



**UMS**  
UNIVERSITI MALAYSIA SABAH

**UNIVERSITI MALAYSIA SABAH**  
**SEMESTER 1- 2023/2024**

**BD20203**  
**SECTION 2**

**GROUP ASSIGNMENT II**  
**IPO ANALYSIS**

**COMPANY CHOSEN: MR. DIY**

**LECTURER:**  
**DR. DG. SAFRINA AG. BUDIN**

Name	Matrix No.
Nur Izzati Binti Jefri	BB22161132
Fakrul Imman Bin Zulhelmi	BB22110686
Nurul Aina Wardina Binti Wazeman	BB22110566
Abigail Ethel Keddy Sigutil	BB22160974
Nur Amira Syazwani Binti Abu Nerang	BB22110761

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## **1.0 The nature of IPO**

An Initial Public Offering (IPO) is the process of offering shares of a private corporation to the public for the first time. It allows companies to raise capital, provide liquidity to founders and early investors, and take advantage of a higher valuation. The IPO process involves determining the offering price, marketing the IPO, meeting regulatory requirements, and investors agreeing to purchase shares at the offering price before it begins trading on the secondary market. Forbes explains that a private company planning an IPO needs to prepare itself for an exponential increase in reporting requirements and file a ton of paperwork and financial disclosures to meet the requirements of the Securities and Exchange Commission (SEC), which oversees public companies.

In the context of an Initial Public Offering (IPO), an offer for sale (OFS) refers to the process where the stakeholders, such as promoters and shareholders, sell their shares to the public to raise additional capital for the company. This allows the company to gain access to funds for various purposes, including growth and expansion. The OFS is a system-based bidding platform that requires less paperwork, making it a less time-consuming process than others. Retail investors are generally offered a discount on the floor price when purchasing shares through OFS, and promoters have the right to sell the company's shares directly without waiting for the IPO.

MR DIY conducted its IPO with a dual nature involving both a public offer and an offer for sale. The IPO was officially launched on the Main Market of Bursa Malaysia on October 26, 2020. Overall, MR DIY achieved a successful completion of its IPO, issuing a total of 941.49 million MR DIY ordinary shares. This figure includes the sale of up to 753.09 million existing shares (offer shares) and a public offering of 188.40 million new shares (issued shares).

## **2.0 Total New Shares Issued and the IPO price**

As per MR DIY's IPO disclosure, the total count of ordinary shares (IPO shares) amounts to 941.49 million, comprising an offer for sale of 753.09 million existing shares (offer shares) and a public offering of 188.40 million new shares (issue shares).

This IPO is priced at RM1.60 per share, and MR DIY is set to raise RM1.5 billion from the market at this valuation. With the expanded share capital, MR DIY's IPO is recognized as Malaysia's largest in 2020, reflecting a market capitalization of nearly RM10 billion. This positions MR DIY among the top 40 listed companies in Malaysia by market capitalization at the time of its listing.

According to MR DIY, the distribution of the 941.49 million shares, constituting 15% of the 6.28 billion enlarged issued shares, will occur through a two-tiered offering. In the retail offering, 161.53 million shares will be available, with 125.53 million for Malaysian applicants and 36.00 million reserved for directors, employees, and contributors to the group's success. In the institutional offering, MITI has approved 779.96 million shares, including 470.75 million for Bumiputera investors, and the remaining 309.21 million for Malaysian institutional and selected investors, foreign or selected institutional investors outside the United States, and eligible institutional buyers in the United States.

MR DIY has communicated that the IPO's 188.4 million new shares are expected to yield approximately RM301.4 million, with RM276.1 million allocated for bank loan repayments. The remaining RM25.3 million will cover the anticipated costs associated with the IPO listing. The loan repayment is anticipated to result in an annual interest saving of around RM15.2 million.

