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Yoong Onn Corporation Berhad

Core Miss but Outlook Remains Resilient

Results Note
BUY (↔)
Research Team Coverage / research@mersec.com.my
Thursday, August 27, 2026

Price:	RM 1.480
Target Price:	RM 1.770 (↔)

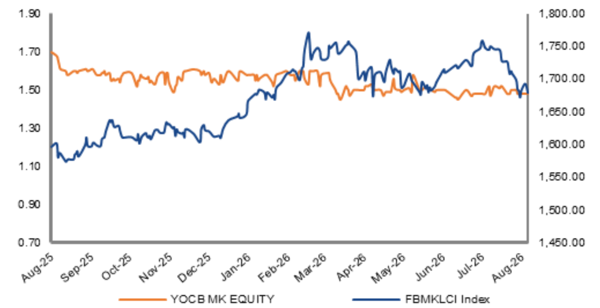
Yoong Onn Corporation Berhad (YOCB)'s 12MFY26 headline net profit came in above expectations, boosted by a one-off insurance claim; excluding this, core net profit of RM22.9m missed our expectations, on lower-than-expected Core Net Profit margins, even as revenue was broadly in line of our FY26 forecast. Consequently, we maintain FY27E earnings at RM28.0m as our estimates already impute conservative margin and topline assumptions consistent with management's cautious guidance and introduce FY28E earnings of RM37.7m. We maintain our TP of RM1.77, based on an unchanged 10x target P/E multiple applied to our FY27E EPS of 17.7 sen. Maintained at BUY.

12MFY26 results came in above expectations, with headline net profit accounting for 119%/116% of our/market full-year estimates. This is, however, including the one-off insurance income claim for the year. Stripping off this one-off income, the core net profit (RM22.9m) came in below our expectations at 80%, with the variance was due to lower-than-expected Core Net Profit Margins of 8% (Our assumption: 10%), even with our revenue estimate broadly in line, accounting for 99% of the Group's FY26 revenue. The Company has declared a final dividend of 4.0 sen, bringing the cumulative FY26 DPS to 8.0 sen (FY25: 8.0 sen), within our expectation of 8.0 sen DPS for FY26.

YoY, 12MFY26 Topline grew marginally by +1% YoY to RM299m (FY25: +9% YoY), coming in below our expectation of +2% YoY growth. The growth was driven by higher online and consignment sales. Most revenue segments recorded growth, with Distribution rising +4% YoY, Manufacturing +10% YoY and Investment Holding +1% YoY, while Retailing declined -1% YoY. Despite the modest topline growth, EBITDA rose +60% YoY to RM64m, with EBITDA margin expanding to 21% (FY25: 13%), above our assumption of 20%, mainly due to the decline in Opex margin to 82% (FY25: 92%) and higher other operating income from the one-off insurance claim. PBT rose >100% YoY to RM46m, with PBT margin almost doubling to 15% (FY25: 8%), above our PBT margin assumption of 12%, supported by the above factors and a lower base in FY25, which was impacted by the fire incident. Subsequently, bottomline grew +60% YoY to RM34m, with PATAMI margin improving to 11% (FY25: 7%), driven by the above factors and a lower ETR of 20% (FY25: 26%). Excluding the one-off insurance claim and applying the same ETR as FY25, core earnings increased +7% YoY to RM23m from RM22m.

QoQ, Topline fell -22% QoQ to RM66m, mainly due to lower export sales, in line with YOCB's seasonal trend, where 3Q is typically stronger than 4Q as most festive celebrations and events are concentrated in 3Q. Most revenue segments recorded declines, with Retailing down -16% QoQ, Distribution -27% QoQ and Manufacturing -15% QoQ, while Investment Holding rose >100% to RM25m. EBITDA fell -21% QoQ to RM17m, with EBITDA margin remaining steady at 25%, despite Opex margin increasing to 85% (3QFY25: 78%). PBT fell further by -24% QoQ to RM12m, with PBT margin remaining steady at 19%, due to the above factors and slightly higher depreciation costs recognised during the quarter. Subsequently, bottomline fell -27% QoQ to RM9m, with PATAMI margin declining 1ppt to 13% (3QFY26: 14%), due to the above reasons, partially mitigated by a lower ETR of 14% (3QFY26: 22%).

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)	1,748.54
YTD KLCI chg.	4.1%
YTD Stock Price chg.	-6.3%

Price Performance	1M	3M	12M
Absolute (%)	-2.6%	-2.0%	-11.9%
Relative to KLCI (%)	-4.7%	-4.9%	-22.5%

Stock Information	
Market Cap (RM m)	234.8
Issued Shares (m)	158.7
52-week High (RM)	1.68
52-week Low (RM)	1.45
Est. Free Float (%)	24%
Beta	0.4
3-month Avg Vol.	15,228
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)	FY26A	FY27E	FY28E
Revenue	299.2	307.9	325.0
EBITDA	68.3	54.4	65.6
EBIT	47.6	48.4	51.1
PBT	45.8	46.9	49.7
Net Profit	36.8	35.7	37.7
Core Net Profit	34.2	28.0	37.7
Core EPS (sen)	**21.5**	**17.7**	**23.8**
Earnings Revision (%)	-	-	-
Consensus	*29.4*	*30.0*	*35.0*
Core EPS Growth %	59%	-18%	35%
Net DPS (sen)	8.0	6.7	7.1
Net Div. Yield (%)	5.4%	4.6%	4.8%
BVPS (sen)	227.8	243.6	260.2
PER (x)	6.9	8.4	6.2
PBV (x)	0.650	0.608	0.569
ROE (%)	N.Cash	N.Cash	N.Cash

Outlook. For FY27E-FY28E, we expect earnings to stay resilient, supported by a growing online/consignment sales and the ramp-up of the new Singapore industrial building (Expected Completion in Oct 2027), though we keep topline growth assumptions conservative given management's caution on a challenging and competitive domestic and export environment moving forward with the recovery in the global economic crisis remain uncertain.

Post-results, we maintain our FY27E earnings of RM28.0m, as our forecast already imputes a conservative margin (Core Net Profit Margin: 9%) and topline outlook consistent with management's cautious FY27 guidance. We also introduce our FY28E earnings of RM37.7m.

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

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 4.1% YoY in 2026.

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)	4Q FY25	3Q FY26	QoQ Chg	4Q FY25	YoY Chg	12M25	12M25	YoY Chg
Turnover	**66.3**	**84.4**	***-21.5%***	**66.6**	***-0.5%***	**299.2**	**296.6**	*0.9%*
OPEX	**(56.5)**	**(65.6)**	***-13.8%***	**(86.2)**	***-34.4%***	**(246.4)**	**(272.4)**	*-9.5%*
EBITDA	16.7	21.1	*-20.6%*	(4.5)	*-472.5%*	63.8	39.8	*60.2%*
EBIT	11.5	15.8	*-26.9%*	(10.5)	*-209.9%*	43.0	19.5	*121.1%*
PBT/(LBT)	**12.4**	**16.4**	***-24.3%***	**(9.7)**	***-227.7%***	**45.8**	**22.6**	*103.2%*
Taxation	(1.8)	(3.6)	*-51.0%*	1.3	*-234.7%*	(9.1)	(5.8)	*55.6%*
Net Profit	10.6	12.8	*-16.7%*	(8.4)	*-226.6%*	10.6	(8.4)	*-226.6%*
PATAMI	**8.9**	**12.1**	*-26.6%*	**(3.1)**	*-391.3%*	**34.2**	**21.5**	*58.7%*
Core Earnings*						**22.9**	**21.5**	*6.5%*
Core EPS (sen)	6.7	8.0	*-16.7%*	(5.3)	*-226.6%*	23.2	10.6	*119.8%*
DPS (sen)	0.0	0.0		-		0.00	0.00	
Margins								
Opex (including COGS)	-85.2%	-77.7%		-129.4%		-82.4%	-91.8%	
EBITDA	25.2%	25.0%		-6.7%		21.3%	13.4%	
EBIT	17.4%	18.7%		-15.7%		14.4%	6.6%	
PBT	18.7%	19.4%		-14.6%		15.3%	7.6%	
PATAMI	13.4%	14.3%		-4.6%		11.4%	7.3%	
ETR	-14.3%	-22.0%		-13.5%		-19.7%	-25.8%	
Revenue Breakdown (RM'm)								
Retailing	33.5	40.0	*-16.3%*	33.6	*-0.5%*	144.4	146.4	*-1.3%*
Distribution	32.9	45.0	*-26.8%*	32.9	*0.1%*	154.7	148.5	*4.2%*
Manufacturing	8.4	9.9	*-14.9%*	9.7	*-13.5%*	42.7	38.9	*9.7%*
Investment Holding	25.3	0.3	*7485.3%*	0.3	*8233.9%*	26.3	26.2	*0.5%*
Elimination	(33.9)	(10.8)	*214.5%*	(9.9)	*240.5%*	(68.9)	(63.4)	*8.7%*
Total	**66.3**	**84.4**	*-21.5%*	**66.6**	*-0.5%*	**299.2**	**296.6**	*0.9%*

Source: Company, Bursa Malaysia, Mercury Securities
****Core Earnings is calculated by removing One-Off Insurance Income and applying the ETR for the year***

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