Yoong Onn Corporation Berhad

Building a New Home Down South

Company Update
BUY (↔)
Research Team Coverage / research@mersec.com.my
Wednesday, August 12, 2026

Price: RM 1.48
Target Price: RM 1.77 (↔)

Yoong Onn Corporation Berhad (YOCB)'s 60%-owned subsidiary, T.C. Homeplus, has accepted a Letter of Acceptance ("LOA") appointing Precise Development Pte Ltd as contractor for a new 4-storey industrial facility in Singapore, with a contract sum of S$13.2m (~RM41.2m), reinforcing the Group's operational footprint amid rapidly growing Singapore contribution. With construction slated to commence in Oct 2027 and management guiding no material impact to FY27 earnings, net assets or gearing, we maintain our FY26E/FY27E earnings and target price at RM1.77, based on an unchanged 10x P/E multiple applied to FY27E EPS of 17.7 sen. Reiterate our BUY recommendation.

New Industrial Facility in Singapore. YOCB is set to strengthen its operational footprint in Singapore following the acceptance by its 60%-owned subsidiary, T.C. Homeplus Pte Ltd ("TCH"), for the construction of a new 4-storey single-user B2 industrial building at 18 Tampines Street 92, Singapore with the appointment of Precise Development Pte Ltd as the contractor for the project. The new development will incorporate modern corporate offices and upgraded warehouse facility, with the aim of streamlining internal workflows, strengthening supply-chain resilience and improving overall service efficiency, while capitalizing on the site's prime location.

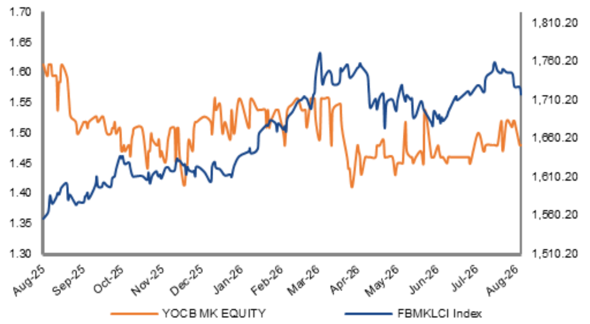
The contract carries a total value of S$13.2m (Excluding GST) equivalent to approximately RM41.2m. The detailed breakdown of the contract sum is expected to be finalised within 28 days from the date of the Letter of Acceptance ("LOA"). The Contract and Project are not subject to the approvals of the shareholders and/or any relevant regulatory authorities. However, they remain subject to and conditional upon approvals from the relevant parties and authorities in respect of the practical completion of the project. Construction is scheduled to commence on 5 Oct 2027 and will run for 15 calendar months (5 Jan 2029 expected completion date). The project is expected to be funded through internally generated funds together with a S$9.6m term loan (equivalent to approximately RM30.1m). As at 9MFY26, YOCB has cash and cash equivalents balance of RM73.9m. Management does not expect the contract and project to have a significant impact on the Group's earnings, net assets per share or gearing for FY27. The project represents a strategic move by YOCB to re-establish a dedicated and fully integrated facility for its Singapore operations.

No Changes to Our Forecast. We maintain our earnings estimate for FY26E/FY27E of RM28.8m/RM28.0m, respectively.

Valuation and Recommendation. We maintain our target price of RM1.77, based on an unchanged target P/E multiple of 10x applied to our FY27E EPS of 17.7 sen. Coupled with an attractive dividend yield of 4%-5% we reiterate our **BUY** recommendation**.**

Outlook. We view the Singapore expansion positively given the market's increasing contribution to YOCB's overall business. Singapore's contribution to topline has grown rapidly over the past two financial years, reaching RM50m in FY25 (86% YoY Growth) and accounting for approximately 17% (FY24: 10%) of Group revenue. The continued expansion of both retailing and distribution provides a stronger underlying rationale for YOCB to establish a dedicated and fully integrated facility in Singapore. We therefore see the project as a longer-term infrastructure investment that supports YOCB's growing Singapore franchise.

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. The Company is listed in the Main Market.

Return Information			
KLCI (pts)			1,731.46
YTD KLCI chg.			3.1%
YTD Stock Price chg.			-6.3%
Price Performance	**1M**	**3M**	**12M**
Absolute (%)	-1.3%	2.1%	-7.2%
Relative to KLCI (%)	-3.7%	2.9%	-17.9%
Stock Information			
Market Cap (RM m)			234.8
Issued Shares (m)			158.7
52-week High (RM)			1.71
52-week Low (RM)			1.45
Est. Free Float (%)			24%
Beta			0.4
3-month Avg Vol.			14,312
Shariah Compliant			Yes
Bloomberg Ticker			YOCB MK EQUITY

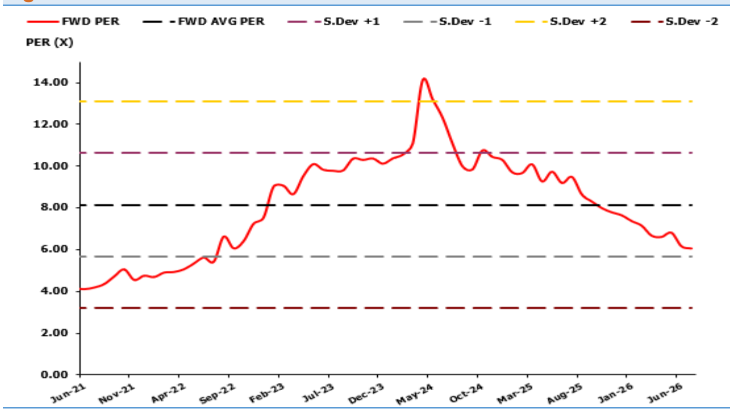
Top 3 Shareholders	%
Casatex Cosmo	53.0%
Wang Shou Hu	5.0%
Brahmal A/L Vasuden	3.2%

FY June (RM m)	FY25A	FY26E	FY27E
Revenue	296.6	301.3	307.9
EBITDA	39.8	60.3	54.3
EBIT	19.4	47.3	48.4
PBT	22.6	45.9	46.9
Net Profit	16.7	34.9	35.7
Core Net Profit	21.5	28.8	28.0
Core EPS (sen)	**13.6**	**18.1**	**17.7**
Earnings Revision (%)	-	-	-
Core EPS Growth %	-32%	34%	-3%
Net DPS (sen)	8.0	8.0	6.7
Net Div. Yield (%)	5.4%	5.4%	4.6%
BVPS (sen)	211.6	227.0	242.7
PER (x)	10.9	8.2	8.4
PBV (x)	0.71	0.70	0.61
ROE (%)	5%	10%	9%

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) favourable domestic consumption backdrop, with BMI (Fitch Solutions) forecasting Malaysia's real household spending to grow 4.2% YoY in 2026.

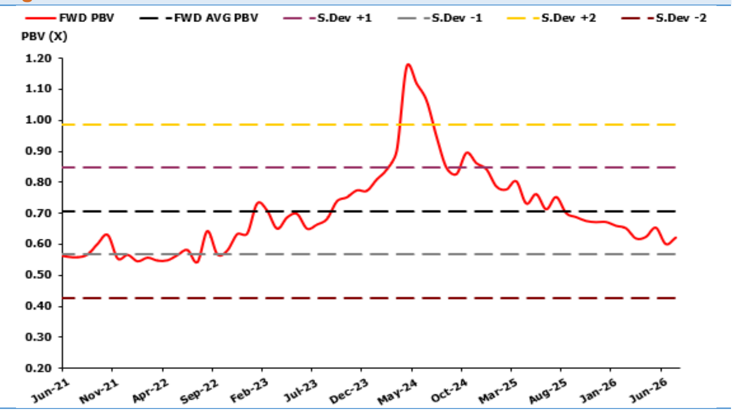
Risks to our recommendation include: (i) consumer spending slowdown; (ii) rising raw material costs; (iii) intense competition; and (iv) forex risk.

Figure 1: 5-Year P/E Band



Source: Bloomberg, Mercury Research

Figure 2: 5-Year P/B Band



Source: Bloomberg, Mercury Research

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Key Financial Data

Income Statement

FY June (RM m)	2024A	2025A	2026E	2027E	2028E
Revenue	**271.1**	**296.6**	**301.3**	**307.9**	**325.0**
EBITDA	53.8	39.8	60.3	54.3	65.6
Depreciation & Amortization	(14.9)	(20.4)	(22.0)	(17.0)	(14.5)
Operating Profit	38.9	19.4	47.3	48.4	51.1
Interest Inc/(Exp)	3.5	3.1	(1.4)	(1.4)	(1.4)
Profit Before Tax	42.4	22.6	45.9	46.9	49.7
Taxation	(10.2)	(5.8)	(11.0)	(11.3)	(11.9)
Net Profit	32.2	16.7	34.9	35.7	37.7
PATAMI	**31.7**	**21.5**	**34.9**	**35.7**	**37.7**

Balance Sheet

	2024A	2025A	2026E	2027E	2028E
Fixed Assets	83.4	56.7	60.9	61.9	64.8
Intangible Assets	26.2	26.2	26.2	26.2	26.2
ROU Assets	25.5	32.5	22.1	16.8	14.2
Other Fixed Assets	1.8	2.4	1.8	1.8	1.8
Inventories	87.9	83.5	79.3	81.0	85.5
Receivables	23.5	43.2	43.8	44.8	47.3
Other Current Assets	9.2	11.1	11.3	11.5	12.2
Cash	144.0	147.2	194.0	220.8	241.0
Total Assets	**401.5**	**402.9**	**439.4**	**465.0**	**492.9**
Payables	3.0	2.7	5.5	5.6	5.9
ST Borrowings	7.6	1.3	2.0	2.0	2.0
Other ST Liability	38.1	39.1	44.6	45.1	46.3
LT Borrowings	0.0	0.0	0.0	0.0	0.0
Other LT Liability	20.8	24.1	27.2	27.2	27.2
Net Assets	**332.0**	**335.7**	**360.1**	**385.1**	**411.5**
Shareholders' Equity	324.0	332.6	357.0	381.9	408.4
Minority Interests	8.0	3.1	3.1	3.1	3.1
Total Equity	**332.0**	**335.7**	**360.1**	**385.1**	**411.5**

Cashflow Statement

FY Mar (RM m)	2024A	2025A	2026E	2027E	2028E
Operating CF	66.7	38.9	50.9	47.9	44.2
Investing CF	(31.7)	(0.3)	3.4	(1.3)	(3.8)
Financing CF	(28.5)	(34.1)	(7.5)	(19.7)	(20.3)
Change In Cash	6.6	4.5	46.8	26.8	20.1
Free CF	**62.6**	**33.9**	**42.9**	**42.9**	**37.2**

Financial Data & Ratios

FY June	2024A	2025A	2026E	2027E	2028E
Growth					
Turnover	3.3%	9.4%	1.6%	2.2%	5.5%
EBITDA	-4.3%	-26.0%	51.6%	-9.9%	20.7%
Operating Profit	-17.1%	-50.0%	143.4%	2.2%	5.6%
PBT	-15.4%	-46.8%	103.5%	2.3%	5.8%
Core Net Profit	-16.7%	-32.1%	62.1%	2.3%	5.8%
Profitability					
Gross Profit Margin	48.0%	50.5%	48.6%	49.8%	53.1%
EBITDA Margin	19.9%	13.4%	20.0%	17.6%	20.2%
Operating Margin	14.4%	6.6%	12.7%	12.1%	15.7%
PBT Margin	15.6%	7.6%	12.2%	11.7%	15.3%
Core Net Margin	11.7%	7.3%	9.6%	9.1%	11.6%
Effective Tax Rate	-24.1%	-25.8%	22.0%	22.0%	22.0%
ROA	8.0%	4.2%	7.9%	7.7%	7.7%
ROE	9.7%	5.0%	9.7%	9.3%	9.2%
Leverage					
Debt/Asset (x)	0.09	0.09	0.08	0.08	0.07
Debt/Equity (x)	0.10	0.10	0.10	0.09	0.09
Net (Cash)/Debt	(109.64)	(112.34)	(115.00)	(117.20)	(122.70)
Net Debt/Equity (x)	(0.33)	(0.33)	(0.32)	(0.30)	(0.30)
Valuations					
Core EPS (sen)	20.0	13.6	18.1	17.7	23.8
NDPS (sen)	7.5	8.0	8.0	6.7	7.1
BV/sh (RM)	209.3	211.6	227.0	242.7	259.4
PER (x)	7.4	10.9	8.2	8.4	6.2
Div. Yield (%)	5.1%	5.4%	5.4%	4.6%	4.8%
PBV (x)	0.7	0.7	0.7	0.6	0.6

Source: Mercury Securities, Company

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