### **3.0 Company Background and History**

MR DIY was established in Malaysia under the Companies Act 1965 on October 12, 2010, operating initially as a private limited company named Mr. D.I.Y. Enterprise Sdn Bhd. Subsequently, on June 1, 2016, the company underwent a name change to MR D.I.Y. Group (M) Sdn Bhd. Advancing further, the company officially transitioned into a public company on June 4, 2019, with another name change to Mr D.I. Y. Group (M) Berhad.

MR DIY rapidly established itself as one of Malaysia's fastest-growing home renovation product firms. From 354 DIY outlets in 2017, 351 in Malaysia and 3 in Brunei, the company has grown significantly to 674 DIY outlets in 2020, with 670 in Malaysia and 4 in Brunei. Currently, 386 of MR DIY's locations (57.3%) are strategically located within retail malls, among well-known retailers including as AEON, Tesco, and 7-Eleven. The remaining 288 locations (42.7%) are stand-alone stores. A centralized distribution center, supported by 11 closely linked properties in Balakong, Selangor, and 1 in Port Klang, supports the smooth running of these shops, reinforcing the broad network of MR DIY retail stores.

The primary activity of MR DIY is investment holding, with its subsidiaries actively involved in the retailing of home improvement products and large-scale goods, operating primarily in Malaysia and Brunei.

### **3.1 Mission and Vision statements**

Mission: 'To offer everyone everything, everyday, at always low prices.'

Vision: 'To be the most valued retailer.'

#### 4.0 Information on Promoters, Substantial Shareholders, and Directors

		Before IPO				Upon Listing			
		Direct		Indirect		Direct		Indirect	
Name	Nation	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
<b>Promoters and substantial shareholders</b>									
Bee Family Ltd	BVI	3,202,225	52.6	-	-	3,202,225	51.0	-	-
Tan Yu Yeh	Malaysian	245,265	4.0	3,203,045	52.6	590	*	3,202,225	51.0
Tan Yu Wei	Malaysian	148,063	2.4	3,203,045	52.6	-	-	3,202,225	51.0
Yeh Family (PTC) Ltd	BVI	-	-	3,202,225	52.6	-	-	3,202,225	51.0
WEI Future Capital Ltd	BVI	-	-	3,202,225	52.6	-	-	3,202,225	51.0
<b>Substantial shareholders</b>									
Hypitis	BVI	1,095,876	18.0	-	-	959,873	15.3	-	-
Platinum Alphabet	Malaysia	433,842	7.1	-	-	433,842	6.9	-	-
Creador III L.P.	Mauritius	-	-	1,095,876	18.0	-	-	959,873	15.3
Creador II, LLC	Mauritius	-	-	1,095,876	18.0	-	-	959,873	15.3
Gan Choon Leng	Malaysian	19,561	0.3	433,842	7.1	500	*	433,842	6.9
Tan Gaik Hoon	Malaysian	19,561	0.3	433,842	7.1	500	*	433,842	6.9
<b>Directors</b>									
Dato' Azlam Shah Bin Alias		-	-	-	-	300	*	-	-
Tan Yu Yeh		245,265	4.0	3,203,045	52.6	590	*	3,202,225	51.0
Ong Chu Jin Adrian		49,904	0.8	-	-	43,742	0.7	-	-
Brahmal A/L Vasudevan		-	-	-	-	-	-	650	*
Ng Ing Peng		-	-	-	-	300	*	-	-
Leng Choo Yin		-	-	-	-	300	*	-	-
Tan Yu Wei		148,063	2.4	3,203,045	52.6	-	-	3,202,225	51.0
Soo Sze Yang		-	-	-	-	-	-	-	-

**Table 1: Before and After IPO of the direct and indirect shareholdings of Promoters and Substantial Shareholders**

<b>Board of Directors</b>		
Name	Designation	Nationality
Dato' Azlam Shah Bin Alias	Independent Non-Executive Chairman	Malaysian
Tan Yu Yeh	Non-Independent Executive Director/ Executive Vice Chairman	Malaysian
Ong Chu Jin Adrian	Non-Independent Executive Director/ Chief Executive Officer	Malaysian
Brahmal A/L Vasudevan	Non-Independent Non-Executive Director	Malaysian
Ng Ing Peng	Independent Non-Executive Director	Malaysian
Leng Choo Yin	Independent Non-Executive Director	Malaysian
Tan Yu Wei	Alternate Director to Tan Yu Yeh/ Executive Vice President	Malaysian
Soo Sze Yang	Alternate Director to Brahmal A/L Vasudevan	Malaysian

**Table 2: Board of Directors for MR DIY**

Tan Yu Yeh, the founder, serves as the Executive Vice Chairman. Before assuming this role on May 19, 2020, he was the Co-Managing Director alongside Ong Chu Jin Adrian. With the exception of Tan Yu Yeh and Tan Yu Wei, representing Bee Family Ltd, and Brahmam A/L Vasudevan and Soo Sze Yang, representing Hyptis, no other Directors represent any corporate shareholder on the Board. Additionally, Tan Yu Yeh and Tan Yu Wei are siblings, but no other Directors have family ties. MR DIY's promoters are Bee Family Ltd, Tan Yu Yeh, Tan Yu Wei, Yeh Family (PTC) Ltd, WEI Future Capital Ltd, Hyptis (which owns three Creador Funds), and Platinum Alphabet. Before the IPO, Bee Family Ltd held 52.6% of the shares, Hyptis held 18%, and Platinum Alphabet held 7.1%. After the IPO, Bee Family Ltd remains the largest shareholder with a 51% stake, maintaining Tan Yu Yeh and Tan Yu Wei as the company's largest shareholders. The substantial shareholders in MR DIY include Hyptis, Platinum Alphabet, Creador III L.P, Creador II LLC, Gan Choon Leng, and Tan Gaik Hoon. Creador Funds, through Hyptis, is the second-largest shareholder with a 15.3% stake at the time of listing. Brahmam A/L Vasudevan is the founder and CEO of Creador, while Ong Chu Jin is the Managing Director of Creador and serves as MR DIY's Non-Independent Executive Director and CEO. Platinum Alphabet holds a 6.9% stake following the IPO, and Gan Choon Leng and Tan Gaik Hoon, who are MR DIY employees, are also substantial shareholders. The Tan family, especially Tan Yu Yeh, along with Ong Chu Jin Adrian as the CEO, holds significant control over MR DIY.

After this period, existing shareholders can sell their shares, and the proceeds go to the shareholders, not the company. Investors have the opportunity to become shareholders in MR DIY, potentially earning dividends if the company is profitable. MR DIY targets a dividend payment of 40% of net profits to shareholders. However, investors and existing shareholders should consider MR DIY's expansion plans, as generated cash may be used for business growth.

## **5.0 How the IPO proceeds will be utilised**

MR DIY plans to utilize the funds raised through its initial public offering, as per the decisions made by both the Institutional and Retail IPO offers. A total of 941,490,000 IPO shares, which is equivalent to 15.0% of the total issued shares, will be acquired using these proceeds. These funds will then be allocated towards paying off bank loans and covering the estimated expenses associated with the listing. This allocation is determined by the Institutional Price and the Final Retail Price, which is based on the calculated Retail Price.

MR DIY expects that the net proceeds of RM301.4 million from their public offering will sufficiently support their objectives. A detailed breakdown of how MR DIY plans to allocate the funds can be found in the table below.

<b>Details of use of proceeds</b>	<b>Estimated time frame for use from the date of listing</b>	<b>RM'000</b>	<b>Percent (%)</b>
Repayment of bank borrowings	Within 6 months	276,140	91.6
Defray fees expenses for IPO and Listing	Within 6 months	25,300	8.4
Total	-	301,440	100.0

### **I. Repayment of bank borrowings**

The funds must be utilised within six months from the listing date, totaling RM276.14 million or 91.6 percent of the proceeds from the public offering. MR DIY, having borrowed RM553.8 million, allocated RM276.1 million from the proceeds to repay the RM400.0 million term loan to CIMB Bank Berhad, Malayan Banking Berhad, and RHB Bank Berhad. This extensive use of earnings stems from various financial obligations. The remaining term loan debt of RM123.9 million will be settled using internally generated funds.

Utilising a term loan of RM400.0 million and a revolving credit facility of RM200.0 million on March 8, 2019, April 1, 2019, and April 15, 2019, MR DIY financed working capital for inventory purchases, capital expenditures, and general corporate purposes. The repayment of the loan is anticipated to yield positive financial effects, resulting in a yearly interest savings of RM15.2 million based on a 3.8% interest rate.

By promptly repaying the borrowed amounts to the banks, MR DIY aims to decrease its interest rate, making its shares more appealing to potential investors. The ability to manage debt efficiently is expected to enhance the company's financial credibility, potentially attracting investors interested in MR DIY shares.

### **II. Defray fees expenses for IPO and Listing**

The second purpose of utilising IPO earnings is to assess the funds required for covering listing expenses. MR DIY projects that the IPO and listing process will incur a total cost of RM25.3 million. This includes professional fees (RM12.89 million), fees payable to authorities (RM1.2 million), costs related to printing, advertising, travel, and roadshow (RM1.8 million), brokerage, underwriting, and placement fees (RM8.56 million), and miscellaneous expenses and contingencies (RM0.85 million). The actual proceeds will be influenced by the Institutional Price and the Final Retail Price.

If the released proceeds exceed the budgeted amount, the surplus will be allocated to repay the loan. Alternatively, if the actual proceeds fall short of the budget, the same term loan facility will be repaid with a reduced amount, adjusted for lower placement costs. MR DIY employs IPO proceeds for estimating and budgeting all the expenses necessary for the company's smooth operation. Without proper estimation, MR DIY would lack the foresight to determine



the required amount for covering goods or services, which is crucial for effective financial planning.

## **6.0 How the IPO price was determined**

When a company makes its stock available for trading on the stock market, it sets what is known as the listing price for its initial public offering (IPO). This listing price is different from the offer price and is determined in order to find a balance between the available shares and market demand. The IPO listing price is established after investors have subscribed to the shares and distribution has taken place. It aims to encourage an optimal number of trades at the company's public debut by considering all the received orders for shares. This process is referred to as price discovery and is crucial to setting a successful IPO listing price.

The offering is considered oversubscribed if there is a greater demand for shares than there are shares available. The demand from investors for the company's stock is what drives a successful initial public offering (IPO). The stock price will rise in response to a strict corporate deadline. Several factors impact the price of an initial public offering (IPO), including:

- **Story of the company**

A company's beginnings are as impressive as their sales projections. If a company is developing a new product or service that could be disruptive towards a sector, disruptive and innovation. A valuation technique may lead the vanguard in a new business strategy. In Home improvement retail business in Malaysia is led by MR DIY. This indicates that every person in Malaysia knows about MR DIY. Throughout 2005, the company had its first shop and in 2020, it had 640 outlets in Malaysia, Thailand, Brunei, Indonesia, Philippines, and Singapore. Therefore, MR DIY is known for being while it may provide much more than their competitors and contemporaries offer, it is known costs more than Daiso and Miniso. Nonetheless, the latter two did not provide full service of hardware and electrical equipment. This will subsequently lead to the IPO price and a story with which customers are familiar.

Brand	Presence in Malaysia	Stores
MR DIY	All states	640
One Stop Superstore	Sabah, Sarawak, Labuan	83
Daiso	All states except Terengganu, Pahang, Labuan	76
Miniso	Kuala Lumpur, Selangor, Melaka, Johor, Pahang	29
Supersave	Sabah, Sarawak, Selangor, Pahang, Johor	72

**Table 3: Selected brand in home improvement retail sector across Malaysia**

According to the table above, MR DIY is hugely popular compared to its rivals competitors. This means that it is recognized in the world and trusted by consumers in every state in the country.

- **Demand**

Stock in a business's demand does not always indicate a higher value. It does, however, suggest that the company's valuation will increase. Analysts use IPO valuation to ascertain the fair worth of a company's shares. The country's COVID-19 pandemic hasn't stopped the market for MR DIY products, either. This indicates that MR DIY is positive about the prospects for the home improvement store going forward, which are bolstered by double-digit profit margins and strong sales growth. It's probable that the Movement Control Order (MCO)-related practice of people adorning their homes added to the spike in demand. MR DIY plans to open new locations or branches in high-margin markets including sports and stationery. In order to meet demand, MR DIY plans to open 100 MR DIY stores, 25 MR TOY stores, and 50 MR DOLLAR stores in 2021. In addition, to meet demand, the company plans to add at least 100 MR DIY stores in 2021. Demand must therefore be taken into account when determining the MR DIY IPO price.

- **Industry comparable**

A comparison of the profitability ratios of the IPO candidate's competitors will be part of the IPO valuation if it operates in a market with other publicly traded companies. When a new company enters the market, investors will logically pay the same price as they do for established companies. MR DIY offers a wide range of items at affordable prices. Thanks to economies of scale and a large network of shops, MR DIY was able to acquire its product at a reasonable cost. More than 800 end suppliers provide the company's products, with more than 70% of the overall output coming from China. This indicates that MR DIY has a considerably wider selection of products than other retailers.

Product	MR DIY (RM)	Competitors (RM)
Wall Sink Tap P301	11.70	20.90
Password Lock L40	5..20	4.80
Phillips Master PL-C 18W/864/2P	5.80	8.70
ESS LED Bulb 5W E27 3000K 230V	9.90	12.50
Rat Glue 220 ml	5.60	8.50

**Table 4: Product price comparison between MR DIY and its competitors (average pricing).**

As can be seen from the above Table, when it comes to price comparison within the same industry, MR DIY continues to charge a premium for the identical product that its competitors sell.

- **Growth Prospects**

Forecasting future growth has a significant impact on a company's IPO price. The main objective of an initial public offering (IPO) is to raise funds for potential future growth. A company's goals and ability to expand rapidly often determine the outcome of an initial public offering (IPO). Ahmed Ramzani Ramli, an analyst at Kenanga Research, notes that MR DIY has significant growth, driven by expanding stores and growing market demand. Thanks to its supply source China's incredibly sophisticated economy, MR DIY has all the advantages of a strong short-term or long-term fluctuating interest rate, a strong balance sheet with plenty of liquidity to spread, and strong cash flow to enable it to pay out sustainable dividends Growth is expected at a CAGR of 10.2 percent, but despite the current epidemic, the analysts said the MR DIY business posted a 63% annual gain on top line revenue due to its extensive network in both Malaysia and Brunei . MR can provide positive SSSG by increasing customer awareness to support DIY expansion, offer products at competitive prices, and provide customer convenience.

### **Mr Diy Financial Statement**

<b>FYE (000)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>
<b>Revenue</b>	1,229,216	1,771,058	2,275,587	1,050,749	525,375	630,449
<b>Cost of sales</b>	-687,210	-997,227	- 1,311,894	-602,707	-294,210	-353,052
<b>Gross Profit (GP)</b>	<b>542,006</b>	<b>773,831</b>	<b>963,693</b>	<b>448,042</b>	<b>231,165</b>	<b>277,398</b>
<b>Other operating income</b>	2,471	3,819	10,261	8,145	2,207	2,648
<b>Administrative expenses</b>	-37,066	-58,707	-70,455	-40,464	-15,761	-18,913
<b>Other operating expenses</b>	-207,195	-291,562	-402,867	-221,090	-94,567	-113,481
<b>Profit from operations</b>	<b>300,216</b>	<b>427,381</b>	<b>500,632</b>	<b>194,633</b>	<b>123,043</b>	<b>147,651</b>
<b>Finance costs</b>	-21,009	-30,126	-64,606	-36,040	-10,507	-12,609
<b>Share of profit of an associate</b>	675	1,206	1,707	1,114	420	504
<b>Profit before tax (PBT)</b>	<b>279,882</b>	<b>398,461</b>	<b>437,733</b>	<b>159,707</b>	<b>112,956</b>	<b>135,547</b>
<b>Income tax expenses</b>	-69,874	-90,128	-120,165	-44,264	-26,269	-31,522
<b>Net Profit for the Financial Year</b>	<b>210,008</b>	<b>308,333</b>	<b>317,568</b>	<b>115,443</b>	<b>86,687</b>	<b>104,024</b>
<b>Other comprehensive income</b>	9	33	17	104	0	0
<b>Total comprehensive income</b>	<b>210,017</b>	<b>308,366</b>	<b>317,585</b>	<b>115,547</b>	<b>86,687</b>	<b>104,024</b>
<b>Share capital</b>	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000

## 1. TREND ANALYSIS

FYE	2017	2018	2019	2020	AVERAGE
Revenue		44.08	28.49	-53.83	6.25
Cost of sales		45.11	31.55	-54.06	7.54
Gross Profit (GP)		42.77	24.54	-53.51	4.60
Other operating income		54.55	168.68	-20.62	67.54
Administrative expenses		58.39	20.01	-42.57	11.94
Other operating expenses		40.72	38.18	-45.12	11.26
Profit from operations		42.36	17.14	-61.12	-0.54
Finance costs		43.40	114.45	-44.22	37.88
Share of profit of an associate		78.67	41.54	-34.74	28.49
Profit before tax (PBT)		42.37	9.86	-63.51	-3.76
Income tax expenses		28.99	33.33	-63.16	-0.28
Net Profit for the Financial Year		46.82	3.00	-63.65	-4.61
Other comprehensive income		266.67	-48.48	511.76	243.32
Total comprehensive income		46.83	2.99	-63.62	-4.60

## 2. COMMON SIZE ANALYSIS

FYE	2017	2018	2019	2020	AVERAGE	
Revenue	100	100	100	100	100	
Cost of sales	-55.91	-56.31	-57.65	-57.36	-57.11	-56.87
Gross Profit (GP)	44.09	43.69	42.35	42.64	42.89	43.13
Other operating income	0.20	0.22	0.45	0.78	0.48	0.42
Administrative expenses	-3.02	-3.31	-3.10	-3.85	-3.42	-3.34
Other operating expenses	-16.86	-16.46	-17.70	-21.04	-18.40	-18.09
Profit from operations	24.42	24.13	22.00	18.52	21.55	22.13
Finance costs	-1.71	-1.70	-2.84	-3.43	-2.66	-2.47
Share of profit of an associate	0.05	0.07	0.08	0.11	0.08	0.08
Profit before tax (PBT)	22.77	22.50	19.24	15.20	18.98	19.74
Income tax expenses	-5.68	-5.09	-5.28	-4.21	-4.86	-5.03
Net Profit for the Financial Year	17.08	17.41	13.96	10.99	14.12	14.71
Other comprehensive income	0.00	0.00	0.00	0.01	0.00	0.00
Total comprehensive income	17.09	17.41	13.96	11.00	14.12	14.71

### 3. FINANCIAL RATIO ANALYSIS

FYE	2017	2018	2019	2020	2021E	2022F	AVERAGE
<b>a) Liquidity Ratio</b>							
<b>b) Profitability Ratio</b>							
Gross Profit Ratio	44.09	43.69	42.35	42.64			43.19
PBT Ratio	22.77	22.50	19.24	15.20			19.93
Net Profit Ratio	17.08	17.41	13.96	10.99			14.86
<b>c) Efficiency Ratio</b>							
<b>d) Gearing Ratio</b>							
<b>e) Market Valuation Ratio</b>							
Offer Price (RM)	1.6						
Net EPS (RM)	0.11	0.16	0.16	0.06	0.04	0.05	0.11
Net EPS (sen)	10.7	15.7	16.1s	5.9	4.4	5.3	10.5
Price- Earning Ratio (PER)	15.01	10.22	9.93	27.30	36.36	30.30	22.82

### 4. DECISION

Offer Price		1.6
NTAB (RM)	1.49	DO NOT BUY
Estimated price based on Market PER @ 20x	0.88	DO NOT BUY
Average PER @ 22.82	1.00	DO NOT BUY

### 7.0 Analysis on the financial information.

The financial statement of MR DIY shows a mixed performance from 2017 to the anticipated year 2022. Revenue had a consistent upward trend until 2019, when it reached a height of MYR 2,275,587. However, 2020 saw a notable decline in revenue, which is anticipated to gradually rebound in the anticipated years. The gross profit had a decrease in 2020 but is anticipated to rise in 2021 and 2022 due to the cost of sales, which exhibited a similar pattern. There were fluctuations in the other operating revenue and expenses, with a decline in 2020. Operating profit fluctuated, with a peak observed in 2019. Even though they vary, financing prices tend to be lower. Over time, an associate's profit share has demonstrated stability. After rising in 2019, the net profit for the current year decreased in 2020 but is expected to increase in 2021 and 2022. However it differs, the comprehensive income—including more comprehensive income—follows the trends in net profit. In 2020, the company's performance looks to be affected by external causes; However, the forecast suggests to a slow recovery in the upcoming years. Investors want to remain up to date on the company's ability to adjust to changes in the market and put plans in place for future growth.

The financial trends for MR DIY show uncertain of results. In revenue, it showed an upward trend in 2017, a major drop in 2018, another drop in 2019, and a minor return in 2020. The same thing was true for costs, which improved in 2017 before falling in 2018, highly decreasing in 2019, and slightly increasing in 2020. These trends showed up in the gross profit, which was highest in 2017 and dropped seriously in 2019. The variability of other operating income was important, with a high in 2018. In 2018 administrative costs went lower, but in 2019 they went up. Negative trends were often seen in other operating expenses. In 2019, operating earnings decreased and even got negative. The cost of financing reached the highest level in 2018, and associate profit shares saw growth through 2019 before decreasing in 2020.

Specific information about MR DIY's financial structure can be seen by the average size analysis. Sales expenses usually contribute to more than half of revenue, having an effect on a gross profit margin of about 43%. Less than 1% goes to other operating items, showing their small impact. The low costs of financing and administration show good control of costs. An associate's profit share stays constant at 0.08%. Operations and pre-tax profit are trending downward, showing problems with profitability and efficiency. Net profit is typically about 14%, which focuses the profit that remains from revenue despite changes. There is just a little more comprehensive income. The cost structures, operational effectiveness, and overall financial performance in relation to revenue are all accessible thanks to this analysis.

The financial factors for MR DIY showed stable profitability, with a stable gross profit ratio of 43.19%. However, decreasing net profit and profit before tax ratios show concerning trends that prove operational issues. Unfortunately, information regarding gearing ratios and efficiency is missing, causing it difficult to carry out an in-depth analysis of leverage and liquidity. Price-earnings ratio (PER) is a highly variable, reaching its highest level in 2020. The offer price of 1.6 is higher than earnings per share, suggesting that the company may be overpriced. When considering investment decisions, investors should carefully analyse these elements, taking the company's prospects for the future and market dynamics into account.

The decision not to buy MR DIY shares comes from concerns raised by a number of financial data analysis and price factors. Potential overpricing can be seen by the offer price of 1.6 when compared to the Net Tangible Asset Backing (NTAB) of 1.49. Furthermore, the expected price based on the average PER of 22.82 at 1.00 and the market PER of 20x at 0.88 also raise a risk of overvaluation and caution. The market valuation ratios suggest that the present share price could not be on par with the company's earnings, however profitability ratios like net profit and gross profit provide valuable insights. It is advisable for cautious investors to carefully look into the industry conditions and the company's future prospects, taking into account risks related to the noted overvaluation. This remain that the investors are not preferred to buy MR DIY shares.

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