Corporate Update

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

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

SHARIAH Compliant | FTSE4Good | ESG 3 Stars

3QFY26 Results Review

Topline Holds, Margins Stay Pressured

Maintain BUY with a lower TP of RM1.59. MR D.I.Y.'s 3QFY26 results were within expectations, quarterly revenue remained resilient on higher transactions and store expansion, but weaker basket value, softer gross margin and higher operating costs weighed on earnings. We leave our earnings forecasts unchanged and roll forward our valuation to FY27F, applying a lower target PER of 20x to FY27F EPS of 7.94 sen, from 30x previously, lowering our **TP** to **RM1.59**. The revised multiple is around 0.8SD below its 5-year mean and reflects slightly cautious broader consumer sentiment, persistent negative SSSG, a more measured store expansion plan and increased competitive uncertainty from e-commerce, while still recognising MR D.I.Y.'s strong cash generation, margins and established market position.

Within Expectations. 9MFY26 core PATANCI declined -1.4%yoy to RM477.4m, accounting for 71% of our FY26 forecast and 73% of consensus FY26 expectations. For 3QFY26, core PATANCI fell -2.3%yoy and -3.8%qoq to RM136.8m, reflecting weaker margins despite continued revenue growth. The Board declared an interim dividend of 1.3 sen/share, bringing dividends declared for 9MFY26 to 6.2 sen/share. Management indicated that 9MFY26 dividends represented a payout ratio of about 130%.

Revenue growth remained store-led. 3QFY26 revenue rose +4.8%yoy to RM1.26b but was broadly flat quarter-on-quarter. Growth was supported by higher transaction volumes and continued network expansion, with total transactions rising +6.9%yoy to 52.5m. This was partly offset by a -2.2%yoy decline in average basket value to RM23.70 amid more measured consumer spending and the absence of major festive periods. Same-store sales growth remained negative at -3.0% in 3QFY26, though 9MFY26 SSSG improved to -1.7%. For 9MFY26, revenue increased +5.9%yoy to RM3.89b, supported by network growth and transaction volumes, with the group adding 37 net new stores during the quarter and ending the period with 1,683 stores.

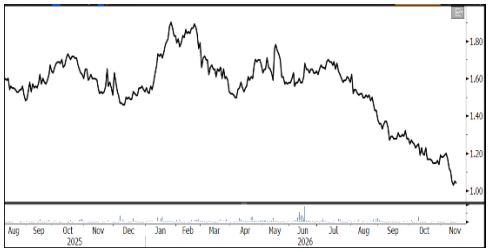
Margin pressure offset topline growth. 3QFY26 gross profit increased +2.8%yoy to RM582.3m, but gross margin declined by 0.9ppt year-on-year to 46.4%. Management attributed the softer margin mainly to a higher mix of locally sourced products, which carry lower margins than imported products, alongside FX and freight pressures. Operating profit declined -4.9%yoy to RM192.6m, with operating margin falling by 1.6ppts year-on-year to 15.3%. Administrative expenses rose +8.2%yoy, mainly due to marketing investment for the MR. DIY Club App and member acquisition, while other operating expenses increased +7.9%yoy on higher staff costs, depreciation and utilities. Consequently, 3QFY26 core PATANCI margin eased by 0.8ppt year-on-year to 10.9%. For 9MFY26, revenue growth and a broadly stable gross margin of 47.5% were insufficient to offset higher operating expenses, resulting in core PATANCI declining -1.4%yoy to RM477.4m, with core PATANCI margin narrowing by 0.9ppt year-on-year to 12.3%.

Maintain **BUY**

Revised Target Price: **RM1.59**
(from RM2.13)

RETURN STATISTICS	
Price @ 17th Nov 2026 (RM)	1.04
Expected share price return (%)	+52.8
Expected dividend yield (%)	+6.0
Expected total return (%)	+58.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-15.4	-13.7
3 months	-18.8	-24.2
12 months	-31.6	-29.9

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 (%)	5.2	6.0	6.2

KEY STATISTICS

FBM KLCI	1,575.15
Issued shares (m)	9475.76
Estimated free float (%)	36.44
Market Capitalisation (RM'm)	9,856.58
52-wk price range	RM1.01 - RM1.92
3-mth average daily volume (m)	11.01
3-mth average daily value (RM'm)	14.09
Top Shareholders (%)	
BEE Family Ltd	50.01
Employees Provident Fund Board	12.66
Tan Gaik Hoon	2.28

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Outlook. We expect earnings growth to remain modest in the near term as softer basket values and negative SSSG continue to offset the benefit of higher transaction volumes and network expansion. Management's decision to slow store rollout and redirect capital towards refurbishments should improve store productivity and capital efficiency over time, with early refurbishment results showing encouraging sales uplift. Margin recovery is likely to remain gradual given higher staff, utility and operating costs. On the upcoming minimum wage increase, management estimates the impact at just under 1% of revenue, with around 28% of employees currently on minimum wage. Management expects the higher wage floor to be manageable, partly offset by stronger purchasing power and selective pricing adjustments E-commerce competition remains a risk, although management has indicated that there is no clear evidence of material customer migration so far, based on customer surveys conducted. We remain positive on the group's strong cash generation, healthy balance sheet and market position. We maintain **BUY** with a lower **TP of RM1.59**, based on 20x FY27F PER applied to EPS of 7.94 sen, after rolling forward our valuation to FY27F.

Mr D.I.Y. Group (M) Berhad: 3QFY26 Results Summary

FYE DEC (RM'm)	Quarterly results							
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	1,256.1	1,257.3	1,198.5	4.8	(0.1)	3,887.2	3,669.8	5.9
Cost of sales	(673.8)	(661.1)	(631.8)	6.6	1.9	(2,041.2)	(1,922.5)	6.6
Gross Profit	582.3	596.2	566.7	2.8	(2.3)	1,846.0	1,747.3	2.8
Administrative expenses	(61.6)	(62.8)	(56.9)	8.2	(1.9)	(186.6)	(168.8)	10.5
Other operating expenses	(340.0)	(343.3)	(315.0)	7.9	(1.0)	(1,021.5)	(928.9)	10.0
Other operating income	11.8	13.7	7.9	49.8	(14.0)	36.4	34.1	6.9
Operating profit (EBIT)	192.6	203.8	202.6	(4.9)	(5.5)	674.3	683.7	(1.4)
Net finance income/(cost)	(20.3)	(18.3)	(18.1)	12.6	11.2	(55.9)	(52.0)	7.6
Profit before tax (PBT)	170.0	184.9	184.6	(7.9)	(8.0)	615.1	634.4	(3.0)
Income tax expense	(38.7)	(46.4)	(47.7)	(18.8)	(16.5)	(151.4)	(161.1)	(6.0)
Profit After tax (PAT)	131.3	138.5	136.9	(4.1)	(5.2)	463.7	473.3	(2.0)
PATANCI	131.3	138.5	136.9	(4.1)	(5.2)	463.7	473.3	(2.0)
Core PATANCI	136.8	142.2	140.0	(2.28)	(3.8)	477.4	484.1	(1.4)
Basic EPS (sen)	1.3	1.4	1.4	(6.9)	(5.6)	4.8	5.0	(3.2)
DPS (sen)	1.3	3.3	1.3	0.0	(60.6)	6.2	4.2	47.6
Growth & Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	46.4	47.4	47.3	(0.9)	(1.1)	47.5	47.6	(0.1)
Operating Profit Margin	15.3	16.2	16.9	(1.6)	(0.9)	17.3	18.6	(1.3)
PBT Margin	13.5	14.7	15.4	(1.9)	(1.2)	15.8	17.3	(1.5)
Core PATANCI Margin	10.9	11.3	11.7	(0.8)	(0.4)	12.3	13.2	(0.9)
Ratios & Valuation				+/(-) ppts	+/(-) ppts			+/(-) ppts
Effective tax rate (%)	22.8	25.1	25.8	(3.1)	(2.3)	24.6	25.4	(0.8)

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 (%)	4.0	7.7	5.2	6.0	6.2

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

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

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MBSB 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