Corporate Update

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

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

SHARIAH Compliant | FTSE4Good | ESG 3 Stars

2QFY26 Results Review

Softer 2Q, Value Proposition Intact

Maintain **BUY**

Unchanged Target Price: **RM2.13**

Maintain BUY with an unchanged TP of RM2.13. MR D.I.Y.'s 2QFY26 results reflected a softer quarter, mainly due to seasonal normalisation after the earlier Hari Raya boost, targeted promotional activity and higher operating costs. Nonetheless, we remain positive on the group's value-led proposition, transaction growth, store quality improvements and strong dividend delivery. We make no changes to our earnings forecasts and maintain our **BUY** call with an unchanged **TP of RM2.13**, based on 30x FY26F Core EPS of 7.1 sen.

Within expectations. MR D.I.Y. posted 2QFY26 revenue of RM1.26b (+3.6%yoy; -8.5%qoq) and core PATANCI of RM142.2m (-13.2%yoy; -28.3%qoq). For 1HFY26, revenue rose +6.5%yoy to RM2.63b, while core PATANCI eased -1.0%yoy to RM340.6m, accounting for 51% of our full-year forecast and 49% of consensus. MR D.I.Y. declared total 2QFY26 DPS of 3.3 sen/share, comprising an interim DPS of 1.3 sen/share and an additional interim DPS of 2.0 sen/share, bringing 1HFY26 DPS to 4.9 sen/share. Total 1HFY26 dividends declared amounted to RM464.4m, representing a payout ratio of 142.3% of PAT, supported by strong operating cash flow and balance sheet flexibility.

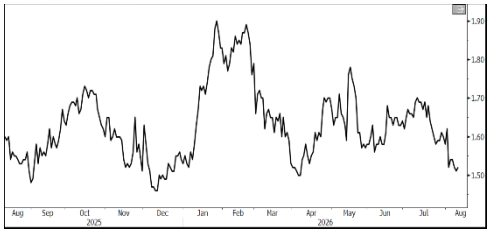
Revenue supported by network expansion and transactions. 2QFY26 revenue growth was driven by the continued expansion of the store network to 1,610 stores as at end-Jun-26, up +7.2%yoy, while total transactions grew +7.3%yoy to 52.0m. This was partly offset by a -3.5%yoy decline in average basket value, mainly due to lower ASPs from targeted promotional campaigns. On a sequential basis, revenue moderated -8.5%qoq, reflecting the high 1QFY26 base from Chinese New Year and Hari Raya festive spending. For 1HFY26, transactions increased +9.8%yoy to 106.2m, while average basket value declined -3.0%yoy, consistent with the group's value-focused promotional efforts.

Margins weighed by promotions and higher opex. Gross profit rose +2.9%yoy to RM596.2m, although GPM eased to 47.4% (-0.3ppts yoy; -1.2ppts qoq) as the benefit from a stronger Ringgit and lower import costs was balanced by promotional campaigns. Core PATANCI margin compressed to 11.3% (-2.2ppts yoy; -3.1ppts qoq), mainly due to higher administrative expenses and other operating expenses. Cost pressure reflected higher staff costs, utilities, depreciation from the automated warehouse and expanded store network, SST on rental expenses, as well as several front-loaded 2Q cost items. Management highlighted that around RM10m-12m of pre-tax cost items were recognised largely in 2QFY26.

Store quality taking priority. MR D.I.Y. added 62 net new stores in 1HFY26, mostly under the core MR D.I.Y. brand. While management retained its FY26 target of 155 net new stores and longer-term 2,000-store target by 2028, it noted that full-year openings could face some downside pressure as the group prioritises better site selection over pure store-count growth. This strategy appears to be yielding results, with new stores opened in 1HFY26 delivering around 20% higher sales per sq ft than new stores opened in FY25, while converted/refurbished stores recorded more than 25% uplift in sales per sq ft versus pre-conversion levels. The group has refurbished 142 stores to date.

RETURN STATISTICS	
Price @ 11th Aug 2026 (RM)	1.52
Expected share price return (%)	+40.2
Expected dividend yield (%)	+3.5
Expected total return (%)	+43.77

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-10.6	-12.7
3 months	-7.3	-6.9
12 months	-5.0	-14.0

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 (%)	3.5	4.1	4.2

KEY STATISTICS

FBM KLCI	1,731.46
Issued shares (m)	9475.76
Estimated free float (%)	36.47
Market Capitalisation (RM'm)	14,405.76
52-wk price range	RM1.44 - RM1.92
3-mth average daily volume (m)	19.17
3-mth average daily value (RM'm)	30.78
Top Shareholders (%)	
BEE Family Ltd	50.00
Employees Provident Fund Board	11.94
Tan Gaik Hoon	2.28

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Outlook. We remain constructive on MR D.I.Y.'s outlook, supported by its value-led positioning, resilient transaction growth and improving store productivity. While 2QFY26 was softer due to festive timing, promotional activity and higher costs, management remains sanguine on consumer demand, with spending trends still supported by MR D.I.Y.'s affordability proposition. We also view the early response to the MR D.I.Y. Club loyalty programme positively, with around 500k members registered since launch in July. Key watchpoints include the pace of store openings, recurring opex from SST and depreciation, supplier price adjustments after the end of the price-lock campaign, and KKV's slower-than-expected performance. Overall, we maintain our **BUY** call and unchanged **TP of RM2.13.**

Mr D.I.Y. Group (M) Berhad: 2QFY26 Results Summary

FYE DEC (RM'm)	Quarterly results							
	2QFY26	1QFY26	2QFY25	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue	1,257.3	1,373.7	1,214.2	3.6	(8.5)	2,631.0	2,471.4	6.5
Cost of sales	(661.1)	(706.3)	(634.7)	4.2	(6.4)	(1,367.4)	(1,290.7)	4.2
Gross Profit	596.2	667.4	579.5	2.9	(10.7)	1,263.6	1,180.7	2.9
Administrative expenses	(62.8)	(62.2)	(53.4)	17.6	0.9	(125.0)	(111.9)	11.7
Other operating expenses	(343.3)	(338.2)	(309.9)	10.8	1.5	(681.5)	(613.9)	11.0
Other operating income	13.7	10.9	13.4	2.4	26.3	24.6	26.2	(6.0)
Operating profit (EBIT)	203.8	277.9	229.7	(11.2)	(26.6)	481.7	481.1	0.1
Net finance income/(cost)	(18.3)	(17.3)	(16.7)	9.6	6.0	(35.6)	(33.9)	4.9
Profit before tax (PBT)	184.9	260.2	213.7	(13.5)	(28.9)	445.1	449.8	(1.0)
Income tax expense	(46.4)	(66.3)	(53.4)	(13.2)	(30.0)	(112.7)	(113.4)	(0.6)
Profit After tax (PAT)	138.5	193.9	160.3	(13.6)	(28.6)	332.4	336.4	(1.2)
PATANCI	138.5	193.9	160.3	(13.6)	(28.6)	332.4	336.4	(1.2)
Core PATANCI	142.2	198.4	163.8	(13.20)	(28.3)	340.6	344.1	(1.0)
Basic EPS (sen)	1.4	2.0	1.7	(15.0)	(30.0)	3.5	3.5	(1.7)
DPS (sen)	3.3	1.6	1.5	120.0	106.3	4.9	2.9	69.0
Growth & Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	47.4	48.6	47.7	(0.3)	(1.2)	48.0	47.8	0.3
Operating Profit Margin	16.2	20.2	18.9	(2.7)	(4.0)	18.3	19.5	(1.2)
PBT Margin	14.7	18.9	17.6	(2.9)	(4.2)	16.9	18.2	(1.3)
Core PATANCI Margin	11.3	14.4	13.5	(2.2)	(3.1)	12.9	13.9	(1.0)
Ratios & Valuation				+/(-) ppts	+/(-) ppts			+/(-) ppts
Effective tax rate (%)	25.1	25.5	25.0	0.1	(0.4)	25.3	25.2	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	3.5	4.1	4.2

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

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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