5%) on continued green-energy and efficiency initiatives.

Dividend trajectory remains a key attraction. The 1st interim DPS of 1.6 sen (RM151.6m, 79.0% payout) compares with 1QFY25's RM132.3m (76.1% payout), implying +14.6%yoy growth in absolute terms. Management reiterated FY26 payout guidance of 60-75% and expects to exceed it, with five dividends planned for FY26 (quarterly plus an additional interim). Trailing 4-quarter dividend yield, including the additional interim, stood at 4.8%. Cumulative declared dividends grew at a +54.8% CAGR from FY22 to FY25.

RETURN STATISTICS	
Price @ 20th May 2026 (RM)	1.70
Expected share price return (%)	+25.4
Expected dividend yield (%)	+4.7
Expected total return (%)	+30.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.9	6.8
3 months	11.1	-7.2
12 months	9.7	-1.4

INVESTMENT STATISTICS

FYE SEPT (RM'm)	2026F	2027F	2028F
Revenue	5,584.4	5,970.9	6,384.0
EBITDA	1,386.4	1,527.3	1,612.7
PBT	901.1	1,007.4	1,055.8
Core PATANCI	671.8	751.0	787.1
Core EPS (sen)	7.1	7.9	8.3
DPS (sen)	5.4	6.2	6.4
Dividend Yield (%)	3.2	3.7	3.8

KEY STATISTICS

FBM KLCI	1,717.69
Issued shares (m)	9475.76
Estimated free float (%)	30.63
Market Capitalisation (RM'm)	16,111.71
52-wk price range	RM1.44 - RM1.92
3-mth average daily volume (m)	12.27
3-mth average daily value (RM'm)	20.28
Top Shareholders (%)	
BEE Family Ltd	50.00
Employees Provident Fund Board	11.20
Tan Yew Teik	3.91

Analyst
MBSB Research
research@mbsb.com
03-2173 8396

East Malaysia and rural townships emerging as the growth engine. Management plans to open 20 East Malaysia stores in FY26 (7 already opened in 1QFY26), with new stores in the region achieving close to 2.0x sales-to-target ratio and 12-month payback periods, materially ahead of West Malaysia's 1.3-1.4x sales-to-target. East Malaysia's share of new MRDIY-brand store openings is set to lift to 15.4% in FY26 (FY25: 10.6%; FY24: 12.3%). The Group remains on track to open 155 net new stores in FY26 (130 MRDIY-brand; 25 KKV) and reiterated its 2,000-store target by 2028.

"Harga Tetap Sama" campaign reinforces value positioning. From 1st May-26 to 30th Jun-26, MRDIY is holding prices steady across 19,000 SKUs nationwide under the tagline "Biar Kami Rugi, Anda Puas Hati", a 60-day initiative designed to capture share of household spend during a period of inflationary volatility. Management guided FY26 GP margin of 46-48% and indicated margins continue to work in their favour, suggesting limited downside from the campaign.

MyKasih/SARA participation broadened to 250 stores in 1H26. This nearly doubles the participating store base and includes East Malaysia stores. Participating stores have outperformed comparable benchmark stores in transaction growth, supported by MySARA fund distribution.

Middle East cost pressure assessed as manageable. Freight and logistics costs are a small proportion of total costs, with internal logistics benefiting from subsidised diesel. Utilities at ~2% of sales remain contained. Plastic-related cost pressure exists but is cushioned by advance procurement, scale-driven bargaining power and a stronger Ringgit; management characterised the overall impact as "decimal point" rather than a material margin risk.

KKV softer than expected; remains a minor earnings contributor. Management indicated KKV operated slightly below breakeven in 1QFY26 and did not contribute to earnings growth but emphasised that it is not a material driver of the Group's bottom line. The Group continues to refine the KKV business model.

Outlook. We maintain our forecasts. Looking ahead, growth visibility is anchored by the 155 store FY26 rollout (with East Malaysia expansion delivering superior unit economics). We expect MR. D.I.Y. to be a beneficiary of consumer downtrading behaviour in the current inflationary environment, as cost-conscious households gravitate toward its value-for-money proposition across 19,000 SKUs, a dynamic reinforced by the "Harga Tetap Sama" campaign and the broadened MyKasih/SARA footprint, which together should sustain transaction growth and footfall. As the only nationwide DIY chain with all stores directly operated, the Group's scale-driven procurement, centralised distribution and largely fixed cost base provide meaningful operating leverage, and with the balance sheet in net cash and strong operating cash flow, capital returns should remain a key feature, with five dividends planned in FY26 and management guiding payout above the 60-75% policy range. We reiterate our **BUY** call and **TP of RM2.13**.

