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Yoong Onn Corporation

Earning Miss on Higher Opex

Results Note
BUY (↔)
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Friday, November 28, 2025
Price: RM 1.53
Target Price: RM 1.92 (↓)

Yoong Onn Corporation Berhad (YOCB) 3MFY26 missed our expectations We slashed our FY26E/FY27E earnings by 21%/27% and TP by 22% to RM1.92 (previously RM2.46). Still undemanding valuations with a compelling dividend yield of c.5%, we reiterate our BUY call.

3MFY26 results missed expectations, with net profit coming in at 15% of our full-year estimates. The key variance against our forecast came from higher -than-expected opex margins (84% vs our estimate of 81%). Revenue came in at 21% our full-year estimates. No dividend declared as historically its declared in the final reporting quarter.

YoY. Revenue and PATAMI recorded 7.2% and 9.8% growth on the back of increased sales from consignment, retail and online thanks to proactive promotion and marketing methods. The retailing segment grew 2.1% YoY to RM33.7m (3MFY25: RM33.1m), followed by the distribution segment at 12.5% YoY to RM35.8m (3MFY25: RM31.9m) and the manufacturing segment by a staggering 41.7% YoY to RM12.5m (3MFY25: RM8.9m). In terms of profitability margins, EBITDA was at 16.1% and its PBT at 10.0%. Subsequently, its PATAMI margin slightly improved to 8.1% despite higher effective tax rate of 23.2% (3MFY25: +19.8%).

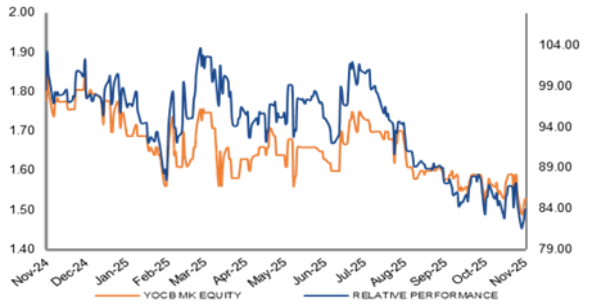
QoQ. Topline climbed 6.0%, fueled by stronger manufacturing segment revenue growth by 29.2% to RM12.6m (4QFY25: RM9.7m) as well as the distribution segment by 9.0% to RM35.8m (4QFY25: RM32.9m). Stabilized OPEX margin at 83.9% (4QFY25: 129.4%) coupled with its stronger turnover from strengthening exports, consignment and online sales, enabled a PBT at RM7.0m (4QFY25 LBT: RM9.7m).

Moving forward. We expect its 2QFY26 and 3QFY26 (4QCY25 and 1QCY26 respectively) to be stronger based on historical trend as inflationary pressure eased. Management acknowledged that the global economic recovery remains uncertain, translating to continued challenging and competitive conditions in both the local retail market and export sales. However, the Yoong Onn expects to deliver satisfactory growth in FY2026. This confidence is underpinned by the it's: (i) underlying fundamental strength from efficient operations and financial stability), (ii) wide distribution network and (iii) established strategies to navigate the challenging environment.

Post-results, we slashed down our FY26E/FY27E core earnings by 21%/27% each to RM30.5m/RM31.1m respectively. We toned down our growth estimations for the retailing/distribution segments to 3.0% respectively (previously both at 10%) for both FY26E/FY27E and raised our Opex (including COGS) margin by 3ppts to 84%.

Valuations and Recommendation. Consequently, we reduced our TP by 22% to RM1.92 (previously RM2.46) as we apply our 10x target P/E multiple to the revised, lower EPS of 19.2 sen (previously 24.6 sen). Still undemanding valuations coupled with a compelling 4.6% dividend yield, we reiterate our BUY call.

Share Price Performance



Business Overview

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

Return Information	
KLCI (pts)	1,617.46
YTD KLCI chg.	-1.5%
YTD Stock Price chg.	-16.8%

Price Performance	1M	3M	12M
Absolute (%)	0.7%	-7.8%	-17.8%
Relative to KLCI (%)	0.7%	-14.6%	-18.7%

Stock Information	
Market Cap (RM m)	242.7
Issued Shares (m)	158.7
52-week High (RM)	1.95
52-week Low (RM)	1.45
Est. Free Float (%)	26.8%
Beta	0.7
3-month Avg Vol.	42,985
Shariah Compliant	Yes
Bloomberg Ticker	YOCB MK EQUITY

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

FY June (RM m)	FY25A	FY26E	FY27E
Revenue	296.6	317.5	344.5
EBITDA	39.8	63.6	59.3
EBIT	19.4	41.5	42.4
PBT	22.6	40.1	40.9
Net Profit	16.7	30.5	31.1
Core Net Profit	21.5	30.5	31.1
Core EPS (sen)	13.6	19.2	19.6
Earnings Revision (%)	-	-21.8	-27.1
Core EPS Growth (%)	-32%	42%	2%
Net DPS (sen)	8.0	7.1	7.5
Net Div. Yield (%)	5.2%	4.6%	4.9%
BVPS (sen)	211.6	228.0	245.5
PER (x)	7.2	8.0	7.8
PBV (x)	0.723	0.671	0.623
ROE (%)	5%	8%	8%

Investment case. We continue to like Yoong Onn for its (i) market position as one of the largest integrated manufacturer and distributor of home linen and bedding accessories in the country with 58 stores and over 280 consignment counters; (ii) stronger demand coming in from e-commerce sales; and (iii) rising consumer spending in Malaysia, reaching an all-time high of RM271.6m in 3Q25.

Risks to our recommendation include: (i) consumer spending slowdown; (ii) rising raw material costs; (iii) intense competition; and (iv) forex risk.

Results Highlights

Y/E : June (RM m)	1Q FY26	4Q FY25	QoQ Chg	1Q FY25	YoY Chg	3M26	3M25	YoY Chg
Turnover	**70.6**	**66.6**	***6.0%***	**65.9**	***7.2%***	**70.62**	**65.87**	*7.2%*
OPEX	**(59.3)**	**(86.2)**	***-31.2%***	**(55.6)**	***6.6%***	**(59.27)**	**(55.60)**	*6.6%*
EBITDA	11.4	(4.5)	*-353.5%*	10.4	*9.6%*	11.38	10.39	*9.6%*
EBIT	6.3	(10.5)	*-159.6%*	5.7	*10.4%*	6.26	5.67	*10.4%*
PBT/(LBT)	**7.0**	**(9.7)**	***-172.4%***	**6.5**	***8.1%***	**7.03**	**6.50**	*8.1%*
Taxation	(1.6)	1.3	*-224.4%*	(1.3)	*27.0%*	(1.63)	(1.29)	*27.0%*
Net Profit	5.4	(8.4)	*-164.3%*	5.2	*3.5%*	5.4	5.2	*3.5%*
PATAMI	**5.7**	**(3.0)**	*-287.7%*	**5.2**	*9.8%*	**5.72**	**5.21**	*9.8%*
Core EPS (sen)	3.4	(5.3)	*-164.3%*	3.3	*3.5%*	3.40	3.29	*3.5%*
DPS (sen)	0.0	0.0	*n/a*	-		0.00	0.00	
Margins								
Opex	-83.9%	-129.4%		-84.4%		-83.9%	-84.4%	
EBITDA	16.1%	-6.7%		15.8%		16.1%	15.8%	
EBIT	8.9%	-15.7%		8.6%		8.9%	8.6%	
PBT	10.0%	-14.6%		9.9%		10.0%	9.9%	
PATAMI	8.1%	-4.6%		7.9%		8.1%	7.9%	
ETR	-23.2%	-13.5%		-19.8%		-23.2%	-19.8%	
Revenue Breakdown (RMm)								
Retailing	33.75	33.65	*0.3%*	33.1	*2.1%*	33.7	33.1	*2.1%*
Distribution	35.84	32.88	*9.0%*	31.9	*12.5%*	35.8	31.9	*12.5%*
Manufacturing	12.55	9.71	*29.2%*	8.9	*41.7%*	12.5	8.9	*41.7%*
Investment Holding	0.33	0.30	*9.9%*	0.3	*9.5%*	0.3	0.3	*9.5%*
Elimination	(11.85)	(9.94)	*19.2%*	(8.2)	*44.2%*	(11.8)	(8.2)	*44.2%*
Total	**70.62**	**66.60**	***6.0%***	**65.9**	***7.2%***	**70.6**	**65.9**	***7.2%***

Source: Company, Bursa Malaysia, Mercury Securities

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