MERCURY SECURITIES SDN BHD
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Yoong Onn Corporation

Sleeping Giant Awakens

Initiate Coverage
Research@mersec.com.my
Thursday, July 24, 2025

Price: RM 1.70
Target Price: RM 2.46

Valuation / Recommendation

We initiate coverage on YOCB with a **BUY call** and a target price of **RM2.46**, based on **target PE of 10x FY26E EPS of 24.6 sen**. This implies a 44% upside from the current level of RM1.70 and reflects a 43% discount to the industry's trailing PE average of 17x. While this valuation represents a modest premium over YOCB's current PE of 8.4x, we believe a re-rating is well justified given its strengthening earnings outlook, strong cash generation, defensive growth profile, and full year consolidation of T.C. Homeplus from FY25E. Unlike peers that remain reliant on cyclical exports orders or project-based manufacturing, YOCB benefits from a more stable and recurring revenue model, backed by its mass-market, fast moving product range, high brand stickiness, and exposure to domestic and regional retail. Peers with similar exposure such as, Lee Swee Kiat Group and FACB Industries are currently trading at higher valuations of 15-17x, despite smaller topline and lower profitability (combined PAT margin of ~10.9% vs YOCB's 11.9%), suggesting room for valuation catch-up.

With a projected 12.5% revenue CAGR and 11.4% earnings growth to FY27E, valuation gaps could narrow further, especially as store productivity improves, OPEX normalises, and housing-linked demand remains firm. Despite a lower public float (27.5%), YOCB superior profitability and clean balance sheet support our positive call.

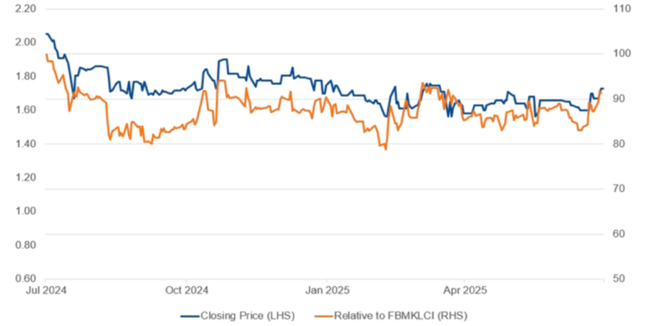
Investment Highlights

Riding the Housing Cycle. YOCB isn't just selling bedsheets, it's monetising comfort at scale. As one of Malaysia's largest integrated home linen players, the company has built a sizeable footprint across ASEAN with 56 stores and more than 280 consignment counters, anchored by well-known brands like Jean Perry and Novelle. More interestingly, its revenue's has shown a clear correlation with Malaysia's residential property transactions, growing at a solid 3-year CAGR of 9.7%, just ahead of the property market's 9.4%. With NAPIC projecting to rise 4—5% annual growth in residential volume through 2027, supported affordable housing demand, rising FDI, infrastructure rollouts, and record-high RM196bn mortgage approvals in FY24, we expect furnishing demand to remain resilient, especially in mass-premium space where YOCB is positioned.

Store Expansion + Strategic Buy-In. FY25 is shaping up as a reacceleration year of YOCB's retail growth story. After posting a 3-year retail revenue CAGR of 25.1% (FY21-FY24) amid post-pandemic reopening and new store openings, the recent dip in average sales/store (-23.4%y-o-y) in FY24 is largely attributed to dilution from 11 new outlets. With store ramp-up underway and 3 more outlets targeted annually through FY27E, we expect per store sales to recover to RM2.5m (FY22 level), with 7-10% annual growth. Meanwhile, full-year consolidation of T.C. Homeplus (~RM51m revenue base) from FY25E enhances YOCB's scale and margins, while its distribution segments continues to see structural tailwinds from stronger consignment counters sales and accelerating e-commerce momentum, supported by ongoing marketing and branding efforts—forming a multi-pronged engine for steady topline growth. We forecast distribution revenue 3-year CAGR to grow at 6.1% and reaching RM 171.4m by FY27E.

Risk factors for YOCB included (1) Consumer spending slowdown; (2) Rising raw material costs; (3) Intense competition; and (4) Forex risk.

Share Price Performance



Business Overview

Yoong Onn Corporation Berhad (YOCB) is a leading integrated designer, manufacturer, distributor, and retailer of home linen and bedding accessories in the region.

Return Information	
KLCI (pts)	1,529.8
YTD KLCI chg.	6.8
YTD Stock Price chg.	4.9

Price Performance	1M	3M	12M
Absolute (%)	2.9	4.8	19.4
Relative to KLCI (%)	0.4	2.9	13.5

Stock Information	
Market Cap (RM m)	270.0
Issued Shares (m)	158.7
52-week High (RM)	2.2
52-week Low (RM)	1.6
Estimated Free Float (%)	27.5
Beta vs FBM KLCI	0.7
3-month Average Vol. (m)	0.3
Shariah Compliant	Yes
Bloomberg Ticker	YOCB MK

Top 3 Shareholders	%
Casatex Cosmo Sdn Bhd	53.0
Wang Shou Hu	5.0
Brahmal A/L Vasudevan	3.2

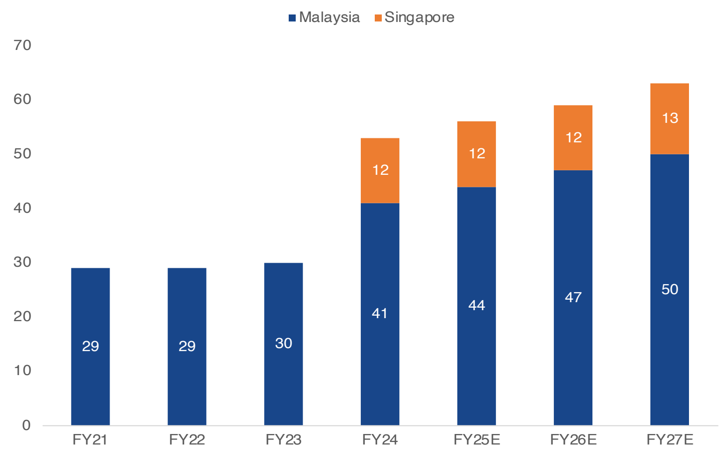
FY Jun (RM m)	FY24A	FY25E	FY26E
Revenue	271.1	311.0	344.8
EBIT	43.6	45.2	51.8
Net Profit	32.2	33.5	39.0
Core Net Profit	32.2	33.5	39.0
Core EPS (sen)	20.3	21.1	24.6
Core EPS Growth (%)	15.5	4.1	16.3
Net DPS (sen)	7.5	8.0	7.4
Net Div. Yield (%)	4.4	4.7	4.3
BVPS (sen)	209.3	222.4	239.6
PER (x)	8.4	8.0	6.9
PBV (x)	0.8	0.8	0.7
Net Gearing (x)	Cash	Cash	Cash

Investment Merits

A Value Play in Home Retail

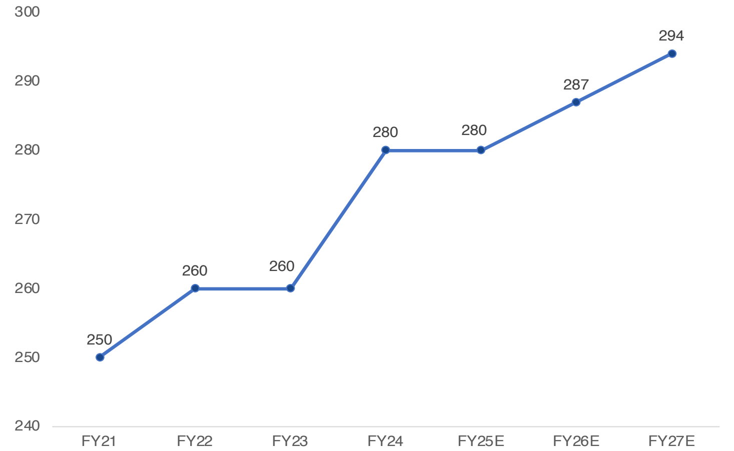
A leading home linen and bedding accessories player. With a total of 56 stores and over 280 consignment counters located mainly in Malaysia and Singapore and distributors in Cambodia and Vietnam, the Group is one of the largest integrated manufacturer and distributor of home linen and bedding accessories in the country, with over 6 decades of industry experience. It's wholly-owned outlets are strategically located in high-traffic shopping malls and specialised retail centres. YOCB focuses on producing and selling high quality of bed and bath linen, bedding accessories and curtains under 12 in-house brands namely Diana, Novelle, Jean Perry, Louis Casa, Genova, Red Danielle, and Ann Taylor, among others. In addition to its in-house product lines, about 10% of its products offerings are externally sourced—mainly from China, India, and other regional markets—to broaden and complement its home living range, including lifestyle furniture such as dining tables, sofas, chairs, and other decorative pieces. Out of its 56-store footprint, 36 operate under the Home Harmony, 7 under Niki Cains, 1 as a Home Outlet, and 12 are retail stores in Singapore, which were added through the acquisition of T.C. Homeplus in January 2024.

Figure 1: YOCB's wholly-owned retail stores



Source: Company, Mercury Securities

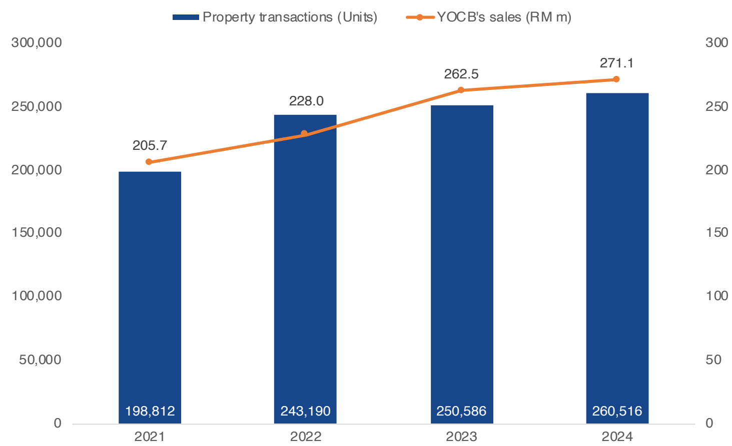
Figure 2: Total consignment counters



Source: Company, Mercury Securities

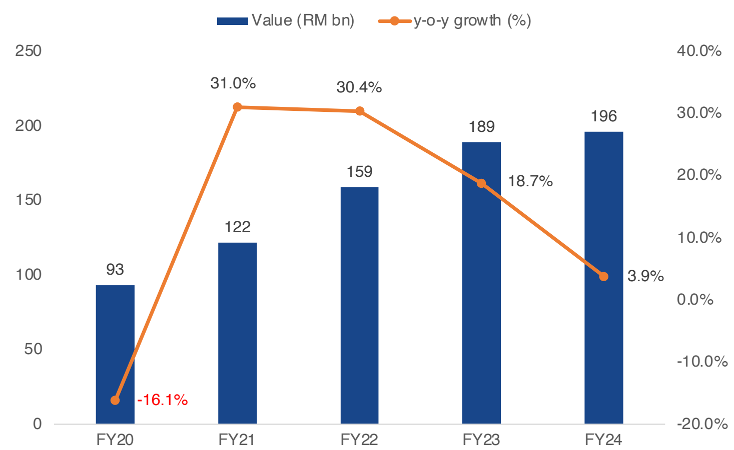
Strong correlation with housing market trends. YOCB's revenue growth has shown a clear and consistent link with Malaysia's residential property market trends. Over the past 3 years (FY21–FY24), the Group delivered a solid revenue CAGR of 9.7%, slightly ahead of the 9.4% growth in residential transaction volume (Figure 3). This close correlation underscores YOCB's exposure to housing activities, particularly new home purchases and upgrades. Looking ahead, we believe this linkage will remain strong. According to the National Property Information Centre's (NAPIC), residential property transaction volume projected to grow by 4–5% annually through 2027, supported by steady urbanisation, rising FDI, and a wave of major infrastructure projects such as MRT 3, Penang LRT, and JB-Singapore RTS link. These macro tailwinds are further strengthened by government-led affordable housing initiatives, including PRIMA, PPR, RUMAWIP, Rumah Mesra Rakyat, Rumah Selangorku, and Residensi Wilayah, fostering a healthy pipeline of future homebuyers and potential YOCB customers.

Figure 3: Residential property transactions vs. YOCB sales



Source: Property Market Report 2024, MOF

Figure 4: Value of residential loans approved (2020 – 2024)

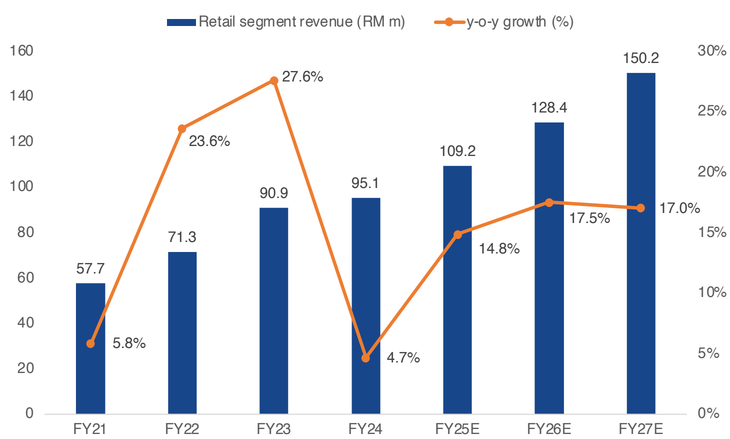


Source: Bank Negara Malaysia (BNM)

In FY24, affordable housing accounted for 53% of total residential transactions—well aligned with YOCB's value-driven pricing strategy, which targets mass-market consumers seeking quality yet accessible home linen, bedding accessories, and furnishing solutions. First-time homeowner, in particular, tend to furnish new homes in phases, creating recurring demand for essentials like curtains, bedlinen, towels, and storage items. Meanwhile, mortgage loan approvals rose to RM196bn in FY24, pointing to healthy buyer affordability and improving housing demand. With more homes being transacted, we expect the furnishing cycle to remain resilient, especially among young, dual-income households prioritising comfort and design in their living spaces.

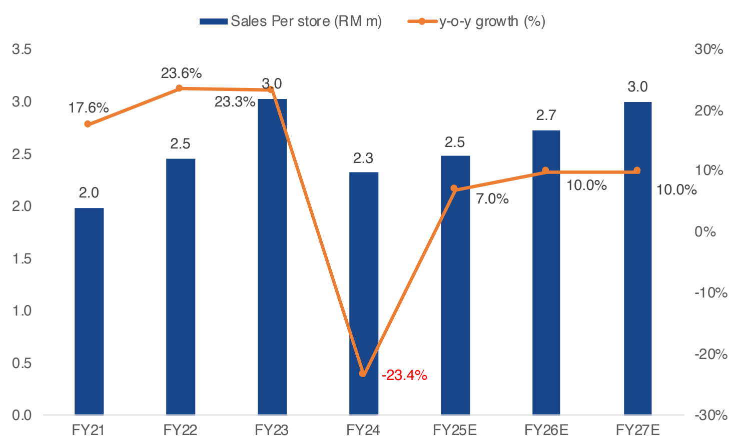
Continued outlet expansion. YOCB continues to maintain its brand presence in new retail malls, with a focus on the central region, where stronger consumer spending is expected, particularly around its existing 35 outlets. The Group is also working to deepen its footprint in the southern and northern regions, specifically Johor and Penang, where it operated 4 stores each in FY24. In FY25, store count in the southern region (Johor) has increased to 5, driven by improving domestic demand and rising tourist footfall. Management remains optimistic on Johor growth prospects, especially with positive momentum surrounding the Johor–Singapore Special Economic Zone (JSEZ), which is expected to boost cross-border commerce and consumer activities. As of July 2025, all 3 targeted new stores for FY25 have commenced operations, including the latest opening at Pavilion Bukit Jalil in June. Looking ahead, we expect YOCB to sustain a steady expansion rate of 3 net new store openings annually in FY26–27E, with the Group is also exploring expansion into Sabah and Sarawak. These plans remain at a preliminary stage, with ongoing discussions with mall operators and evaluations of strategic retail locations underway.

Figure 5: YOCB's retail segment revenue trend (in RM m)



Source: Company, Mercury Securities

Figure 6: Retail segment – Average sales per store (in RM m)



Source: Company, Mercury Securities

Steady growth with temporary dilution from expansion. YOCB's retail segment has shown strong resilience, with retail store revenue rebounding sharply in FY21 and charting a 3-year CAGR of 18.2% (Figure 5) following the lifting of COVID-19 restrictions. This recovery was driven by both post-pandemic demand and proactive store rollouts. In FY24, the Group recorded a net addition of 11 new outlets, which led to a temporary dilution in average sales per store—declining 23% y-o-y (Figure 6). This is not unexpected, as new stores typically require time to ramp up operations, build footfall, and establish a stable customer base. We believe FY25 could be turning point, as most of these newly opened outlets begin to mature and improve sales per store. With improving mall traffic and brand visibility, we expect store productivity to gradually normalise and returning to the RM2.5m sales per store level seen in FY22 during the post-pandemic rebound. Moving forward, we forecast YOCB's retail segment to achieve a 3-year revenue CAGR of 16.4%, supported by continued store expansion and steady sales growth of 7-10% per stores.

Figure 7: YOCB's distribution segment revenue trend (in RM m)

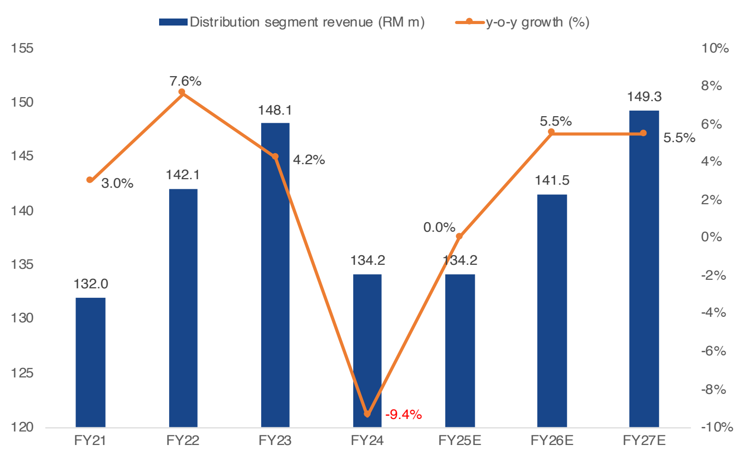
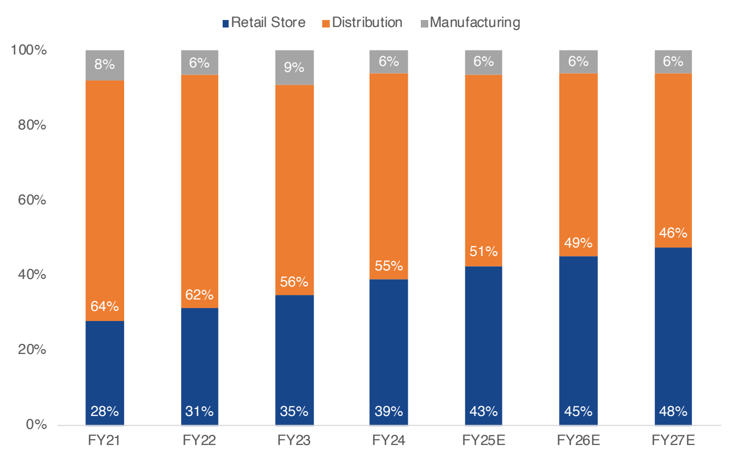


Figure 8: YOCB's revenue contribution (in RM m)

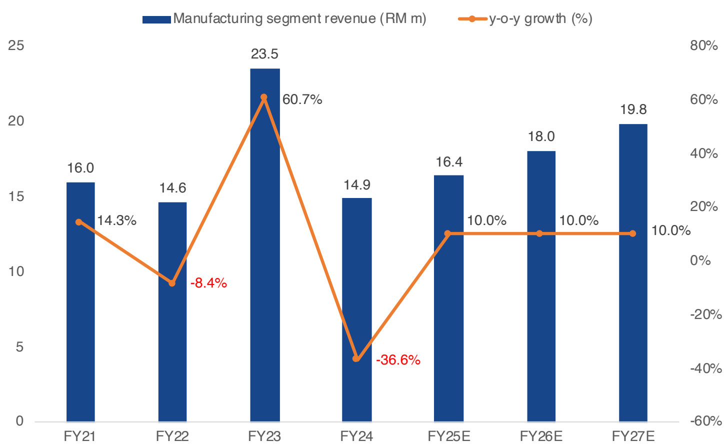


Selling everywhere, seamlessly. Beyond its retail stores, YOCB's distribution segment continues to be its largest revenue contributor, making up 55% of FY24 sales (Figure 8). The backbone of this segment is its extensive network of consignment counters, which accounts for over 40% of distribution sales. As of FY24, YOCB operated more than 280 counters across major department stores such as Parkson, Isetan, Harvey Norman, Sogo, and AEON. The Group also maintains a regional presence, with selected consignments counters in Singapore, Cambodia, and Vietnam. These overseas counters are gaining traction, with sales nearly doubling from RM20.5m in FY23 to RM37.5m in FY24 (+83%). Looking ahead, the consignment counter network is expected to remain at 260 locations in FY25, before gradually expanding again from FY26 onward, with 5 new counters expected annually.

On the digital front, YOCB's e-commerce arm has also been performing strongly, contributing approximately 10% of sales in FY25E. According to ECDB, the Malaysian bedding e-commerce market is projected to reach RM700m by 2025, with a CAGR of 10% through 2029, reaching nearly RM1.0bn in value. YOCB is already ahead of the curve, consistently ranking among the top three bedding and home linen sellers on Shopee, Lazada, and Zalora. Its Jean Perry store on Shopee enjoys a 4.9-star rating with over 460,000 followers, while Home Harmony holds a 4.9-star rating as well with more than 125,000 followers, well above the typical category averages, showing their retail moat beyond traditional brick-and-mortar. Meanwhile, the institutional supply channel, which serves hotels, resorts, cruise ships, and other hospitality clients is also showing sign of recovery. Tourist arrivals surged to 37m in FY24 (+31% YoY), while hotel room nights climbed to 343,866 from 333,780, alongside improved occupancy trends. With tourism continuing to rebound post-COVID, this channel is expected to grow steadily, supported by recurring replacement cycles and inventory restocking by hospitality players.

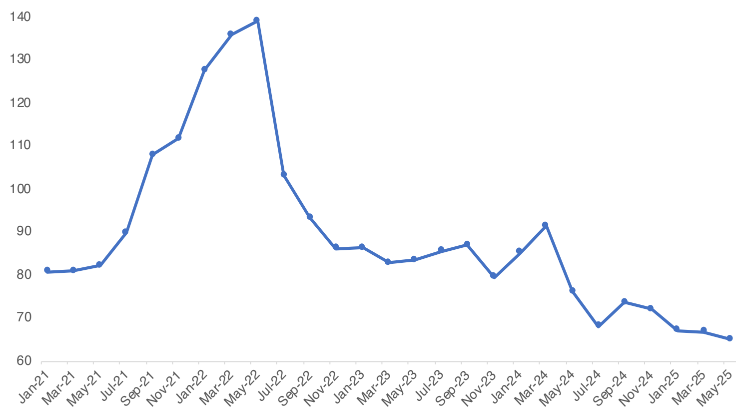
Integrated manufacturing at scale. The Group's manufacturing operations are based in Nilai, Seremban, comprising single facility with a built-up area of approximately 336,000 sq. ft. The factory supports fully integrated operations, from cutting and sewing to packing, enabling the Group to benefit from operational efficiency and economies of scale. Revenue from manufacturing segment is entirely derived from external parties, positioning it as a pure OEM supplier in this segment (Figure 9). As of now, overall utilisation stands at above 65%, offering ample headroom for production ramp-up without the need for major near-term capex. Backed by expanding retail and distribution channels, we project manufacturing revenue to grow at a steady 10% CAGR, reaching RM19.8m by FY27E. Among its key products, pillows remain one of YOCB's most consistent high-volume products, with annual sales averaging around 1 million units, even during the COVID-19 period. This sustained demand highlights the Group's production stability and strong consumer traction.

Figure 9: Manufacturing segment revenue trend (in RM m)



Source: Company, Mercury Securities

Figure 10: Cotton futures price (US cent / lbs)



Source: Company, Mercury Securities

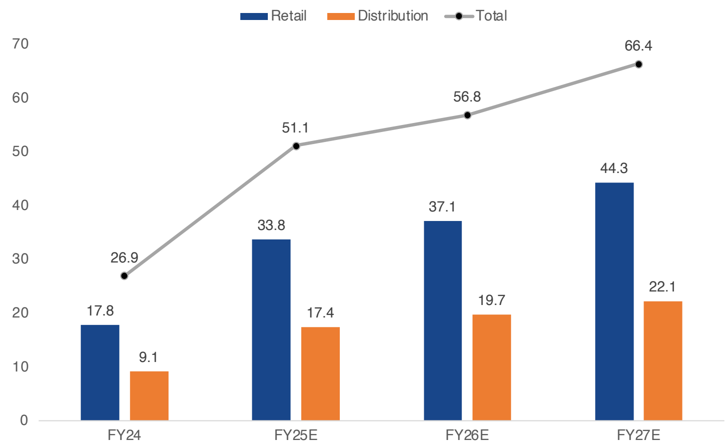
Beneficiary of LVG tax reform. The implementation of the 10% low-value goods (LVG) tax in January 2024 is expected to further support YOCB's e-commerce competitiveness. Previously, foreign online sellers were able to bypass local tax obligations, allowing them to undercut local players on price. With the new policy standardising tax treatment across all channels, YOCB is now better positioned to compete, especially in price-sensitive categories like bed linen and soft furnishings. This regulatory shift not only narrows the pricing gap between YOCB and foreign sellers, but also strengthens the appeal of trusted local brands that can offer quicker delivery, and physical retail presence.

Cotton trends aid margins. Cotton is one of the largest input costs for the Group, forming the base of many home linen products such as bedsheets, towels, and pillows. Back in March 2022, global cotton prices peaked at around USD1.6/lb due to post-pandemic supply chain disruptions and strong global demand. Since then, prices have eased significantly, falling to around USD0.6/lb as of mid-2025, a decline of 60% (Figure 10). This downtrend was supported by global supply normalised, shipping constraints eased, and softer downstream demand from major textile producers like China. For YOCB, the decline in cotton price has been a meaningful tailwind. Its gross profit margin improved steadily, rising from 43% in FY21 to 48% in FY24. From here onwards, we expect cotton prices to stabilise within the USD0.7/lb range, which is also broadly in line with historical averages. This should support the gross margins at a healthy 46-48% levels over the next 2 years.

Accretive Acquisition with Synergistic Potential

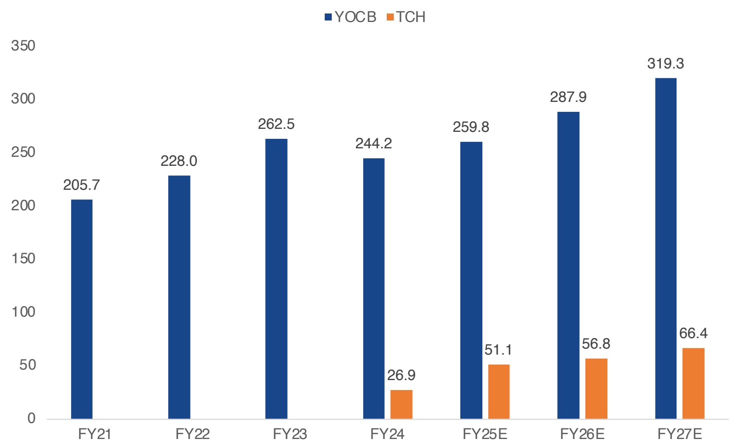
Strategic entry into Singapore. To accelerate its regional footprint, YOCB acquired a 60% stake in T.C. Homeplus (TCH), a homegrown Singapore-based home linen and homeware player, for RM38.2m in January 2024. This marks YOCB's first major overseas retail acquisition and align well with its long-term expansion strategy. Beyond gaining a premium retail platform, the acquisition opens up access to TCH's existing customer base in Singapore, including hotels, government units, cruise liners, and major department stores—providing a strong runway for product and service synergies. Backed by a solid financial track record, TCH has consistently delivered y-o-y growth with healthy PAT margins in the 12-15% range. We view this acquisition as earnings-accretive and strategically complementary to YOCB's core business.

Figure 11: TCH's revenue contribution (in RM m)



Source: Company, Mercury Securities

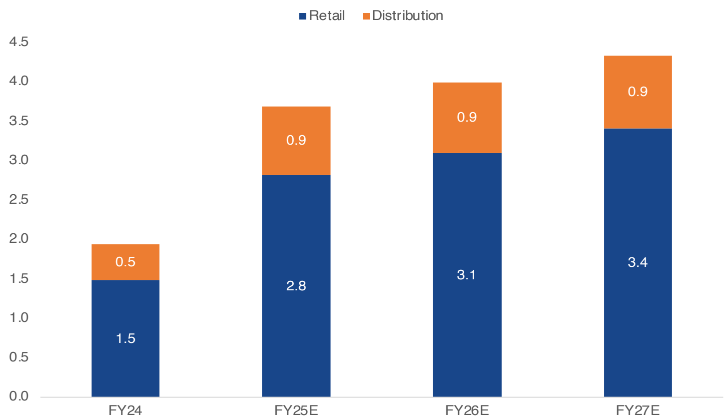
Figure 12: Revenue breakdown – YOCB vs TCH (in RM m)



Source: Company, Mercury Securities

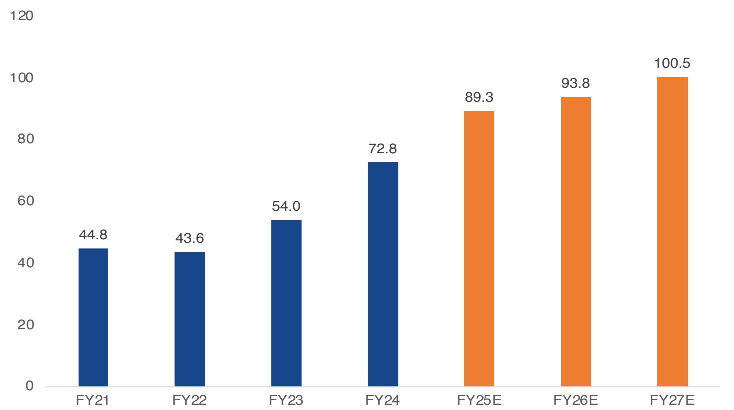
TCH contributions set to normalise in FY25. Post-acquisition, TCH focuses solely on retail and distribution activities. As of FY24, it operated 12 retail stores and 20 consignment counters in Singapore, contributing RM26.9m in revenue (Figure 11). Retail sales accounted for RM17.8m, translating to an average of RM1.5m per store, while distribution contributed RM9.1m, or approximately RM0.5m per consignment counter (Figure 13). Pertinent to note that FY24 captures only 6 months of contribution, as the acquisition was completed in 2HFY24. From FY25 onwards, we expect stronger topline momentum as TCH's revenue normalises on a full-year basis, supported by Singapore's compact but premium-focused retail landscape. Moving forward, we anticipate a conservative pace of 1 net new store in FY27, and 2 additional consignment counters annually. We also project a steady sales growth of 10% per store, while the distribution segment is expected to grow at a more moderate 3%, reflecting its stable, recurring nature.

Figure 13: TCH's average retail sales per store (in RM m)



Source: Company, Mercury Securities

Figure 14: YOCB's operating expenses (in RM m)

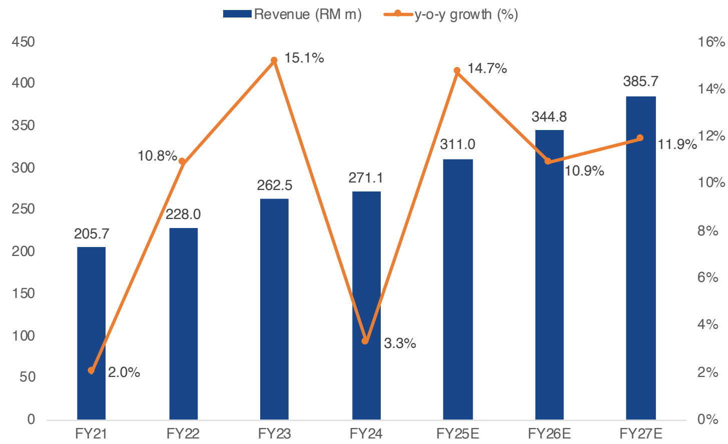


Source: Company, Mercury Securities

Maintaining expenses control amid growth. TCH has historically maintains its OPEX within the range of RM20-25m annually. Following the acquisition, this cost is now consolidated under YOCB's administrative and operating expenses, which rose from RM54.0m in FY23 to RM72.8m in FY24. This increase includes approximately RM11m from TCH's 6-month contribution, alongside higher costs tied to YOCB's own expansion, which saw 11 new outlets added during FY24. While the consolidation has temporarily lifted Group-level expenses, we believe TCH's cost base could stabilise around RM22m moving forward, supported by its relatively fixed retail footprint, stable headcount, no major structural changes in operations and also in line with its historical run rate.

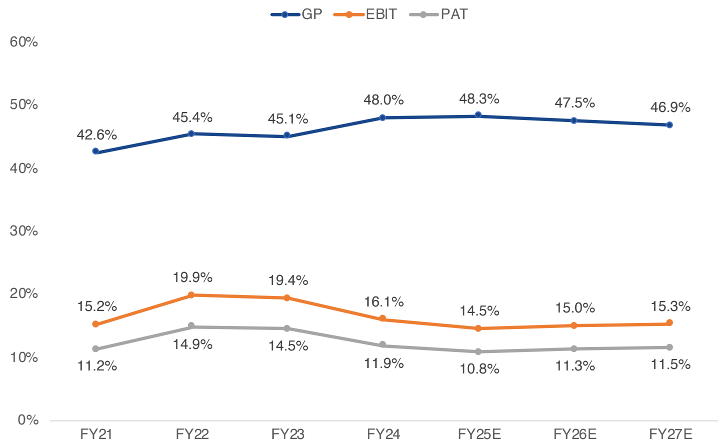
Financial Highlights

Figure 15: Revenue trend (in RM m)



Source: Company, Mercury Securities

Figure 16: Earning trend (%)



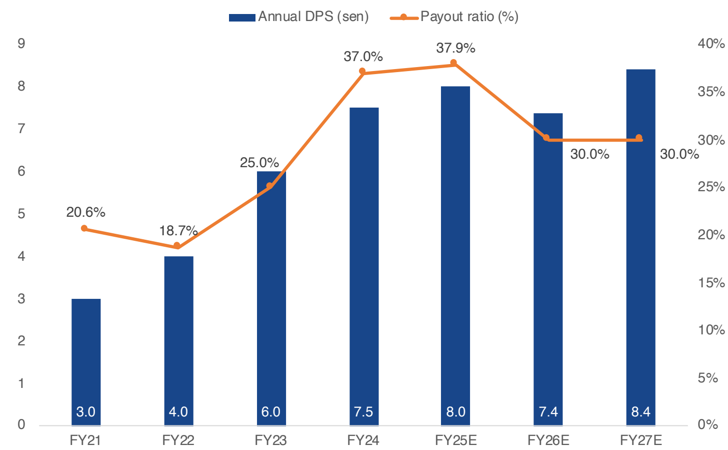
Source: Company, Mercury Securities

Overall, we forecast FY24-27E revenue CAGR of 12.5%, supported by continued retail outlet expansion, maturing store contributions, and full-year consolidation of T.C. Homeplus (TCH). In FY24, Group revenue grew 3.3% y-o-y to RM271.1m (Figure 15), marking a record high, driven by strong momentum in the retail segment, sustained distribution sales despite the post-COVID base effect, and a meaningful boost from TCH, which delivered RM26.9m in revenue despite being consolidated for only 6 months. Additionally, we believe the current economic backdrop in Malaysia remain supportive, underpinned by the civil servant pay hikes, partial EPF withdrawals, a Rakyat-friendly Budget 2025, and ongoing increases in the minimum wage. The labour market has also strengthen notably, with the unemployment rate falling from a pandemic peak of 4.9% in FY21 to just 3.0% currently, reflecting healthier job creation and improving consumer confidence.

Thicker margins, thinner costs ahead. YOCB's gross profit margin expanded to 48.0% in FY24 (vs 42.6% in FY21), aided by normalisation in cotton prices (-60% since 2022 peak), better product mix, and greater scale across both retail and manufacturing segments. Ongoing global tariff turmoil may also strengthen the Group's bargaining position with Chinese suppliers. While EBIT margin declined to 16.1% in FY24 (from 19.4% in FY23) due to a 35% rise in administrative costs (RM54.0m to RM72.8m)—largely due to TCH's consolidation and additions of 11 new outlets—we see this as temporary. Looking ahead, we expect net profit to rise to RM33.5m in FY25 and RM39.0m in FY26 (16.3% y-o-y), backed by normalising overheads, procurement synergies from TCH, and a stable raw material environment.

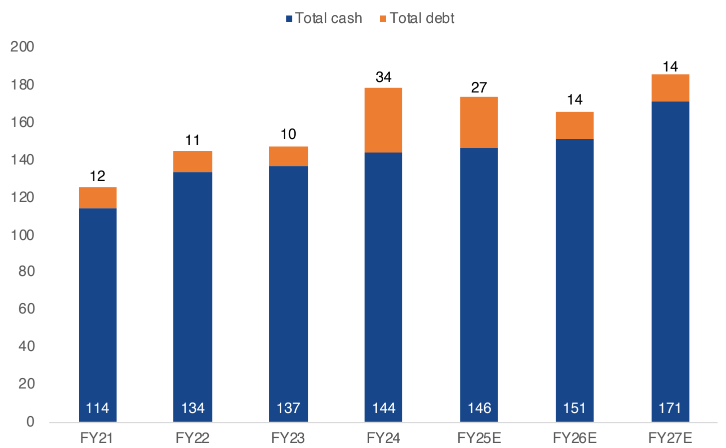
Strong balance sheet and consistent dividends. YOCB remains a net cash position since FY21, supported by strong free cash flow generation and prudent capex management. Despite the RM38.2m investment in TCH, the Group's expansion plans remain modest, with guided capex of RM5m-10m annually over the next 3 years. YOCB has declared dividends consistently over the past 4 years and with a payout ratio ranging from 20% to 40%. Moving forward, we expect a sustainable payout of around 30%, implying attractive net dividend yields of 4.0%-5.0% for FY25-27E, making it a steady income play on top of structural growth.

Figure 17: Dividend trends and payout sustainability



Source: Company, Mercury Securities

Figure 18: Total cash and debt position (in RM m)



Source: Company, Mercury Securities

Valuation

Initiate with BUY and RM2.46 TP. We initiate coverage on Yoong Onn Corporation Berhad (YOCB) with a BUY rating and a target price of RM2.46, based on target PE of 10x FY26E EPS of 24.6 sen. This implies a 44% upside from the current level of RM1.70 and reflects a 43% discount to the industry's trailing PE average of 17x. While this valuation represents a modest premium over YOCB's current PE of 8.4x, we believe a re-rating is well justified given its strengthening earnings outlook, strong cash generation, defensive growth profile, and full year contribution following the acquisition of TCH. Unlike peers that remain reliant on cyclical exports orders or project-based manufacturing, YOCB benefits from a more stable and recurring revenue model, backed by its mass-market, fast moving product range, high brand stickiness, and exposure to domestic and regional retail. Notably, we observe that its listed peers with similar exposure in home and bedding products such as, Lee Swee Kiat Group and FACB Industries are currently trading at higher valuations of 15-17x, despite smaller topline and lower profitability (combined PAT margin of ~10.9% vs YOCB's 11.9%).

Additionally, we note that YOCB's relatively lower free float (27%) may be a contributing factor to its current valuation discount. Companies in the home and furniture sector with free floats below 30% trade at an average PE of ~11x, while those with more liquid floats (>30%) trade at a significantly higher ~23x PE. While not the primary basis for our valuation, this liquidity dynamic may explain part of the valuation gap. That said, we believe this discount is unwarranted in YOCB's case, given its superior profitability, robust financials, and healthy cash position.

Looking forward, the Group's expected earnings is more exciting than most of its peers. It has posted a solid 3-year revenue CAGR of 9.7%, and we project this to accelerate to 12.5% over FY25–26E, powered by continued outlet expansion, maturing store contributions, and a resilient mass-market positioning tied to the housing cycle. With stable OPEX control, procurement synergies, and a lean fixed cost structure, core net profit is expected to grow 16.3% y-o-y in FY26E.

Peer Comparison (as at 22 July 2025)

Company	Bloomberg Ticker	Share Price (RM)	Mkt Cap (in RM m)	P/E (x) T12M	EPS (sen) T12M	P/B (x)	ROE (%)	Net Yield (%)	PATM (%) FY24
Malaysia									
Homeritz Corp Bhd	HMCB MK	0.53	240.9	7.4	7.0	0.8	11.1	3.2	14.8
Synergy House Bhd	SYNERGY MK	0.46	230.0	10.8	4.0	1.8	18.3	3.2	9.1
Tafi Industries Bhd	TAFI MK	0.54	203.0	11.4	5.0	2.1	20.0	0.0	14.5
Spring Art Holdings Bhd	SPRING MK	0.19	76.9	11.9	2.0	0.8	7.0	3.8	18.6
Poh Huat Resources Holdings Bhd	PHR MK	1.00	265.0	12.1	8.0	0.5	4.2	8.0	5.9
Lee Swee Kiat Group Bhd	LSKG MK	0.48	119.5	15.5	3.0	1.6	9.8	4.9	6.9
FACB Industries Inc Bhd	FACI MK	1.10	92.3	16.8	7.0	0.4	2.5	1.8	15.1
Rhong Khen International Bhd	RKI MK	1.28	249.9	28.4	5.0	0.4	1.3	4.8	1.9
Lii Hen Industries Bhd	LHI MK	0.46	245.7	29.7	2.0	0.5	1.5	5.9	2.7
Jaycorp Bhd	JAYC MK	0.52	139.7	29.9	2.0	0.7	2.5	6.8	7.3
Simple Average MY				**17.4**	**4.5**	**1.0**	**7.8**	**4.2**	**9.7**
Yoong Onn Corporation Berhad	YOCB MK	1.70	269.7	8.4	20.3	0.8	9.7	4.4	11.9

Source: Bloomberg, Mercury Securities

Risk Factors

Macroeconomic and industry risks. YOCB's performance is sensitive to general economic conditions within Malaysia. Adverse macroeconomic trends such as reduced consumer spending, inflationary pressure, interest rate hikes, and tighter credit conditions may dampen demand for discretionary products such as home linens and lifestyle furnishings. Industry-specific risks include rising raw material prices, supply chain disruptions, and evolving regulatory requirements. All of which can influence cost structures and margin profiles.

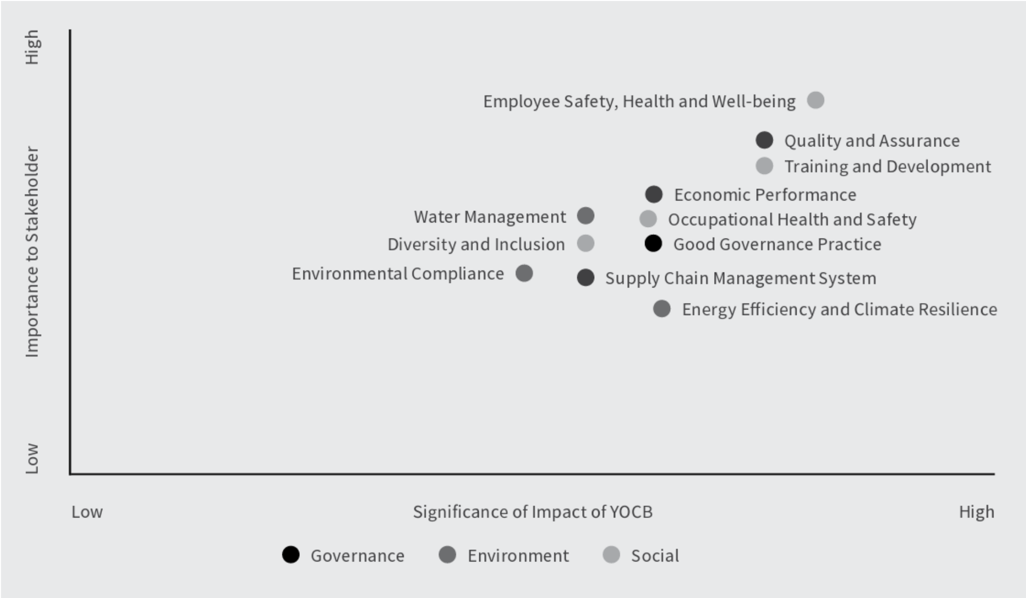
Competitive landscape. The home textile and lifestyle furnishing industry is highly competitive, with numerous local and international players operating across different price points and distribution channels. While YOCB's vertically integrated model and portfolio of proprietary brands provide insulation against pure price-based competition, the Group remains vulnerable to aggressive pricing and new market entrants. Many Malaysian players are contract manufacturers, while YOCB controls its own brands and retail presence, offering greater strategic flexibility.

Political, Regulatory, and Policy Risk. YOCB operates primarily in Malaysia and is therefore exposed to potential political and regulatory changes that may affect its business. These include shifts in government policy, political instability, changes in taxation (e.g., reintroduction of SST or import tariffs), interest rate movements, and foreign investment regulations. Unexpected policy decisions could impact import/export costs, hiring policies, or consumer purchasing power.

Foreign Exchange Risk. Due to its operational involvement in both imports and exports. The Group purchases raw materials in foreign currencies (notably RMB and USD) and earns revenue in SGD and USD through its export and Singapore operations.

ESG Initiatives

Figure 19: Sustainability Materiality Assessment



Source: Company

Key Performance achieved in FY24

Environmental (E)

YOCB has demonstrated a growing commitment to environmental responsibility, especially in its manufacturing and energy usage practices:

- **Solar Energy Adoption**: The installation of a 671kW solar photovoltaic (PV) system at its Nilai facility has helped reduce reliance on conventional energy, leading to more than 50% of factory and warehouses' energy expenditure.
- **Energy Efficiency**: It has shown a declining energy consumption trend over the past 3 years, aligning sustainable operations goal.
- **Waste Management**: The company has implemented waste segregation and proper disposal procedures at its facilities.
- **Environmental Compliance**: YOCB has had zero incidents of environmental non-compliance for the past 3 years, indicating effective operational control and regulatory alignment.

Social (S)

YOCB places emphasis on employee safety, development, and stakeholder engagement:

- **Workplace Safety**: The Group recorded zero fatalities and zero Lost Time Injury (LTI) incidents in FY2024.
- **Training & Development**: Employees undergo structured performance appraisals and receive targeted upskilling opportunities.
- **Employee Welfare**: It fosters a fair and inclusive work environment, including equal opportunities and grievance channels.
- **Stakeholder Engagement**: Regular engagement with key stakeholders including employees, suppliers, NGOs, and the community to ensures alignment with social expectations and promotes transparency.
- **Employee Diversity:** YOCB fosters an inclusive workplace by hiring based on merit, regardless of nationality, ethnicity, or religion and emphasizes employee well-being, engagement, and alignment with company values.

Governance (G)

YOCB has implemented governance structures to support ethical and sustainable decision-making:

- **Board Oversight**: The Board and its Audit & Risk Management Committee provide oversight on ESG matters, with support from an ESG Steering and Working Committee.
- **Code of Conduct**: A formal Code of Ethics and Conduct guides staff behaviour, with whistleblowing mechanisms in place.
- **Sustainability Reporting**: The Group aligns its disclosures with Bursa Malaysia's Sustainability Reporting Guide, showing an effort toward transparency and accountability.
- **Anti-Corruption Compliance**: YOCB has adopted an Anti-Bribery and Corruption Policy in line with Section 17A of the MACC Act.

Overall ESG performance. Yoong Onn Corporation Berhad (YOCB) has demonstrated a structured and proactive approach toward environmental, social, and governance (ESG) practices, aligning its sustainability initiatives with operational and regulatory expectations. Notable progress has been made in areas such as solar energy adoption, waste segregation, workplace safety, and employee inclusivity. The Group maintains zero workplace incidents and reported no discrimination cases in FY2024, underscoring its focus on responsible employment practices. Governance mechanisms are in place through dedicated ESG committees, with disclosures aligned to Bursa Malaysia's Sustainability Reporting Guide. While YOCB remains at an early stage in its ESG maturity compared to larger regional peers—particularly in quantifiable metrics such as carbon emissions, board-level ESG integration, and supply chain transparency.

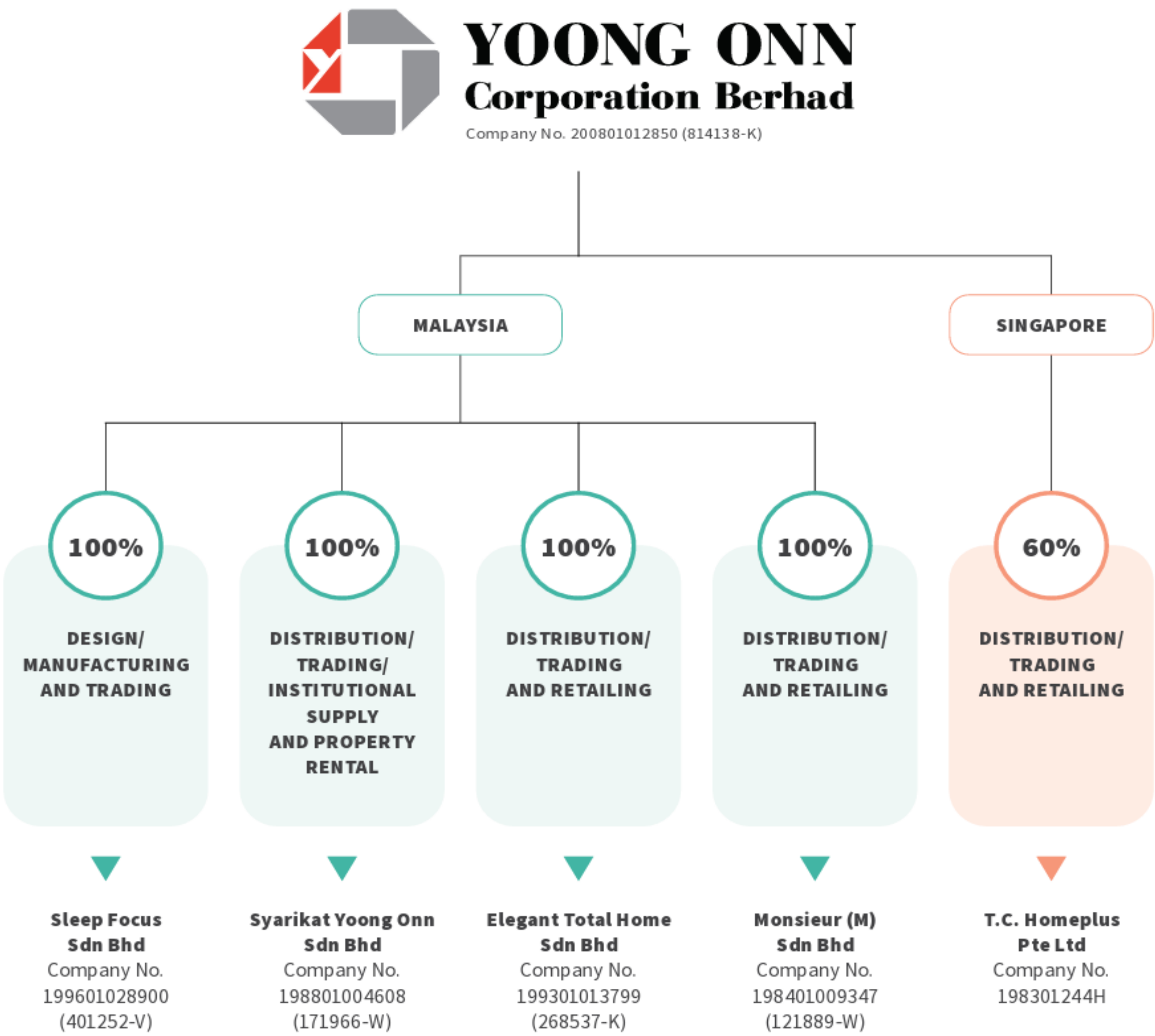
SWOT Analysis

Strength	Weakness
Vertically integrated operations. YOCB has an end-to-end business model, covering from product design, manufacturing, warehousing, distribution and retailing. Enables YOCB to maintain direct control over its entire value chain. **Established brand portfolio.** YOCB has built a strong portfolio of over 12 proprietary brands, including well-known names such as Jean Perry, Novelle, and Diana. This allows YOCB to target a broad customer base with differentiated pricing strategy for different lifestyle appeal. **Debt-free balance sheet.** YOCB maintains a robust financial position, which is supported by a strong cash position, low gearing, and consistently strong operating cash flows. This positions YOCB well to seize strategic opportunities such as market expansion, or potential M&A.	**Dependence on Malaysian market.** Majority of YOCB's revenue is from Malaysia domestic market, limited overseas diversification exposes risk to slowdown in domestic consumer spending, or changes in government policy affecting discretionary spending. **Retail exposure risk.** YOCB's business model is heavily reliant on physical retail touchpoints, including own retail stores and consignment counters in major department store. YOCB may face revenue pressure in the event of shifting retail trends toward e-commerce and omnichannel experiences. **Limited tech and digital integration.** While YOCB has a strong physical retail presence, its digital and tech capabilities remain underdeveloped relative to larger regional competitors. YOCB risks falling behind peers who are scaling their market through digital channels.
Opportunity	**Threat**
Strategic Expansion into Singapore. YOCB entry into Singapore market through the acquisition of T.C. Homeplus presents a significant growth opportunity to diversify revenue beyond domestic market and tap into a higher-income consumer base. **Domestic Retail Expansion.** YOCB continued expansion of its retail footprint in Malaysia has an opportunity to further grow its revenue base. Broader physical presence can strengthen customer loyalty given that YOCB is well-positioned to open more concept stores in urban region across Malaysia.	**Rising Raw Material & Shipping Costs.** YOCB is exposed to fluctuations in the price of key raw materials such as textiles and cotton, most of them are imported and subject to global supply chain dynamics. Volatility due to geopolitical tensions can result in cost increase and erode YOCB's gross margin. **Intense Market Competition.** YOCB operates in a highly competitive market, facing pressure from both established local brands and foreign entrants, ranging from mass-market players offering lower-cost alternatives to premium brands with strong digital marketing and global appeal. **Changing Consumer Preference.** Evolving consumer trends can pose a risk to YOCB's traditional product offerings and retail approach. Emerging customer segments, particularly younger demographics, increasingly demand minimalist aesthetics, and seamless digital shopping experiences.

Company Background

Yoong Onn Corporation Berhad (YOCB) is a leading integrated manufacturer, designer, and distributor of home linen and bedding accessories in Malaysia. The Group offers a wide range of products, including bed and bath linen, curtains, and homeware under its proprietary brands such as Jean Perry, Novelle, Diana, Louis Casa, and Niki Cains. YOCB operates a vertically integrated model with in-house design, manufacturing, marketing, and retailing capabilities, enabling it to maintain tight control over cost, quality, and brand positioning. The Group distributes its products through wholly owned retail outlets (e.g., Home's Harmony, Niki Cains Homes), consignment counters, e-commerce platforms, and institutional channels such as hotels and hospitals. With over 280 consignment counters and more than 50 retail outlets across Malaysia and Singapore, YOCB continues to expand its footprint both domestically and regionally. The 2024 acquisition of T.C. Homeplus Pte Ltd in Singapore further strengthens its regional presence and offers new synergies for future growth.

Figure 20: Corporate structure



Source: Company

Figure 21: Key events and milestone

2024	• Acquired 60% Stake in Singapore-based Home Linen Company, TC Homeplus Pte Ltd. • Opened 2 more New Home's Harmony retail outlet in Sunway BigBox.
2023	• Opened 5 Home's Harmony retail outlet in Great Eastern Mall, Pearl Point Shopping Mall, Pinnacle Sri Petaling Mall, Kiara Bay Outdoor Retail and Paradigm Mall Johor Bahru. • Opened 2 Niki Cains Home Fashion Concept Stores in Komtar JBCC and KL Gateway.
2022	• Opened Home's Harmony retail outlet in Starling Mall. • Constructed a new warehouse with storage capacity of 10,500 sqft in Nilai, Negeri Sembilan. • Installed 2 solar photovoltaic module systems onto its factory and warehouse in Nilai in response to growing threat of climate change.
2021	• Launched Jean Perry online store to enhance the Group's online sales. • Office staff and the sales & marketing team relocated to a more strategic and conducive wholly-owned office at level 9 & 13 Eko Cheras Office Suite. • Opened a new concept store called "Home's Outlet" in Eko Cheras Mall to target mid-range and mass market. • Opened "Home's Harmony" retail outlet in Sunway Putra Mall.
2020	• Mr Jon Tan Peng, the CFO of the Group was awarded the Best CFO for Investor Relations (Micro Cap) By Malaysian Investor Relations Association (MIRA). • Home's Harmony opened 2 more Retail Boutique Shop in Toppen Shopping Centre in Johor Bahru and KL East Mall in Kuala Lumpur. • Niki Cains Home opened 2 more Home Fashion Concept Store in Metro Point Kajang in Kajang, Selangor and Wangsa Walk Mall in Wangsa Maju, Kuala Lumpur
2019	• Acquired 2 floors of Office Suites at Eko Cheras in Cheras township in line with business expansion. • Niki Cains Home opened 1more Home Fashion Concept Stores in BMC Shopping Mall, Cheras.
2018	• Opened "Home's Harmony" retail outlet in Empire Shopping Mall. • Opened Home Fashion Concept Stores under " Niki Cains Home " Brand in Klang Valley.
2017	• Opened "Home's Harmony" retail outlet in Melawati Mall.
2016	• Opened "Home's Harmony" retail outlet in Sunway Carnival Shopping Mall, Penang and Sunway Velocity Mall, Cheras, Kuala Lumpur. • Home's Harmony brand was awarded The Brandlaureate BestBrands award in Retail Home-Linen & Homeware • Signed Agency Agreement with an agent in Cambodia to market and distribute the Yoong Onn Products in Cambodia. • Opened "Home's Harmony" retail outlet in Damen Shopping Mall, Selangor. • Opened "Home's Harmony" retail outlet in D'Pulze Shopping Gallery, Selangor. • E-Commerce Shopping Via E-Commerce Platforms like Lazada, Shopee, Zalora and others.
2015	• Opened "Home's Harmony" retail outlet in Atria Shopping mall, Selangor. • Constructed a New warehouse and show room in Nilai with storage capacity of 100,000 sq. ft.
2013	• Acquired on industrial land of 8,985 sqm opposite to the factory in Nilai. • Diversified into Lifestyle Furniture.
2012	• Opened "Home's Harmony" retail outlet in KL Festival City Mall, Setapak, Kuala Lumpur. • Constructed a 5 storey warehouse in our Nilai factory with more than 65,000 sq. ft storage capacity. • Opened "Home's Harmony" retail outlet in Paradigm Mall, Selangor. • Opened "Home's Harmony" retail outlet in Setia City Mall, Selangor.

	• Opened "Home's Harmony" retail outlet in Publika Shopping Gallery UG, Kuala Lumpur.
2011	• Assessed and awarded ISO 9001 : 2008 for the manufacturing of Bed Linens & Other Soft Furnishing Accessories. • Bonus issue of 40.0m of YOCB Bonus Shares – 1 YOCB Bonus Share for every 3 existing YOCB shares.
2009	• Appointed a Distributor in Vietnam to penetrate Vietnam market. • Opened "Home's Harmony" retail outlet in Plaza Shah Alam, Selangor. • Listed on the Main Market of Bursa Malaysia
2008	• Opened "Home's Harmony" retail outlet in Gurney Plaza, Penang.
2007	• Opened "Home's Harmony" retail outlet in Sunway Pyramid, Selangor.
2006	• Opened "Home's Harmony" retail outlets in Queensbay Mall, Penang.
2004	• Established "Home's Harmony" flagship retail outlet in One Utama Shopping Centre. • Ann Taylor launched for mid-market. • Began distributing products to East Malaysia & Brunei.
2002	• Louis Casa, Genova and Firenze brands launched.
2000	• Built manufacturing plant on its 9.3 acres of land in Nilai, Negeri Sembilan to increase production capacity.
1997	• Established "Home's Harmony" retail outlet to be a one-stop supply centre for home linen and homeware. • Jean Perry launched for the premium market.
1994	• Ventured into manufacturing of bath linen, curtains and cushion covers.
1992	• Secured first export sales to Singapore.
1988	• Incorporated Syarikat Yoong Onn Sdn Bhd, which took over all the business of Yoon On.
1982	• Diana was launched in Malaysia for mid-range market and Novelle for premium consumers.
1976	• Commenced small scale manufacturing of home linen, focusing on bed linen, through Yoon On.
1966	• Established Yoon On, a partnership entity, whose main business was in trading and retailing of textile and home linen.

Figure 22: 12 main brands of premium home linen

Source: Company

Figure 23: Key management team

Name and Designation	Age	Profile
Chew Hon Foong Co-Founder Managing Director	65	• Appointed to the Board of Yoong Onn Corporation Berhad in 2008. • More than forty 40 years of experience in the home linen industry. • Involved in developing and creating own brands of bed linen which was marketed under the names Diana and Novelle in 1982. • Established Syarikat Yoong Onn Sdn Bhd and took over the entire business of the partnership company, Yoong Onn with Chew Hon Keong.
Chew Hon Keong Co-Founder Executive Director	64	• Appointed to the Board of Yoong Onn Corporation Berhad in 2008. • More than forty 40 years of experience in the home linen industry. • Established Syarikat Yoong Onn Sdn Bhd and took over the entire business of the partnership company, Yoong Onn with Chew Hon Foong. • Primarily responsible in overseeing the overall management and strategic business development of the Group.
Tan Peng (Jon) Chief Financial Officer	64	• Joined KPMG as Auditor in 1988. • Member of the Malaysia Institute of Certified Public Accountants. • Joined Syarikat Yoong Onn Sdn Bhd in 2006. • Awarded the Best Chief Financial Officer for Investor Relations (Microcap) at the 10th Malaysian Investor Relations Awards 2020.
Chew Hon Yoong Head of Production	67	• Graduated with a Bachelor of Engineering Degree from the University of New South Wales, Australia. • Appointed the Head of production in 2009. • Expertise in the Group's manufacturing operations.
Jimmy Sun Kien Keong Head of Sales, Marketing and Operations	63	• Joined on 1 January 2018 as Deputy Chief Operating Officer, Marketing, Layer Farming Division. • Promoted to Chief Marketing Officer, Layer Farming Division on 3 January 2024. • Over 20 years of experience in sales, marketing and business development. • Oversees the brand building, logistic department and all sales and marketing activities, both domestically and overseas.
Ron Ang Teng Poh Head of Singapore Operations	50	• Began his career with T.C. Homeplus Pte Ltd in 1997. • Played a key role in strategic and decision-making in the company's grow and expansion.
Dang Chee Wai General Manager Operation	56	• Member of Association of Chartered Certified Accountants and the Malaysian Institute of Accountants. • Started his career in audit lines and move on as an accountant in commercial line. • More than 10 years of experience as an accountant.
Jay Ng Siew Boay General Manager Retail	56	• Has wide exposure and extensive operational experience in the retail industry with proven records of positive accomplishments. • Joined Monsieur (M) Sdn Bhd in 2013 as the General Manager. • More than thirty 30 years of relevant experience in the retail industry.
Karen Tan Lai Ling General Manager-Sales, Marketing & Merchandising	52	• Diploma in Management and Retail Management, Certificate in Accounting and Professional Certificate in Financial Planning. • Joined Elegant Total Home Sdn Bhd in 2004 as the Assistant Marketing Manager for Sales, Marketing and Merchandising.

Snapshots from the Ground

Figure 24

Source: Company, Mercury Securities

Figure 25

Source: Company, Mercury Securities

Figure 26

Source: Company, Mercury Securities

Key Financial Data

Balance Sheet

FYE Jun	FY22	FY23	FY24	FY25E	FY26E
PPE	55.0	54.6	83.4	82.6	85.7
Intangibles	-	-	26.2	26.2	26.2
Inventories	68.8	95.0	87.9	88.8	98.5
Receivables	43.5	39.3	32.3	44.4	49.3
Other assets	9.9	9.8	27.6	26.0	19.4
Deposit, bank and cash	133.6	137.0	144.0	146.0	151.2
Assets	**310.9**	**335.7**	**401.5**	**414.1**	**430.3**
LT borrowings	0.1	-	-	-	-
ST borrowings	4.7	2.5	7.6	2.5	4.0
Payables	13.0	9.4	19.3	18.3	20.3
Other liabilities	15.9	18.8	42.6	40.5	25.9
Liabilities	**33.6**	**30.7**	**69.5**	**61.3**	**50.1**
Share capital	80.0	80.0	80.0	80.0	80.0
Reserves	197.2	225.0	244.0	264.8	292.1
Shareholder's equity	**277.2**	**305.0**	**324.0**	**344.8**	**372.1**
MI	-	-	8.0	8.0	8.0
Equity	**277.2**	**305.0**	**332.0**	**352.8**	**380.1**
Equity and Liabilities	**310.9**	**335.7**	**401.5**	**414.1**	**430.3**

Cash Flow Statement

FYE Jun	FY22	FY23	FY24	FY25E	FY26E
Profit before taxation	44.9	50.1	42.4	44.1	51.3
Depreciation & amortisation	8.7	9.3	14.9	21.9	19.2
Changes in working capital	(3.1)	(21.4)	23.5	(14.0)	(12.5)
Net interest received/ (paid)	(1.4)	(3.5)	(3.8)	(4.2)	(4.6)
Share of associate profits	0.0	1.0	2.0	3.0	4.0
Tax paid	(9.3)	(9.8)	(10.9)	(10.6)	(12.3)
Others	(5.0)	(5.4)	(1.4)	(3.0)	(4.0)
Operating Cash Flow	**34.9**	**20.4**	**66.7**	**37.2**	**41.1**
Capex	(5.4)	(3.1)	(36.4)	(4.6)	(8.6)
Others	1.7	3.9	4.7	5.0	4.8
Investing Cash Flow	**(3.7)**	**0.7**	**(31.7)**	**0.4**	**(3.8)**
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Changes in borrowings	(5.1)	(8.3)	(16.6)	(22.4)	(20.4)
Dividends paid	(6.3)	(9.5)	(11.9)	(12.7)	(11.7)
Others	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(11.4)**	**(17.8)**	**(28.5)**	**(35.1)**	**(32.1)**
Net cash flow	19.8	3.3	6.6	2.5	5.2
Forex	0.0	0.0	(0.1)	0.0	0.0
Beginning cash	113.9	133.6	137.0	143.5	146.0
Ending cash	**133.6**	**137.0**	**143.5**	**146.0**	**151.2**

Income Statement

FYE Jun	FY22	FY23	FY24	FY25E	FY26E
Revenue	228.0	262.5	271.1	311.0	344.8
EBITDA	54.1	60.1	58.5	67.0	71.0
Depn & amort	8.7	9.3	14.9	21.9	19.2
Net interest expense	(0.5)	(0.7)	(1.2)	(1.1)	(0.6)
Associates & JV	0.0	0.0	0.0	0.0	0.0
EI	0.0	0.0	0.0	0.0	0.0
Pretax profit	**44.9**	**50.1**	**42.4**	**44.1**	**51.3**
Taxation	(11.0)	(12.1)	(10.2)	(10.6)	(12.3)
MI	0.0	0.0	8.0	8.0	8.0
Net profit	**33.9**	**38.1**	**32.2**	**33.5**	**39.0**
Core net profit	**33.9**	**38.1**	**32.2**	**33.5**	**39.0**

Key Statistics & Ratios

FYE Jun	FY22	FY23	FY24	FY25E	FY26E
Growth					
Revenue	10.8%	15.1%	3.3%	14.7%	10.9%
EBITDA	29.9%	11.2%	-2.7%	14.6%	5.9%
Pretax profit	46.8%	11.8%	-15.4%	4.0%	16.3%
Net profit	46.5%	12.4%	-15.5%	4.1%	16.3%
Core EPS	46.5%	12.4%	-15.5%	4.1%	16.3%
Profitability					
EBITDA margin	23.7%	22.9%	21.6%	21.6%	20.6%
Net profit margin	14.9%	14.5%	11.9%	10.8%	11.3%
Effective tax rate	-24.5%	-24.1%	-24.1%	-24.0%	-24.0%
ROA	10.9%	11.3%	8.0%	8.1%	9.1%
ROE	12.2%	12.5%	9.7%	9.5%	10.2%
Leverage					
Debt/ Assets (x)	0.04	0.03	0.09	0.07	0.03
Debt/ Equity (x)	0.04	0.03	0.10	0.08	0.04
Net debt/ equity (x)	Cash	Cash	Cash	Cash	Cash

Key Drivers

FYE Jun	FY22	FY23	FY24	FY25E	FY26E
Retail revenue growth (%)	23.6%	27.6%	24.2%	26.7%	15.7%
Distribution revenue growth (%)	7.6%	4.2%	-3.2%	5.7%	6.4%
Retail operating margin (%)	22.4%	23.0%	18.8%	14.0%	15.0%
Distribution operating margin (%)	17.1%	15.6%	14.2%	14.0%	14.0%

Valuation

FYE Jun	FY22	FY23	FY24	FY25E	FY26E
EPS (sen)	21.3	24.0	20.3	21.1	24.6
Core EPS (sen)	21.3	24.0	20.3	21.1	24.6
P/E (x)	8.0	7.1	8.4	8.0	6.9
EV/ EBITDA (x)	2.7	2.4	2.9	2.4	2.0
Net DPS (sen)	4.0	6.0	7.5	8.0	7.4
Yield	2.4%	3.5%	4.4%	4.7%	4.3%
BV per share (sen)	174.74	192.24	209.27	222.40	239.59
P/BV (x)	1.0	0.9	0.8	0.8	0.7

Source: Mercury Securities

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BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

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