Mr D.I.Y. Group (M) Berhad: 1QFY26 Results Summary

FYE DEC (RM'm)	Quarterly results							
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue	1,373.7	1,284.1	1,257.2	9.3	7.0	1,373.7	1,257.2	9.3
Cost of sales	(706.3)	(677.3)	(656.0)	7.7	4.3	(706.3)	(656.0)	7.7
Gross Profit	667.4	606.9	601.2	11.0	10.0	667.4	601.2	11.0
Administrative expenses	(62.2)	(61.5)	(58.5)	6.4	1.2	(62.2)	(58.5)	6.4
Other operating expenses	(338.2)	(313.9)	(304.0)	11.2	7.7	(338.2)	(304.0)	11.2
Other operating income	10.9	6.6	12.8	(14.9)	64.2	10.9	12.8	(14.9)
Operating profit (EBIT)	277.9	238.1	251.5	10.5	16.7	277.9	251.5	10.5
Net finance income/(cost)	(17.3)	(19.2)	(17.2)	0.3	(9.9)	(17.3)	(17.2)	0.3
Profit before tax (PBT)	260.2	219.9	236.1	10.2	18.3	260.2	236.1	10.2
Income tax expense	(66.3)	(55.1)	(60.0)	10.6	20.4	(66.3)	(60.0)	10.6
Profit After tax (PAT)	193.9	164.8	176.1	10.1	17.6	193.9	176.1	10.1
PATANCI	193.9	164.8	176.1	10.1	17.6	193.9	176.1	10.1
Core PATANCI	198.4	166.3	180.3	10.04	19.3	198.4	180.3	10.0
Basic EPS (sen)	2.0	1.7	1.8	10.3	17.3	2.0	1.8	10.3
DPS (sen)	1.6	3.8	1.4	14.3	(57.9)	1.6	1.4	14.3
Growth & Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	48.6	47.3	47.8	0.8	1.3	48.6	47.8	0.8
Operating Profit Margin	20.2	18.5	20.0	0.2	1.7	20.2	20.0	0.2
PBT Margin	18.9	17.1	18.8	0.2	1.8	18.9	18.8	0.2
Core PATANCI Margin	14.4	12.9	14.3	0.1	1.5	14.4	14.3	0.1
Ratios & Valuation				+/(-) ppts	+/(-) ppts			+/(-) ppts
Effective tax rate (%)	25.5	25.0	25.4	0.1	0.4	25.5	25.4	0.1

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	4,651.4	4,954.0	5,584.4	5,970.9	6,384.0
Gross Profit	2,132.6	2,354.2	2,571.0	2,799.1	2,924.9
EBITDA	1,170.5	1,285.5	1,386.4	1,527.3	1,612.7
EBIT	835.5	921.8	978.7	1,084.4	1,131.6
Profit before tax (PBT)	770.4	854.2	901.1	1,007.4	1,055.8
Income tax expense	(194.2)	(216.1)	(229.3)	(256.3)	(268.7)
Profit After tax (PAT)	576.2	638.1	671.8	751.0	787.1
Core PATANCI	589.0	650.4	671.8	751.0	787.1
Core EPS (sen)	6.2	6.9	7.1	7.9	8.3
DPS (sen)	4.2	8.0	5.4	6.2	6.4
Dividend Yield (%)	2.5	4.7	3.2	3.7	3.8

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	770.4	854.2	901.1	1,007.4	1,055.8
Cash flow from operations	934.9	977.9	995.0	1,198.4	1,385.7
Cash flow from investing	(168.5)	(137.3)	(466.5)	(519.1)	(674.0)
Cash flow from financing	(720.6)	(887.7)	(450.9)	(608.7)	(628.7)
Net cash flow	45.8	64.5	77.6	70.6	83.0
(+/-) Adjustments	0.0	0.0	0.0	0.0	0.0
Net cash/(debt) b/f	213.0	258.8	323.3	400.9	471.5

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth (%)	6.7	6.5	12.7	6.9	6.9
Gross Profit Growth (%)	7.9	10.4	9.2	8.9	4.5
EBITDA Growth (%)	4.2	9.8	7.8	10.2	5.6
Core PATANCI Growth (%)	5.4	10.4	3.3	11.8	4.8

Margins (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin (%)	45.8	47.5	46.0	46.9	45.8
EBITDA Margin (%)	25.2	25.9	24.8	25.6	25.3
EBIT Margin (%)	18.0	18.6	17.5	18.2	17.7
Core PATANCI Margin (%)	12.7	13.1	12.0	12.6	12.3

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
Property, plant and equipment	881.7	893.1	965.6	1,007.5	1,172.6
Intangible assets	7.7	10.4	7.7	7.7	7.7
Total Non-current assets	2,287.1	2,355.0	2,293.3	2,167.3	2,361.3
Inventories	1,082.4	1,179.0	1,284.2	1,364.3	1,487.9
ST - Trade and other receivables	148.5	151.7	153.1	163.7	175.1
Cash and cash equivalents	276.0	225.2	836.5	471.5	554.5
Total current assets	1,514.8	1,566.2	2,283.4	2,009.8	2,228.4
Total Assets	3,802.0	3,921.2	4,576.8	4,177.1	4,589.8
Total Equity	1,937.5	2,016.5	2,180.6	2,337.3	2,512.5
LT Loans and borrowings	10.9	9.8	540.0	540.0	540.0
Total Non-current liabilities	1,229.2	1,232.2	1,694.3	1,663.4	1,633.7
ST Trade and other payables	218.7	250.0	241.7	256.8	280.1
ST Loans and borrowings	128.2	94.5	0.0	0.0	0.0
Total Current Liabilities	635.3	672.5	701.8	176.4	443.6
Total Liabilities	1,864.4	1,904.7	2,396.2	1,839.8	2,077.3

Source: Bloomberg, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such. While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad. The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report. This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology