

25 July 2025

Consumer Non-cyclical | Retail - Staples

Eco-Shop Marketing (ECOSHOP MK)

Buy

A Remedy To The Rising Cost Of Living; BUY

Target Price (Return): MYR1.51 (+15%)
 Price (Market Cap): MYR1.32 (USD1,799m)
 ESG score: 3.2 (out of 4)
 Avg Daily Turnover (MYR/USD) 23.8m/5.62m

- **Initiating coverage with a BUY and MYR1.51 TP, 15% upside and c.2% FY26F (May) yield.** The nascent dollar store industry will continue to prosper as penetration rates pick up to meet rising demand. This retail model offers a comprehensive range of value-for-money products that appeal to increasingly cost-conscious consumers amidst rising living costs. As the dominant market leader, Eco-Shop Marketing is aiming to capture untapped market opportunities, focusing on outlet expansion, driving robust SSSG, developing house brands, and continuously refining operational efficiency metrics.
- **Beneficiary of Malaysia's macroeconomic tailwinds.** According to Frost and Sullivan, the dollar store industry will grow at a 2024E-2029F CAGR of 14%, outpacing the 6% of overall store-based retail sales. This suggests a switch in consumer preference towards the dollar store format given the inflationary environment, thanks to the affordability advantage of the flat-price model. In addition, the relatively faster income growth within the lower-income groups ie the bulk of the customers has also accelerated the shift. That said, the penetration rate of dollar stores in Malaysia still significantly lags behind that of mature markets – indicating the ample headroom for expansion.
- **Aggressive network growth to drive penetration.** ECOSHOP's ambitious expansion plans entail the opening of at least 70 net new stores pa, supported by raising of distribution throughput capacity. The mushrooming store network will allow the group to capitalise on the rapid industry growth and the resultant growing operational scale will raise the barrier of entry, thereby fortifying its market position. Consequently, its entrenched fundamentals in insourced distribution capabilities, differentiated merchandising strategies and crowd-pulling house brands will be further enhanced to drive sustainable profitability through improving operating leverage whilst maintaining the ultra-affordable price points.
- **Forecasts and valuation.** We forecast a 3-year earnings CAGR of 18% for ECOSHOP, underpinned by store expansion, robust SSSG and growing economies of scale. Our DCF-derived TP of MYR1.51 (inclusive of a 4% ESG premium) implies a 2026F P/E of 31x is between the implied valuations of 99 Speed Mart Retail Holdings (99SMART MK, BUY, TP: MYR2.45) and Mr DIY Group (MRDIY MK, BUY, TP: MYR1.87). We believe the rich premium valuation is warranted and justifiable by: i) Consumer sector's resilient appeal under the current market environment, ii) its position to capitalise on consumer downtrading trends, and iii) growth potential of the nascent dollar industry.
- **Risks to our recommendation include** major delays in expansion plans, FX fluctuations and a sharp rise in input costs.

Analysts

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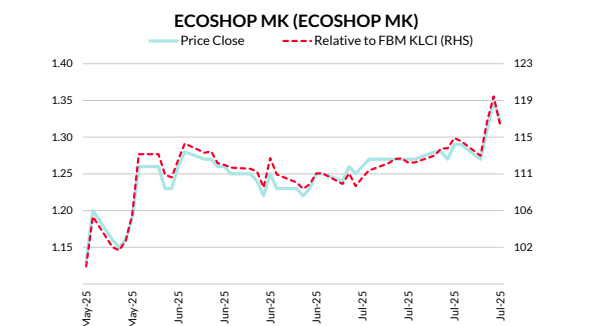


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	0.0	8.2	0.0	0.0	0.0
Relative	0.0	6.5	0.0	0.0	0.0
52-wk Price low/high (MYR)				1.13	1.35



Source: Bloomberg

Forecasts and Valuation	May-23	May-24	May-25F	May-26F	May-27F
Total turnover (MYRm)	1,991	2,404	2,888	3,521	4,041
Recurring net profit (MYRm)	105	177	203	255	294
Recurring net profit growth (%)	287.8	68.7	14.6	25.5	15.2
Recurring P/E (x)	72.20	42.79	37.33	29.75	25.82
P/B (x)	14.5	13.7	7.4	6.6	5.8
P/CF (x)	30.73	44.93	21.27	18.98	16.10
Dividend Yield (%)	2.1	1.3	1.3	1.7	1.9
EV/EBITDA (x)	29.41	20.69	17.12	14.01	11.98
Return on average equity (%)	22.2	32.9	25.7	23.4	23.9
Net debt to equity (%)	net cash	5.3	net cash	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 3.2 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.3 (EXCELLENT)

G Score: 3.3 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis	Emissions (tCO2e)	May-22	May-23	May-24	May-25
na	Scope 1	-	-	-	-
	Scope 2	-	-	-	-
	Scope 3	-	-	-	-
	Total emissions	na	na	na	na

Source: Company data, RHB

Latest ESG-Related Developments

ECOSHOP promotes energy efficiency through initiatives like LED lighting and passive building design at its Jementah Distribution Centre.

It enhances emissions management by optimising logistics routes and adding low-emission vehicles with AdBlue technology.

The group also supports waste reduction by eliminating plastic bags and complying with environmental regulations without any recorded breaches.

ESG Unbundled

Overall ESG Score: 3.2 (out of 4)

Last Updated: 24 July 2025

E Score: 3.0 (GOOD)

ECOSHOP promotes sustainability through energy-saving initiatives, efficient logistics with low-emission vehicles, and waste reduction efforts like eliminating plastic bags, all while complying with environmental regulations.

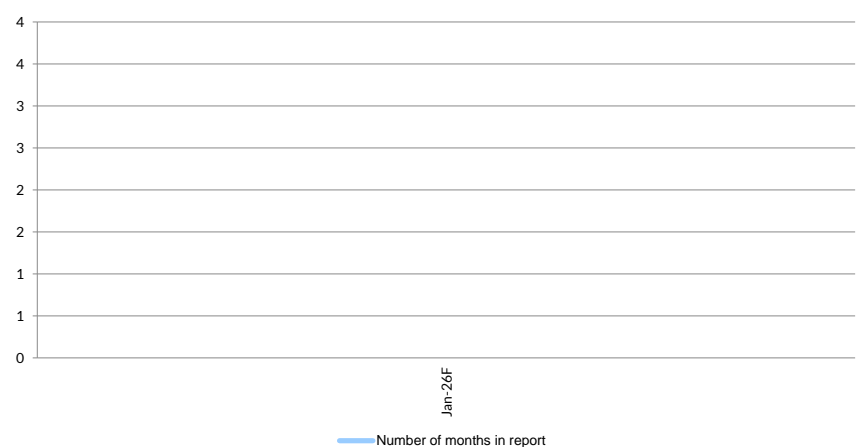
S Score: 3.3 (EXCELLENT)

ECOSHOP promotes inclusive hiring, continuous employee training, and workplace safety. It supports communities through CSR efforts, ensures product quality, and enhances customer experience through service excellence and loyalty programmes.

G Score: 3.3 (EXCELLENT)

ECOSHOP upholds strong governance through anti-corruption policies and MCCG compliance. It enhances supply chain efficiency via digital systems, prioritises local sourcing, and safeguards customer data through robust privacy measures.

