

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 11 Hold 2 Sell 0

|                         |            |
|-------------------------|------------|
| Current price:          | RM3.79     |
| Target price:           | RM4.20     |
| Previous target:        | RM4.40     |
| Up/downside:            | 10.8%      |
| CGS-CIMB / Consensus:   | -4.3%      |
| Reuters:                | MRDI.KL    |
| Bloomberg:              | MRDIY MK   |
| Market cap:             | US\$5,687m |
|                         | RM23,807m  |
| Average daily turnover: | US\$2.05m  |
|                         | RM8.61m    |
| Current shares o/s:     | 6,672m     |
| Free float:             | 15.0%      |

\*Source: Bloomberg

#### Key changes in this note

- FY22-23F EPS lowered by 5.2-7.4% to account for higher input costs, increase in freight rates and lower store count (due to lower-than-expected store additions in 2021).



Source: Bloomberg

| Price performance | 1M   | 3M   | 12M |
|-------------------|------|------|-----|
| Absolute (%)      | 2.4  | 5    | 8.6 |
| Relative (%)      | -0.7 | -0.3 | 8.8 |

| Major shareholders | % held |
|--------------------|--------|
| Bee Family Ltd     | 51.0   |
| Hyptis             | 15.3   |
| Platinum Alphabet  | 6.9    |

#### Analyst(s)



#### Walter AW

T (60) 3 2635 9255  
E walter.aw@cgs-cimb.com

#### KHOO Zhen Ye

T (60) 3 2635 9278  
E zhenye.khoo@cgs-cimb.com

# Mr D.I.Y. Group (M) Bhd

## Store count expansion fuelled growth

- FY21 core net profit of RM430m (+23% yoy) met expectations.
- We expect MDGM to record stronger results from 1Q22F onwards, driven by: i) higher sales volume, ii) store count expansion, and iii) selling price hikes.
- Reiterate Add, with lower TP of RM4.20 (40x CY23F P/E).

### FY21: Core net profit of RM430m (+23% yoy) within expectations

D. I.Y. Group (MDGM) posted FY21 core net profit of RM430m (+23% yoy), in line with expectations at c.99% of our and Bloomberg consensus forecasts. The 23% growth in FY21 net profit was in tandem with the 31.8% growth in its topline. This was despite FY21 gross margin waning 1.4% pts to 41.3% due to higher input and freight costs as well as lower margins from growing its MR Dollar business. It announced an interim dividend of 0.9sen/share, bringing cumulative FY21 dividend to 3sen/share (43% dividend payout); within expectations.

### 4Q21: Stronger qoq thanks to easing of lockdown measures

In 4Q21, MDGM's revenue and core net profit rose 27% and 49% qoq respectively. This was mainly due to: i) higher sales, thanks to easing of lockdown restrictions towards end-3Q21, ii) increase in store count (+59 stores), and iii) higher economies of scale.

### Aims to add another 180 new stores in 2022F (20% growth)

In 2021, MDGM opened a total of 166 outlets (below our estimate of 180), raising its total outlet count to 900 (+22.6%). It plans to continue expanding its store network in 2022, with a target of c.180 new stores, primarily across two main store formats – MR DIY and MR DIY Express. As for MR DOLLAR and MR TOY, MDGM is taking a more conservative approach in opening new stores (10-15 new stores for each), given the tougher operating environment for and lower margins from the two businesses.

### Price increases on the cards, but more selective and gradual

While increases in both input costs and freight charges is a concern, MDGM aims to mitigate this impact via raising its selling prices as well as better cost management. We gather from MDGM that it will continue to strike a balance between preserving consumer demand (as its products are relatively price elastic) and ensuring its margins remain favourable. Hence, we think it will likely raise ASPs selectively and on a gradual basis.

### Maintain Add, with lower TP of RM4.20 (40x CY23F P/E)

We lower our FY22-23F EPS as we lower our store count estimates and GP margins (to account for input cost increases). Accordingly, our TP dips to RM4.20, still based on 40x P/E, a 15% premium over the weighted average P/E of 35x for the Malaysian consumer sector (ex-MDGM). We believe the premium is justified given MDGM's solid execution track record despite challenges in the retail sector. Reiterate Add. A strong recovery in footfall is a key potential re-rating catalyst. Downside risks include a weaker-than-expected sales recovery and higher costs.