ESG Rating History



Source: RHB

Financial Exhibits

Asia	Financial summary (MYR)	May-23	May-24	May-25F	May-26F	May-27F
Malaysia	Recurring EPS	0.02	0.03	0.04	0.04	0.05
Consumer Non-cyclical	DPS	0.03	0.02	0.02	0.02	0.03
Eco-Shop Marketing	BVPS	0.09	0.10	0.18	0.20	0.23
ECOSHOP MK	Return on average equity (%)	22.2	32.9	25.7	23.4	23.9
Buy						
	Valuation metrics	May-23	May-24	May-25F	May-26F	May-27F
Valuation basis	Recurring P/E (x)	72.20	42.79	37.33	29.75	25.82
DCF	P/B (x)	14.5	13.7	7.4	6.6	5.8
	FCF Yield (%)	2.6	1.1	2.9	0.9	4.3
Key drivers	Dividend Yield (%)	2.1	1.3	1.3	1.7	1.9
i. Store expansion;	EV/EBITDA (x)	29.41	20.69	17.12	14.01	11.98
ii. Robust SSSG;	EV/EBIT (x)	46.88	28.80	23.92	19.52	16.81
iii. Market share gains.						
	Income statement (MYRm)	May-23	May-24	May-25F	May-26F	May-27F
Key risks	Total turnover	1,991	2,404	2,888	3,521	4,041
i. Major delay in expansion plans;	Gross profit	517	636	791	1,028	1,196
ii. Brand and reputation risk;	EBITDA	255	368	421	527	612
iii. Sharp rise in input cost.	Depreciation and amortisation	(95)	(103)	(120)	(149)	(176)
	Operating profit	160	264	302	378	436
	Net interest	(16)	(22)	(23)	(29)	(34)
	Pre-tax profit	144	242	278	349	402
Company Profile	Taxation	(39)	(64)	(75)	(94)	(109)
Eco-Shop Marketing is the largest dollar store chain in Malaysia, primarily engaged in retailing groceries and general consumer goods.	Reported net profit	105	177	203	255	294
	Recurring net profit	105	177	203	255	294
	Cash flow (MYRm)	May-23	May-24	May-25F	May-26F	May-27F
	Change in working capital	26	(126)	10	(33)	(32)
	Cash flow from operations	247	169	357	400	471
	Capex	(53)	(83)	(136)	(331)	(146)
	Cash flow from investing activities	(42)	(120)	(136)	(331)	(146)
	Dividends paid	(6)	(150)	(102)	(127)	(147)
	Cash flow from financing activities	(165)	(81)	166	(236)	(274)
	Cash at beginning of period	48	94	100	487	320
	Net change in cash	40	(32)	387	(167)	51
	Ending balance cash	87	62	487	320	371
	Balance sheet (MYRm)	May-23	May-24	May-25F	May-26F	May-27F
	Total cash and equivalents	94	100	487	320	371
	Tangible fixed assets	620	709	828	1,133	1,236
	Total investments	0	11	11	11	11
	Total assets	1,058	1,276	1,828	2,060	2,296
	Short-term debt	7	129	129	129	129
	Total long-term debt	2	0	0	0	0
	Total liabilities	534	723	802	906	996
	Total equity	524	552	1,026	1,154	1,300
	Total liabilities & equity	1,058	1,276	1,828	2,060	2,296
	Key metrics	May-23	May-24	May-25F	May-26F	May-27F
	Revenue growth (%)	26.4	20.8	20.1	21.9	14.8
	Recurrent EPS growth (%)	287.8	68.7	14.6	25.5	15.2
	Gross margin (%)	26.0	26.4	27.4	29.2	29.6
	Operating EBITDA margin (%)	12.8	15.3	14.6	15.0	15.2
	Net profit margin (%)	5.3	7.4	7.0	7.2	7.3
	Dividend payout ratio (%)	148.7	56.6	50.0	50.0	50.0
	Capex/sales (%)	2.7	3.4	4.7	9.4	3.6
	Interest cover (x)	8.42	10.97	10.27	10.45	10.34

Source: Company data, RHB

Valuation

We initiate coverage on ECOSHOP with a BUY recommendation and TP of MYR1.51 (inclusive of a 4% ESG premium), derived from our DCF model (Figure 1). This is consistent to the valuation methodology for similar consumer stocks under our coverage which we believe will be able to reflect the group's multi-year growth prospects effectively. Corroboratively, the TP implies 31x 2026F P/E.

Figure 1: DCF valuation

FYE May	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F	FY34F	FY35F
EBIT	378	436	482	525	579	625	689	738	781	822
EBIT*(1-tax rate)	284	328	363	395	437	473	522	561	596	630
Add: D&A	49	61	69	78	88	97	102	111	114	122
Less: WC investments (WC Inv)	-33	-32	-32	-34	-37	-38	-36	-41	-43	-44
Less: Fixed investments (FC Inv)	-331	-146	-152	-152	-152	-152	-152	-152	-152	-152
FCFF	-31	210	249	287	336	379	436	479	515	556
Disc. FCFF	-29	184	204	220	241	254	274	281	283	286
Terminal value at T=10	11612									
PV of terminal value	5968									
NPV	2197									
Add Net Cash	191									
Equity Value of Firm	8356									
ESG premium/discount	4%									
Target Price (MYR)	1.51									
Implied 2026F P/E	31									
Rf	4.0%									
Beta	0.6									
Risk premium	5.5%									
Rm	9.5%									
TG (%)	2.0%									
CoE	7.3%									
CoD	4.0%									
WACC	6.9%									

Source: RHB

Our DCF assumptions:

- Risk-free rate: 4.0%, in-house assumption;
- Market risk premium: 5.5%, in-house assumption,
- Market returns: 9.5% (i)+(ii),
- Beta: 0.6x – average of consumer stocks under our coverage;
- Terminal growth of 2%, higher end of the consumer stocks under our coverage
- Cost of equity: 7.3%, (ii)*(iv)+(i),
- Cost of debt: 4%, in line with current cost of debt;
- Debt to equity ratio: 10:90, in line with FY26F;
- WACC: 6.9%, based on (vi), (vii), and (viii).