#### Financial Summary

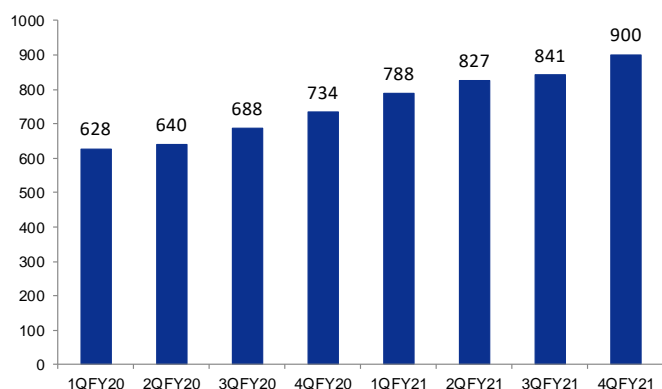
|                                | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (RMm)                  | 2,559   | 3,373   | 4,197   | 4,834   | 5,330   |
| Operating EBITDA (RMm)         | 706     | 870     | 1,108   | 1,310   | 1,457   |
| Net Profit (RMm)               | 337.2   | 431.8   | 558.4   | 667.2   | 748.9   |
| Core EPS (RM)                  | 0.06    | 0.07    | 0.09    | 0.11    | 0.12    |
| Core EPS Growth                | 6.9%    | 24.3%   | 29.7%   | 19.5%   | 12.2%   |
| FD Core P/E (x)                | 68.72   | 55.27   | 42.60   | 35.65   | 31.77   |
| DPS (RM)                       | 0.014   | 0.030   | 0.036   | 0.043   | 0.048   |
| Dividend Yield                 | 0.38%   | 0.78%   | 0.94%   | 1.12%   | 1.26%   |
| EV/EBITDA (x)                  | 33.91   | 27.36   | 21.42   | 17.94   | 15.90   |
| P/FCFE (x)                     | NA      | 60.42   | 45.90   | 35.33   | 29.47   |
| Net Gearing                    | 19.7%   | 1.4%    | (3.5%)  | (15.1%) | (26.7%) |
| P/BV (x)                       | 27.14   | 20.70   | 16.03   | 12.62   | 10.19   |
| ROE                            | 56.9%   | 42.5%   | 42.4%   | 39.6%   | 35.5%   |
| % Change In Core EPS Estimates |         |         | (7.38%) | (5.18%) |         |
| CGS-CIMB/Consensus EPS (x)     |         |         | 0.94    | 0.95    | 1.08    |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

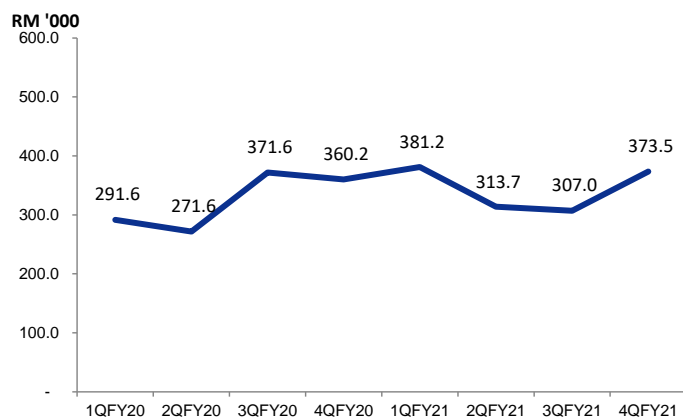
**Figure 1: Results Comparison**

| FYE Dec (RM m)         | 4Q FY21      | 4Q FY20      | yoy % chg   | qoq % chg   | 4QFY21 Cum     | 4QFY20 Cum     | yoy % chg   | Prev. FY21F   | Comments   |
|------------------------|--------------|--------------|-------------|-------------|----------------|----------------|-------------|---------------|--|
| Revenue                | 975.4        | 768.3        | 26.9        | 27.0        | 3,373.4        | 2,559.3        | 31.8        | 3380.4        | FY21: Driven by increase in store count (+166 new stores), increase in transactions per store and higher average basket size (+10.5% yoy)  |
| Cost of sales          | (581.8)      | (439.0)      | 32.5        | 28.8        | (1,981.5)      | (1,467.8)      | 35.0        | (1981.7)      |  |
| <b>Gross profit</b>    | <b>393.6</b> | <b>329.3</b> | <b>19.5</b> | <b>24.4</b> | <b>1,391.9</b> | <b>1,091.5</b> | <b>27.5</b> | <b>1398.7</b> |  |
| GP margin %            | 40.4%        | 42.9%        | (2.5)       | (0.9)       | 41.3%          | 42.6%          | (1.4)       | 0.4           | Slightly weaker GP margins in 4Q21 mainly due to: i) higher freight and input costs (which were not passed through to customers) and ii) less profitable store mix (lower margins for MR DOLLAR business). |
| Operating costs        | (135.5)      | (115.1)      | 17.7        | 10.0        | (522.1)        | (385.0)        | 35.6        | (2519.7)      |  |
| <b>EBITDA</b>          | <b>258.2</b> | <b>214.2</b> | <b>20.5</b> | <b>33.5</b> | <b>869.8</b>   | <b>706.4</b>   | <b>23.1</b> | <b>860.7</b>  |  |
| EBITDA margin (%)      | 26.5%        | 27.9%        | (1.4)       | 1.3         | 25.8%          | 27.6%          | (1.8)       | 25.5          | Lower EBITDA margin yoy in FY21 due to temporary store closures mainly in 2Q-3QFY21.   |
| Depn & amort.          | (65.3)       | (47.8)       | 36.5        | 17.3        | (228.4)        | (172.6)        | 32.3        | (210.7)       |  |
| <b>EBIT</b>            | <b>192.9</b> | <b>166.4</b> | <b>16.0</b> | <b>40.1</b> | <b>641.4</b>   | <b>533.8</b>   | <b>20.2</b> | <b>650.0</b>  |  |
| Interest expense       | (15.0)       | (16.3)       | (7.6)       | 0.6         | (60.7)         | (69.0)         | (12.0)      | (76.3)        | Lower interest expenses in 4QFY21 as the company continue to pare down borrowings  |
| Interest & invt inc    | 0.6          | 0.9          | (32.5)      | 110.3       | 1.7            | 3.2            | (47.4)      | 2.0           |  |
| Associates' contrib    | 0.2          | 0.7          | (74.2)      | (70.1)      | 2.1            | 1.9            | 10.4        | 1.8           |  |
| Exceptionals & revaln  | 0.5          | (9.2)        | >100        | 26.9        | 1.9            | (12.3)         | nm          | 0.0           | We do not assume inventory losses and inventories written off as one-off given nature of business  |
| <b>Pretax profit</b>   | <b>179.1</b> | <b>142.5</b> | <b>25.7</b> | <b>44.4</b> | <b>586.4</b>   | <b>457.7</b>   | <b>28.1</b> | <b>577.5</b>  |  |
| Tax                    | (44.6)       | (34.2)       | 30.3        | 32.4        | (154.6)        | (120.5)        | 28.3        | (144.4)       |  |
| Tax rate (%)           | 24.9%        | 24.0%        | 0.9         | (2.3)       | 26.4%          | 26.3%          | 0.0         | 25.0          | Certain expenses are non tax deductible  |
| Minority interests     | 0.0          | 0.0          | nm          | nm          | 0.0            | 0.0            | nm          | 0.0           |  |
| <b>Net profit</b>      | <b>134.6</b> | <b>108.3</b> | <b>24.3</b> | <b>48.9</b> | <b>431.8</b>   | <b>337.2</b>   | <b>28.1</b> | <b>433.1</b>  |  |
| <b>Core net profit</b> | <b>134.1</b> | <b>117.5</b> | <b>14.2</b> | <b>49.0</b> | <b>429.9</b>   | <b>349.4</b>   | <b>23.0</b> | <b>433.1</b>  | Largely in-line with our (99.3%) and Bloomberg consensus (99%) FY21 core net profit estimates  |
| EPS (sen)              | 2.1          | 1.7          | 24.3        | 48.9        | 6.9            | 5.4            | 28.1        | 6.9           |  |
| Core EPS (sen)         | 2.1          | 1.9          | 14.2        | 49.0        | 6.8            | 5.6            | 23.0        | 6.9           |  |

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 2: Number of stores**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Estimated average revenue per store per month (RM '000)**


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: Earnings revision table**

| RM m               | 2021A | FY22F |       |       | FY23F |       |       | FY24F |       |      |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
|                    |       | Old   | New   | %chg  | Old   | New   | %chg  | Old   | New   | %chg |
| Revenue            | 3,373 | 4,197 | 4,197 | 0.0%  | 329   | 4,834 | 0.0%  | -     | 5,330 | -    |
| EBITDA             | 870   | 1,147 | 1,108 | -3.4% | 1,336 | 1,310 | -1.9% | -     | 1,457 | -    |
| Core pretax profit | 584   | 804   | 759   | -5.6% | 938   | 907   | -3.4% | -     | 1,018 | -    |
| Core net profit    | 430   | 603   | 558   | -7.4% | 704   | 667   | -5.2% | -     | 749   | -    |
| Core EPS (sen)     | 7     | 10    | 9     | -7.4% | 11    | 11    | -5.2% | -     | 12    | -    |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Sector Comparisons (CGS-CIMB's Malaysia consumer sector coverage)**

| Company                                 | Bloomberg Ticker | Recom.     | Share price (local curr) | Target Price (local curr) | Market Cap (US\$ m) | Core P/E (x) |             | 3-year EPS CAGR (%) | P/BV (x)    |             | Recurring ROE (%) |              | EV/EBITDA (x) |             | Dividend Yield (%) |             |
|---|------------------|------------|--------------------------|---------------------------|---------------------|--------------|-------------|---------------------|-------------|-------------|-------------------|--------------|---------------|-------------|--------------------|-------------|
|   |                  |            |                          |                           |                     | CY21F        | CY22F       |                     | CY21F       | CY22F       | CY21F             | CY22F        | CY21F         | CY22F       | CY21F              | CY22F       |
| <b>Consumer Staples</b>                 |                  |            |                          |                           |                     |              |             |                     |             |             |                   |              |               |             |                    |             |
| Nestle (Malaysia)                       | NESZ MK          | Hold       | 134.50                   | 136.60                    | 7,537               | 51.4         | 49.9        | 11.7%               | 55.4        | 54.2        | 110.7%            | 109.8%       | 31.4          | 28.2        | 1.9%               | 2.0%        |
| Fraser & Neave Holdings                 | FNH MK           | Add        | 23.84                    | 29.80                     | 2,090               | 19.7         | 18.8        | 4.8%                | 3.0         | 2.8         | 15.6%             | 15.2%        | 12.5          | 11.2        | 2.7%               | 2.8%        |
| QL Resources                            | QLG MK           | Add        | 4.90                     | 5.50                      | 2,850               | 52.6         | 41.4        | 15.9%               | 4.9         | 4.5         | 9.7%              | 11.4%        | 21.0          | 18.7        | 0.6%               | 0.8%        |
| Power Root Bhd                          | PWRT MK          | Hold       | 1.33                     | 1.40                      | 133                 | 26.8         | 23.3        | -5.1%               | 2.1         | 2.1         | 8.0%              | 9.1%         | 14.5          | 13.0        | 3.7%               | 4.1%        |
| Kawan Food                              | KFB MK           | Add        | 1.51                     | 2.70                      | 130                 | 17.3         | 14.4        | 18.2%               | 1.5         | 1.4         | 9.0%              | 10.0%        | 8.8           | 7.6         | 2.4%               | 2.6%        |
| MSM Malaysia Holdings                   | MSM MK           | Add        | 1.19                     | 1.57                      | 200                 | 15.2         | 9.0         | 37.1%               | 0.5         | 0.5         | 3.5%              | 5.7%         | 8.1           | 6.5         | 3.4%               | 5.6%        |
| CCK Consolidated Holdings               | CCK MK           | Add        | 0.57                     | 0.84                      | 85                  | 14.1         | 10.4        | 15.8%               | 1.1         | 1.1         | 8.5%              | 10.6%        | 6.2           | 4.8         | 2.5%               | 3.3%        |
| <b>Weighted Subsector Average</b>       |                  |            |                          |                           |                     | <b>45.2</b>  | <b>41.5</b> | <b>11.8%</b>        | <b>33.7</b> | <b>32.8</b> | <b>69.0%</b>      | <b>68.8%</b> | <b>25.2</b>   | <b>22.5</b> | <b>1.8%</b>        | <b>1.9%</b> |
| <b>Consumer Discretionary</b>           |                  |            |                          |                           |                     |              |             |                     |             |             |                   |              |               |             |                    |             |
| 7-Eleven Malaysia Holdings              | SEM MK           | Add        | 1.46                     | 1.80                      | 393                 | 44.4         | 26.7        | 22.5%               | 20.1        | 15.4        | 51.0%             | 65.4%        | 7.3           | 6.0         | 1.4%               | 2.2%        |
| Berjaya Food Berhad                     | BFD MK           | Add        | 3.10                     | 4.40                      | 268                 | 16.8         | 13.4        | 5.8%                | 3.0         | 2.8         | 18.9%             | 21.9%        | 4.9           | 3.8         | 4.2%               | 5.2%        |
| Bonia Corporation                       | BON MK           | Add        | 1.91                     | 2.50                      | 91                  | 19.6         | 13.1        | 23.7%               | 1.0         | 1.0         | 5.4%              | 7.7%         | 5.9           | 4.8         | 1.6%               | 2.8%        |
| DKSH Holdings (Malaysia)                | DKSH MK          | Add        | 4.80                     | 6.20                      | 181                 | 9.7          | 9.0         | 22.7%               | 1.0         | 0.9         | 11.4%             | 11.0%        | 6.2           | 5.1         | 2.1%               | 2.1%        |
| Lee Swee Kiat Group                     | LSKG MK          | Add        | 0.87                     | 1.84                      | 33                  | 17.2         | 8.5         | 40.8%               | 2.2         | 1.8         | 13.5%             | 23.3%        | 9.7           | 4.9         | 2.7%               | 5.3%        |
| Mynews Holdings Berhad                  | MNHB MK          | Add        | 0.83                     | 1.18                      | 135                 | na           | 37.8        | 25.9%               | 2.5         | 2.4         | -12.6%            | 6.4%         | 26.0          | 8.0         | 0.1%               | 0.7%        |
| Panasonic Manufacturing Malaysia Berhad | PMM MK           | Hold       | 28.40                    | 31.20                     | 412                 | 24.2         | 18.2        | 2.6%                | 2.2         | 2.2         | 8.9%              | 12.2%        | 12.4          | 9.6         | 5.4%               | 6.6%        |
| InNature Bhd                            | NATURE MK        | Add        | 0.73                     | 0.84                      | 122                 | 35.8         | 18.9        | 12.5%               | 3.5         | 3.2         | 10.1%             | 17.8%        | 14.3          | 9.2         | 1.4%               | 2.7%        |
| <b>Mr D.I.Y. Group (M) Bhd</b>          | <b>MRDIY MK</b>  | <b>Add</b> | <b>3.79</b>              | <b>4.20</b>               | <b>5,689</b>        | <b>55.3</b>  | <b>42.6</b> | <b>24.6%</b>        | <b>20.7</b> | <b>16.0</b> | <b>42.7%</b>      | <b>42.5%</b> | <b>28.8</b>   | <b>22.7</b> | <b>0.8%</b>        | <b>0.9%</b> |
| <b>Weighted Subsector Average</b>       |                  |            |                          |                           |                     | <b>48.4</b>  | <b>37.5</b> | <b>22.4%</b>        | <b>17.5</b> | <b>13.6</b> | <b>37.5%</b>      | <b>38.9%</b> | <b>24.6</b>   | <b>19.2</b> | <b>1.2%</b>        | <b>1.6%</b> |
| <b>Sin (Brewers &amp; Tobacco)</b>      |                  |            |                          |                           |                     |              |             |                     |             |             |                   |              |               |             |                    |             |
| British American Tobacco                | ROTH MK          | Reduce     | 12.68                    | 9.96                      | 865                 | 9.7          | 15.0        | 1.1%                | 9.5         | 9.3         | 99.3%             | 63.0%        | 8.7           | 10.5        | 7.8%               | 6.6%        |
| Carlsberg Brewery (M)                   | CAB MK           | Add        | 20.20                    | 26.00                     | 1,476               | 29.7         | 22.5        | 21.4%               | 32.7        | 32.7        | 118.7%            | 145.6%       | 20.4          | 15.3        | 3.1%               | 4.4%        |
| Heineken Malaysia Bhd                   | HEIM MK          | Add        | 20.36                    | 28.00                     | 1,470               | 24.4         | 21.3        | 18.6%               | 15.5        | 15.5        | 67.9%             | 72.9%        | 15.4          | 12.5        | 4.0%               | 4.7%        |
| <b>Weighted Subsector Average</b>       |                  |            |                          |                           |                     | <b>23.1</b>  | <b>20.3</b> | <b>15.7%</b>        | <b>20.8</b> | <b>20.8</b> | <b>94.7%</b>      | <b>98.8%</b> | <b>15.8</b>   | <b>13.1</b> | <b>4.5%</b>        | <b>5.0%</b> |
| <b>Weighted Average</b>                 |                  |            |                          |                           |                     | <b>42.7</b>  | <b>37.0</b> | <b>15.6%</b>        | <b>26.7</b> | <b>25.1</b> | <b>63.5%</b>      | <b>64.5%</b> | <b>23.5</b>   | <b>20.0</b> | <b>2.1%</b>        | <b>2.3%</b> |
| <b>Simple Average</b>                   |                  |            |                          |                           |                     | <b>28.9</b>  | <b>23.5</b> | <b>16.9%</b>        | <b>11.1</b> | <b>10.3</b> | <b>33.7%</b>      | <b>36.6%</b> | <b>14.9</b>   | <b>11.6</b> | <b>2.6%</b>        | <b>3.3%</b> |

SOURCES: CGS-CIMB, BLOOMBERG



## ESG in a nutshell

MDGM's overall corporate ESG is overseen by a sustainability committee consisting of representatives from all departments, and led by its Chief Executive Officer. Its sustainability reporting is guided by the Global Reporting Initiative (GRI) and the Bursa Securities Sustainability Reporting Guide. As MDGM has only been listed for less than 12 months, ESG ratings on it are not available for now from any data provider. Product quality & safety, supply chain management, and employee health & safety are among the key material matters for MDGM.

### Keep your eye on

As MDGM retails a wide array (>15,000 SKUs) of products which are dynamic and change from time to time, product quality and safety are key factors to pay attention to; this can be gauged by customer feedback, product safety/quality complaints and controversies. Infringement on the intellectual property (IP) rights of other branded products could also arise.

### Implications

In FY20, >70% of its products were sourced from overseas, predominantly China. MDGM incorporates standard operating procedures to evaluate samples of new products to identify defective, unsafe or uncertified products that could impact its reputation. The group has also established clear guidelines in its procurement process to verify and ensure that the products it carries do not infringe the IP rights held by others.

### ESG highlights

On 20 Dec 2021, MDGM was added into the FTSE4Good Index.

### Implications

We are positive on this matter, as it is a testament that MDGM's proactive approach in ESG is bearing fruit, and thus increasing its appeal to a wider ESG-focused investor pool, in our view.

### Trends

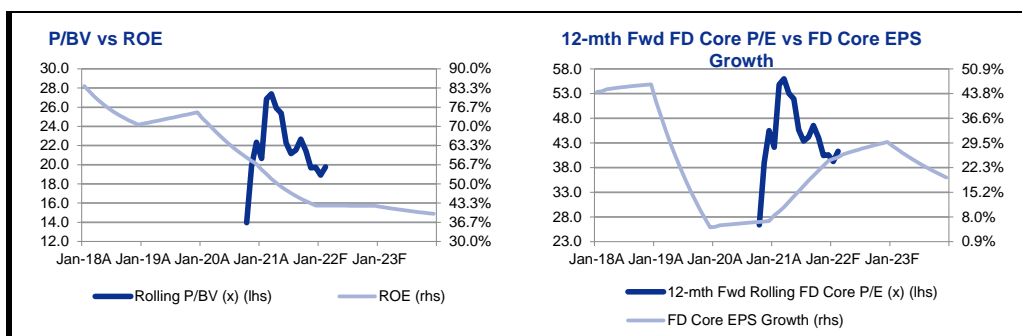
On the environmental front, MDGM focuses on energy and waste management, considering that it has more than 800 stores nationwide, and a growing number of distribution centres. MDGM said that in 2020, the electricity consumption at its distribution centres alone amounted to 2.9m kWh while its diesel consumption was about 2.4m litres. It did not provide yoy comparable numbers.

### Implications

As MDGM continues to aggressively increase its store count, its energy and waste management metrics would be key data points to keep track of. An improvement in these metrics against peers could justify a premium valuation as well as lead to better earnings prospects from lower utilities expenses.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

| (RMm)                                     | Dec-20A      | Dec-21A      | Dec-22F      | Dec-23F      | Dec-24F      |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Total Net Revenues</b>                 | <b>2,559</b> | <b>3,373</b> | <b>4,197</b> | <b>4,834</b> | <b>5,330</b> |
| <b>Gross Profit</b>                       | <b>1,091</b> | <b>1,392</b> | <b>1,746</b> | <b>2,023</b> | <b>2,228</b> |
| <b>Operating EBITDA</b>                   | <b>706</b>   | <b>870</b>   | <b>1,108</b> | <b>1,310</b> | <b>1,457</b> |
| Depreciation And Amortisation             | (173)        | (228)        | (267)        | (313)        | (352)        |
| <b>Operating EBIT</b>                     | <b>534</b>   | <b>641</b>   | <b>841</b>   | <b>997</b>   | <b>1,105</b> |
| Financial Income/(Expense)                | (66)         | (59)         | (84)         | (92)         | (89)         |
| Pretax Income/(Loss) from Assoc.          | 2            | 2            | 2            | 2            | 2            |
| Non-Operating Income/(Expense)            | 0            | 0            | 0            | 0            | 0            |
| <b>Profit Before Tax (pre-EI)</b>         | <b>470</b>   | <b>584</b>   | <b>759</b>   | <b>907</b>   | <b>1,018</b> |
| Exceptional Items                         | (12)         | 2            | 0            | 0            | 0            |
| <b>Pre-tax Profit</b>                     | <b>458</b>   | <b>586</b>   | <b>759</b>   | <b>907</b>   | <b>1,018</b> |
| Taxation                                  | (121)        | (155)        | (200)        | (239)        | (269)        |
| Exceptional Income - post-tax             |              |              |              |              |              |
| <b>Profit After Tax</b>                   | <b>337</b>   | <b>432</b>   | <b>558</b>   | <b>667</b>   | <b>749</b>   |
| Minority Interests                        |              |              |              |              |              |
| Preferred Dividends                       |              |              |              |              |              |
| FX Gain/(Loss) - post tax                 |              |              |              |              |              |
| Other Adjustments - post-tax              |              |              |              |              |              |
| <b>Net Profit</b>                         | <b>337</b>   | <b>432</b>   | <b>558</b>   | <b>667</b>   | <b>749</b>   |
| Recurring Net Profit                      | 346          | 430          | 558          | 667          | 749          |
| <b>Fully Diluted Recurring Net Profit</b> | <b>346</b>   | <b>430</b>   | <b>558</b>   | <b>667</b>   | <b>749</b>   |

### Cash Flow

| (RMm)                            | Dec-20A        | Dec-21A        | Dec-22F        | Dec-23F        | Dec-24F        |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>EBITDA</b>                    | <b>706.4</b>   | <b>869.8</b>   | <b>1,108.1</b> | <b>1,309.8</b> | <b>1,456.5</b> |
| Cash Flow from Invt. & Assoc.    |                |                |                |                |                |
| Change In Working Capital        | (202.4)        | (105.1)        | (94.9)         | (123.8)        | (99.0)         |
| (Incr)/Decr in Total Provisions  |                |                |                |                |                |
| Other Non-Cash (Income)/Expense  |                |                |                |                |                |
| Other Operating Cashflow         | 6.9            | 15.5           | (8.7)          | (14.2)         | (24.7)         |
| Net Interest (Paid)/Received     | (65.8)         | (58.6)         | (84.1)         | (92.2)         | (89.4)         |
| Tax Paid                         | (120.8)        | (138.7)        | (200.3)        | (239.3)        | (268.6)        |
| <b>Cashflow From Operations</b>  | <b>324.4</b>   | <b>582.9</b>   | <b>720.1</b>   | <b>840.3</b>   | <b>974.9</b>   |
| Capex                            | (119.9)        | (141.2)        | (200.8)        | (165.9)        | (166.6)        |
| Disposals Of FAs/subsidiaries    |                |                |                |                |                |
| Acq. Of Subsidiaries/investments | (2.1)          | (3.0)          | (1.0)          | (1.0)          | (1.0)          |
| Other Investing Cashflow         | 1.4            | 2.3            | 0.0            | 0.0            | 0.0            |
| <b>Cash Flow From Investing</b>  | <b>(120.7)</b> | <b>(141.9)</b> | <b>(201.8)</b> | <b>(166.9)</b> | <b>(167.6)</b> |
| Debt Raised/(repaid)             | (379.4)        | (47.2)         | 0.0            | 0.0            | 0.0            |
| Proceeds From Issue Of Shares    | 301.5          | 0.0            | 0.0            | 0.0            | 0.0            |
| Shares Repurchased               |                |                |                |                |                |
| Dividends Paid                   | (95.8)         | (172.6)        | (223.4)        | (266.9)        | (299.6)        |
| Preferred Dividends              |                |                |                |                |                |
| Other Financing Cashflow         | (86.6)         | (117.0)        | (166.4)        | (190.0)        | (195.3)        |
| <b>Cash Flow From Financing</b>  | <b>(260.3)</b> | <b>(336.9)</b> | <b>(389.8)</b> | <b>(456.9)</b> | <b>(494.8)</b> |
| Total Cash Generated             | (56.6)         | 104.2          | 128.5          | 216.5          | 312.4          |
| <b>Free Cashflow To Equity</b>   | <b>(175.7)</b> | <b>393.8</b>   | <b>518.3</b>   | <b>673.4</b>   | <b>807.3</b>   |
| <b>Free Cashflow To Firm</b>     | <b>272.7</b>   | <b>501.7</b>   | <b>606.7</b>   | <b>772.7</b>   | <b>909.0</b>   |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

| (RMm)                                | Dec-20A      | Dec-21A      | Dec-22F      | Dec-23F      | Dec-24F      |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents           | 91           | 193          | 315          | 548          | 887          |
| Total Debtors                        | 128          | 139          | 230          | 265          | 292          |
| Inventories                          | 690          | 749          | 806          | 924          | 1,020        |
| Total Other Current Assets           | 0            | 0            | 0            | 0            | 0            |
| <b>Total Current Assets</b>          | <b>909</b>   | <b>1,081</b> | <b>1,351</b> | <b>1,737</b> | <b>2,199</b> |
| Fixed Assets                         | 436          | 531          | 707          | 760          | 797          |
| Total Investments                    | 6            | 8            | 8            | 8            | 8            |
| Intangible Assets                    | 5            | 6            | 5            | 4            | 3            |
| Total Other Non-Current Assets       | 897          | 1,071        | 1,222        | 1,249        | 1,245        |
| <b>Total Non-current Assets</b>      | <b>1,344</b> | <b>1,616</b> | <b>1,942</b> | <b>2,021</b> | <b>2,053</b> |
| Short-term Debt                      | 243          | 192          | 243          | 243          | 243          |
| Current Portion of Long-Term Debt    |              |              |              |              |              |
| Total Creditors                      | 120          | 149          | 201          | 231          | 255          |
| Other Current Liabilities            | 161          | 194          | 211          | 216          | 219          |
| <b>Total Current Liabilities</b>     | <b>524</b>   | <b>535</b>   | <b>656</b>   | <b>690</b>   | <b>716</b>   |
| Total Long-term Debt                 | 21           | 16           | 21           | 21           | 21           |
| Hybrid Debt - Debt Component         |              |              |              |              |              |
| Total Other Non-Current Liabilities  | 832          | 997          | 1,131        | 1,161        | 1,179        |
| <b>Total Non-current Liabilities</b> | <b>853</b>   | <b>1,013</b> | <b>1,151</b> | <b>1,182</b> | <b>1,200</b> |
| Total Provisions                     | 0            | 0            | 0            | 0            | 0            |
| <b>Total Liabilities</b>             | <b>1,376</b> | <b>1,548</b> | <b>1,807</b> | <b>1,872</b> | <b>1,916</b> |
| Shareholders' Equity                 | 877          | 1,149        | 1,484        | 1,885        | 2,334        |
| Minority Interests                   |              |              |              |              |              |
| <b>Total Equity</b>                  | <b>877</b>   | <b>1,149</b> | <b>1,484</b> | <b>1,885</b> | <b>2,334</b> |

**Key Ratios**

|                           | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth            | 12.5%   | 31.8%   | 24.4%   | 15.2%   | 10.3%   |
| Operating EBITDA Growth   | 9.5%    | 23.1%   | 27.4%   | 18.2%   | 11.2%   |
| Operating EBITDA Margin   | 27.6%   | 25.8%   | 26.4%   | 27.1%   | 27.3%   |
| Net Cash Per Share (RM)   | (0.028) | (0.003) | 0.008   | 0.045   | 0.099   |
| BVPS (RM)                 | 0.14    | 0.18    | 0.24    | 0.30    | 0.37    |
| Gross Interest Cover      | 7.74    | 10.57   | 9.51    | 10.04   | 10.86   |
| Effective Tax Rate        | 26.3%   | 26.4%   | 26.4%   | 26.4%   | 26.4%   |
| Net Dividend Payout Ratio | 25.7%   | 43.1%   | 40.0%   | 40.0%   | 40.0%   |
| Accounts Receivables Days | 17.84   | 14.44   | 16.05   | 18.68   | 19.12   |
| Inventory Days            | 148.0   | 132.5   | 115.8   | 112.3   | 114.7   |
| Accounts Payables Days    | 25.15   | 24.74   | 26.07   | 28.08   | 28.67   |
| ROIC (%)                  | 27.3%   | 25.7%   | 29.3%   | 29.2%   | 30.1%   |
| ROCE (%)                  | 51.0%   | 51.5%   | 54.4%   | 51.5%   | 47.1%   |
| Return On Average Assets  | 19.6%   | 19.1%   | 20.8%   | 20.9%   | 20.4%   |

**Key Drivers**

|                                     | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|-------------------------------------|---------|---------|---------|---------|---------|
| Mr DIY SSSG (%)                     | -8.0%   | 9.0%    | 5.0%    | 3.0%    | 2.0%    |
| Mr TOY avg revenue per store (RM m) | 0.8     | 1.1     | 1.5     | 1.5     | 1.6     |
| Mr DOLLAR average revenue per store | 1.0     | 2.0     | 2.1     | 2.2     | 2.3     |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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|                     |           |           |         |          |                  |
|---------------------|-----------|-----------|---------|----------|------------------|
| <b>Score Range:</b> | 90 - 100  | 80 – 89   | 70 - 79 | Below 70 | No Survey Result |
| <b>Description:</b> | Excellent | Very Good | Good    | N/A      | N/A              |

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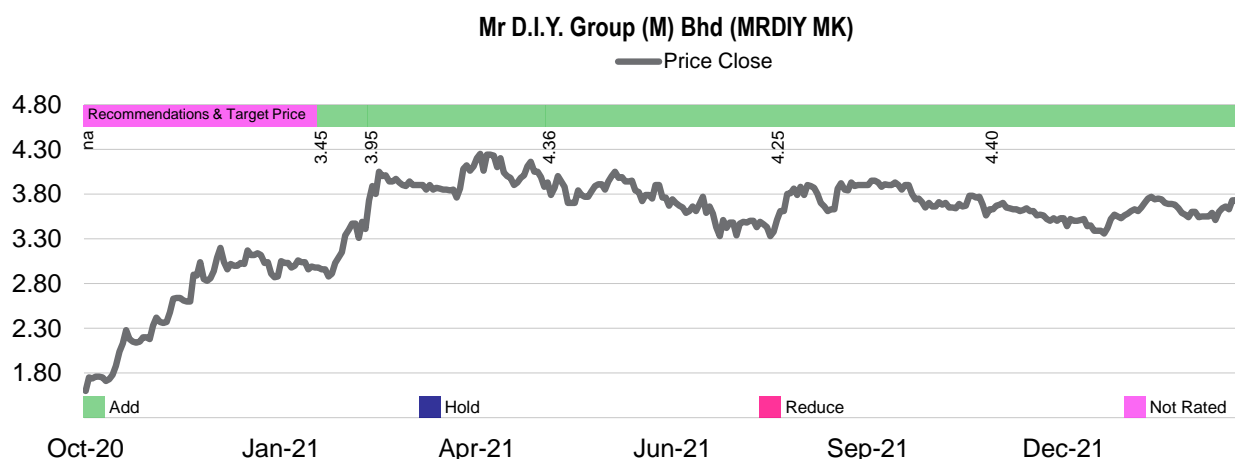
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| Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021 |                         |                                |
|--|-------------------------|--------------------------------|
| 619 companies under coverage for quarter ended on 31 December 2021                                 |                         |                                |
|  | Rating Distribution (%) | Investment Banking clients (%) |
| Add  | 71.1%                   | 1.5%                           |
| Hold   | 21.8%                   | 0.0%                           |
| Reduce   | 7.1%                    | 0.0%                           |

### Spitzer Chart for stock being researched ( 2 year data )



### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

#### Recommendation Framework

##### Stock Ratings

Definition:

|        |   |
|--------|---|
| Add    | The stock's total return is expected to exceed 10% over the next 12 months.                     |
| Hold   | The stock's total return is expected to be between 0% and positive 10% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below 0% or more over the next 12 months.          |

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

##### Sector Ratings

Definition:

|             |  |
|-------------|--|
| Overweight  | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.  |
| Neutral     | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.       |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |

##### Country Ratings

Definition:

|             |  |
|-------------|--|
| Overweight  | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral     | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.           |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |