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Locally, there is no like-for-like listed dollar-store operator to be directly benchmarked against. We note that AEON is one of the local operators of Daiso, the Japanese flat-price store chain but AEON's earnings are predominantly driven by the rental incomes under its property management segment. Meanwhile, Mr DIY launched its dollar store brand – Mr Dollar in 2020 but the venture has yet to contribute positively to the group.

Inevitably, we believe investors will draw comparison or reference to 99 Speed Mart and Mr DIY, the two large-cap domestic consumer retail companies and market leaders of their respective industries. The recommended implied P/E range for ECOSHOP will slot in between the implied valuations ascribed to 99 Speed Mart (33x P/E FY26F) and Mr DIY (25x P/E FY26F).

Key considerations to justify the differences include:

- i. **Nature of the product demand:** F&B or staple products make up more than 70% of 99 Speed Mart's sales mix vs ECOSHOP's 36.6% in FY24. Meanwhile, Mr DIY's product mix is predominantly comprised of discretionary products. Staples enjoy stable and resilient demand hence a valuation discount for Eco-Shop to 99 Speed Mart and premium to Mr DIY is warranted;
- ii. **Growth prospects:** We forecast a 3-year earnings CAGR of 18% for ECOSHOP, vs 99 Speed Mart's and Mr DIY's 9% and 11% respectively. ECOSHOP's expansion pace will be the fastest – 3-year new store CAGR of 22% vs 99 Speed Mart's 9% and Mr DIY's 12%. Thanks to the smaller store network and profit base on the back of lower penetration rates, ECOSHOP offers relatively more promising growth potential. This should close the valuation gap brought about by the size difference discussed below;
- iii. **Market capitalisation and profit base:** 99 Speed Mart and Mr DIY have relatively larger profit bases and market capitalisation than ECOSHOP. Together with the status as KLCI Index constituents, the former two can better attract a larger pool of investors. Apart from that, 99 Speed Mart and Mr DIY generate superior ROAE of >30% vs ECOSHOP's 24% in FY26F (fully adjusted for enlarged equity base).

Meanwhile, we highlight in the international markets, peers like Dollar Tree and Dollar General, operating under a similar model, trade at lower valuations due to subdued growth prospects (negative to single-digit growth) in their mature and saturated markets, coupled with intense competition. In contrast, Dollarama commands a premium valuation in Canada due to its defensive nature (2021-2024 earnings CAGR: 21.4%) and dominant market position over competitors.

Figure 2: Comparison among largest listed local retailers (operation details)

	Eco-Shop	Mr DIY	99 Speedmart
Product mix*	General merchandise (43.2%), food (36.6%), non-food (13.8%), softline (6.4%)	Household & furnishings (35%), hardware (18%), electrical (12%), stationery & sports (7%), others (28%)	Food and beverages (72.8%), personal and baby care products (12.7%), household products (7.7%), others (6.8%)
No of SKUs	14k	20k	3.3k
Average basket size*	MYR25.4	MYR25.3	MYR21.4
Target market	Primarily individuals and families seeking low-priced, everyday essentials for daily use	Homeowners, renters, and families needing both repair items and general household products	Typical households prioritising quick, accessible shopping for daily needs
Total store count*	349	1429	2778
Store count by format*	Retail mall-based stores (56), standalone shopfront stores (293)	Retail mall-based stores (512), standalone shopfront stores (923)	Full shop lot
Store count by brands*	Eco-Shop (327), Eco-Plus (22)	Mr DIY/Mr DIY Express/Mr DIY Plus (1346), Mr Toy (61), Mr Dollar (22)	Single-brand operator
Expansion plans	70 new stores opening pa	190 new stores opening pa	250 new stores opening pa
Average capex per new store	c.MYR800k	c.MYR400k	c.MYR300k
Average payback per new store	1.6 years	<2 years	<3 years
Total turnover*	MYR2.4bn	MYR4.7bn	MYR10bn

Note: *Based on latest available data
Source: Company data

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Figure 3: Peer valuation

Company	Country	FYE	Mkt Cap (USDm)	Price		P/E (x)		Div. Yld (%)	ROE (%)	P/Bk	NP Growth (%)		PEG
				23-Jul-25 (Local Currency)	Actual	1 Yr Fwd	2 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	1 Yr Fwd	2 Yr Fwd	
Eco-Shop	MA	May	1801.9	1.32	42.8	37.3	29.8	1.3	25.7	7.4	14.6	25.5	1.2
Local retailers													
99 Speed Mart Retail	MA	Dec	4649.0	2.34	43.3	33.7	29.7	1.8	37.0	10.5	28.6	13.3	2.2
Mr DIY Group	MA	Dec	3673.9	1.64	29.5	24.5	22.3	3.1	32.8	7.4	20.3	9.9	2.3
Aeon Co (M)	MA	Dec	464.9	1.40	16.6	11.7	11.0	3.6	8.7	1.0	41.2	6.8	1.6
Padini	MA	Jun	490.2	2.10	15.7	12.5	11.5	4.6	15.0	1.6	25.6	9.0	1.3
Mynews	MA	Oct	94.9	0.54	46.6	23.6	16.2	1.3	7.0	1.6	97.7	45.5	0.4
Sds Group	MA	Mar	94.0	0.73	12.7	10.8	9.6	2.2	23.6	243.3	17.5	12.5	0.8
Senheng New Retail	MA	Dec	69.2	0.20	28.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Focus Point	MA	Dec	80.9	0.74	11.1	9.1	8.2	5.0	28.0	2.3	22.5	10.8	0.8
SSF Home Group	MA	Apr	70.0	0.37	53.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bonia	MA	Jun	53.6	1.13	7.4	9.2	7.6	5.4	5.1	N/A	-18.9	20.1	0.4
Parkson	MA	Dec	57.1	0.21	-2.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Innature	MA	Dec	31.7	0.19	18.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mkt. Cap Weighted Avg.			3622.7		34.4	27.3	24.4	2.6	32.2	10.5	26.2	11.8	2.1
Simple Avg.			819		23.4	16.9	14.5	3.4	19.6	38.2	29.3	16.0	1.2
Regional peers													
CP All	TH	Dec	13323	48.00	18.5	15.2	13.7	3.2	8.9	3.1	22.0	10.7	1.3
Home Product Center	TH	Dec	2882	7.15	15.6	14.4	13.6	5.6	24.3	3.4	8.3	6.1	2.2
Puregold Price Club	PH	Dec	1974	38.90	10.8	9.7	9.0	4.2	11.6	1.1	11.4	8.8	1.0
Dohome	TH	Dec	401	3.82	21.0	18.4	15.6	0.9	5.5	N/A	14.2	17.6	0.9
Aspirasi Hidup Indonesia	ID	Dec	498	474.00	8.9	9.1	8.0	6.9	12.9	1.2	-2.8	13.5	0.6
Index Livingmall	TH	Dec	215	13.70	10.2	9.6	9.0	7.3	11.8	N/A	5.9	6.3	1.4
Matahari Dept. Store	ID	Dec	247	1780.00	4.7	4.8	4.6	16.2	244.4	8.2	-0.8	4.7	1.0
Mkt. Cap Weighted Avg.			9735		16.9	14.2	12.9	3.9	14.5	2.9	17.6	9.9	1.4
Simple Avg.			2792		12.8	11.6	10.5	6.3	45.6	3.4	8.3	9.7	1.2
International peers													
Dollarama	CA	Jan	37832	185.83	44.6	40.3	36.4	0.2	108.5	34.5	10.8	10.7	3.4
Dollar Tree	US	Jan	23983	114.92	-7.9	21.0	18.5	0.0	27.3	5.9	-137	13.5	1.4
Dollar General	US	Jan	24041	109.24	21.4	18.9	17.0	2.2	16.4	2.9	13.3	11.0	1.5
Miniso Group Holding	CH	Dec	5455	17.56	15.0	13.7	11.1	3.4	26.6	0.5	9.5	23.6	0.5
Five Below	US	Jan	7673	139.37	30.3	29.7	27.0	0.0	13.6	3.9	1.9	10.2	2.7
Pepco Group	GB	Sep	3661	22.96	-4.8	20.6	13.6	1.5	32.0	23.9	-123	52.1	0.3
Seria Co	JN	Mar	1486	2873.00	20.2	N/A	N/A	2.5	N/A	1.9	N/A	N/A	N/A
Can Do Co	JN	Feb	419	3665.00	-392.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reject Shop	AU	Jun	171	5.91	55.2	34.4	22.8	2.0	3.9	1.3	60.7	50.9	0.4
Mkt. Cap Weighted Avg.			25676		20.9	27.9	24.8	0.9	53.7	15.7	-28.7	13.6	2.2
Simple Avg.			11636		-24.2	25.5	20.9	1.5	32.6	9.4	-23.5	24.6	1.5

Source: Bloomberg, RHB

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Figure 4: Operating metrics

Company	Revenue 3-year CAGR^	Net Profit 3-year CAGR^	Gross Profit Margin*	EBITDA Margin*	Net Profit Margin*	Net Gearing (Latest)
Eco-Shop	N/A	N/A	26.4%	15.3%	7.4%	5.3
Local retailers						
99 Speed Mart Retail	8.4%	5.4%	11.1%	9.4%	4.9%	12.0
Mr DIY Group	11.3%	9.6%	45.8%	25.2%	12.2%	66.1
Aeon Co (M)	5.5%	14.5%	41.5%	16.5%	3.0%	99.9
Padini	23.1%	39.5%	36.2%	18.0%	7.6%	Net Cash
Mynews	26.8%	-160.1%	37.6%	13.1%	1.2%	78.7
Sds Group	25.8%	66.0%	34.2%	19.3%	9.6%	Net Cash
Senheng New Retail	-5.5%	-44.7%	21.1%	6.3%	0.9%	10.6
Focus Point	19.7%	33.2%	63.8%	32.7%	11.3%	64.7
SSF Home Group	-9.8%	-42.5%	53.6%	17.1%	3.9%	20.7
Bonia	16.6%	34.6%	60.8%	24.2%	8.2%	5.5
Parkson	-3.6%	25.3%	N/A	32.0%	-3.6%	140.4
Innature	0.5%	-20.0%	N/A	24.2%	5.7%	Net Cash
Mkt. Cap Weighted Avg.	10.3%	7.8%	29.0%	16.9%	7.8%	
Simple Avg.	9.9%	-3.3%	40.6%	19.8%	5.4%	
Regional peers						
CP All	19.2%	25.0%	22.6%	9.1%	2.6%	115.8
Home Product Center	3.9%	6.1%	26.8%	18.0%	9.6%	67.3
Puregold Price Club	10.1%	8.4%	18.0%	9.6%	4.8%	15.0
Dohome	6.3%	-28.2%	17.1%	7.4%	2.2%	134.4
Aspirasi Hidup Indonesia	9.5%	8.9%	48.7%	19.3%	10.4%	Net Cash
Index Livingmall	5.5%	18.0%	45.9%	19.7%	7.6%	59.1
Matahari Department Store	4.6%	-3.2%	66.7%	31.9%	12.9%	750.3
Mkt. Cap Weighted Avg.	15.2%	18.7%	24.2%	11.1%	4.2%	
Simple Avg.	8.5%	5.0%	35.1%	16.4%	7.2%	
International peers						
Dollarama	16.8%	27.5%	45.1%	33.1%	18.2%	381.4
Dollar Tree	-11.7%	-231.2%	35.8%	17.2%	-17.2%	165.3
Dollar General	6.4%	-24.9%	29.6%	11.3%	2.8%	223.0
Miniso Group Holding	23.3%	-222.8%	44.9%	24.3%	15.4%	Net Cash
Five Below	25.5%	27.2%	34.9%	20.7%	6.5%	80.3
Pepco Group	14.4%	-275.7%	43.9%	14.5%	-11.5%	318.8
Seria Co	5.6%	-8.7%	41.4%	9.3%	4.7%	Net Cash
Can Do Co	4.5%	-194.4%	38.0%	2.3%	-0.2%	17.9
Reject Shop	3.1%	-17.3%	40.0%	14.4%	0.6%	109.6
Mkt. Cap Weighted Avg.	8.9%	-64.7%	38.5%	22.0%	4.8%	
Simple Avg.	9.8%	-102.2%	39.3%	16.3%	2.1%	

Note: ^Based on latest three financial years

Note 2: * Based on the latest financial year

Source: Bloomberg, RHB

Investment Merits

Promising growth prospects on offer. We forecast ECOSHOP to chart a 3-year earnings CAGR of 18% and hit MYR294m in FY27F, primarily underpinned by robust outlet expansion. We assume new outlet addition of 80 stores pa in FY25F-27F, marginally above management's target as in our view, there are plenty of untapped opportunities for the group to capitalise on. According to Frost & Sullivan, with Malaysia's population projected to reach 35 million by mid-2028 and assuming 25,000 customers served per store, the market could support approximately 1,400 dollar stores – roughly twice the current number in the country. To complement the network expansion, ECOSHOP has earmarked a capex of MYR228m to increase the warehousing daily throughput capacity by 2.7x to 12.3m pieces by 2027F from 4.5m pieces as of 31 Mar 2025. Meanwhile, we also bake in a steady SSSG trend (FY25-27F: 3.5%, 10%, 5%) on the back of conducive dollar store industry environment. On top of that, we foresee growing economies of scale and operating leverage to insulate profit margin from the rising operating costs.

A rapid growing industry with tremendous potential. According to Frost & Sullivan, Malaysia's dollar store market sales are projected to grow by a CAGR of 14.2% in 2024-2029F – outpacing the 6.1% growth of the overall store-based retail industry. Looking ahead, the business model, in offering a wide range of value-for-money products, will continue to appeal to the cost-conscious B40 and M40 groups, which have experienced the highest growth in household income in 2012-2022, at CAGR of 6.3% and 5.7% respectively. For context, they are the largest groups of customers (47.4% and 38.9% respectively) that visited selected dollar stores with a frequency of at least once in the past three months, according to a NielsenIQ study. In addition, dollar store penetration in Malaysia is still in its infancy, with only 23 stores per million people – far below developed markets such as Japan (87), Canada (127), and the US (119) (Figure 38). This indicates significant room for growth, fuelled by rising consumer demand for affordable, convenience-driven shopping experiences.

Conquering the dollar store arena. ECOSHOP dominates Malaysia's dollar store industry with a 68% revenue share as of 2024, leaving the closest competitor far behind at 12.1%. By operating 349 stores in Malaysia as of Feb 2025, the extensive network provides the group with significant economies of scale, enabling it to negotiate favourable terms with suppliers for exclusive products and competitive pricing, setting it apart from competitors. Its ability to continually reduce costs while expanding product offering ensures that it remains a go-to destination for value-conscious consumers. This cost leadership and product breadth not only drive customer loyalty but also create high barriers to entry for new competitors. With more than three times the store count of its closest competitor, the group is well-positioned to extend its industry leadership and capitalise on future growth opportunities.

Broad product offering inducing unplanned purchases. Amid rising living costs and inflationary pressures, businesses offering value-for-money products are seeing increased demand as consumers shift toward the more affordable options. ECOSHOP is well-positioned to benefit from this trend, offering a broad product assortment at competitive prices, with 5,000 to 13,000 stock keeping units (SKUs) that balance essential consumables with discretionary items. To illustrate the demand stickiness, one-third of its customers shop at least weekly, while another one-third visit bi-monthly thanks to consumer frequent purchases of staple products and the group's strategy of consistently introducing new and seasonal items. Furthermore, its diverse product offering creates a "treasure-hunt" shopping experience that encourages unplanned purchases, with a NielsenIQ study revealing that 66.7% of respondents had more than six unplanned items in their baskets during their last visit to dollar stores.

The recipe of the low-cost model. The key attraction of Eco-Shop as a brand lies in the compelling value it offers with all products (excluding products at its Eco-Plus format stores) being priced at MYR2.60 for stores in Peninsular Malaysia and MYR2.80 for stores in East Malaysia and Langkawi. This model is made possible and supported by the end-to-end internal distribution and logistics network with two in-house distribution centres and a fleet of over 160 trucks, which optimises unit costs. In addition, the group leverages its proprietary direct-to-factory relationships (eliminating the role of middlemen) to curate high-quality, cost-effective house brands with higher gross margins. Currently, 29 house brands make up 74.8% of its SKUs and 56.3% of FY24 sales, with management targeting an increase to 57% by FY25F. The growing contribution of house brands not only enhances gross margin but also serves as a pull to retain customers and strengthen brand equity.

Weathering every storm. ECOSHOP's resilient business model has proven its strength across economic cycles, macroeconomic challenges, and pandemic-induced shocks. Similar to the robust performance of the dollar store retail segment as highlighted by Frost & Sullivan, the group has demonstrated a consistent track record of growth even in turbulent times. Despite COVID-19 challenges that led to a 14.5% decline in SSSG for FY22, subsequent recovery saw SSSG rebound to 22.2% and 11.0% in FY23 and FY24 respectively. Strategic price increases from MYR2.10 to MYR2.40 have also historically helped in improving margins and average daily store sales (ADSS), with sales volumes rebounding within three months post-adjustment. In an inflationary environment where consumers increasingly seek value-for-money options, ECOSHOP's ability to offer a diverse range of products at fixed price points remains a key competitive advantage.

Helmed by an experienced and capable leadership team. ECOSHOP is led by its founder, Dato' Sri Lee Kar Whatt, who established the company in 2003 and brings 22 years of retail experience. He is supported by a seasoned senior management team, including CEO Ng Kim Teng, who has over 25 years of retail experience with leadership stints at Guardian Thailand and Watsons Malaysia. CFO Chong Yew Kai, with more than 25 years in the retail and FMCG industries, previously served as CFO at Munchy's and Al-Ikhsan Sports. Meanwhile, Chief Human Resources Officer Ng Siew Yen, with over 20 years of human resources expertise, has held senior roles at Glow International and Esthetics International Group. The team has demonstrated strong execution capabilities, navigating challenges like the pandemic and inflation while expanding the store network and enhancing supply chain efficiency.

ESG score of 3.2. ECOSHOP exemplifies a strong commitment to ESG principles, with an emphasis on social impact through its dollar store concept, designed to ensure affordability and accessibility for underserved communities. Environmentally, the company prioritises energy efficiency with initiatives like light-emitting diode (LED) lighting and passive design at its Jementah Distribution Centre, while reducing emissions through fuel-efficient vehicles and the AdBlue technology. Its elimination of plastic bags and adherence to waste management regulations further underscore its dedication to environmental stewardship. Socially, ECOSHOP promotes diversity, inclusion, and employee well-being through robust policies, training programs, and community initiatives, such as distributing essentials to schools and low-income families. The company also supports local employment by hiring repackers at its Jementah facility. On governance, the company upholds high standards with anti-corruption policies, efficient supply chain management, and stringent data protection measures, ensuring transparency and accountability.

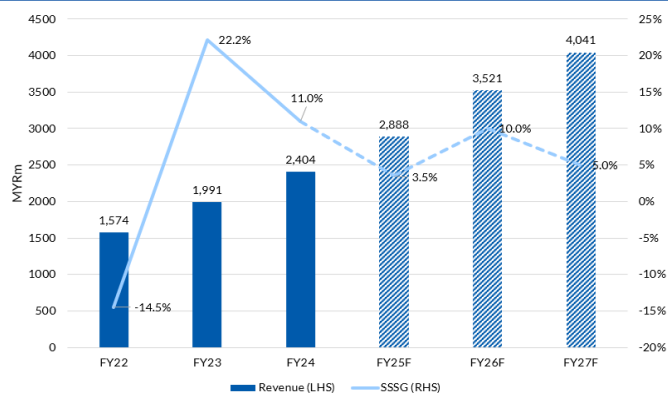
Financial Overview

Revenue projection. We project a 3-year revenue CAGR of 18%, surpassing MYR4bn by FY27F (FY25F-27F: 20%, 22%, 15%). This growth will be primarily driven by the expansion of new outlets, assumed at 80 outlets pa for FY25-27F, as ECOSHOP seeks to strengthen its presence in the underpenetrated dollar store industry. It will focus on opening stores with average store size of 6k sq ft (current average: 7.4k sq ft), which is the most optimal store size, according to the group.

We bake in SSSG of 3.5%, 10%, and 5% for FY25F-27F, respectively, broadly in line with the group's targeted sustainable SSSG of 5-6%. We highlight the SSSG for FY26F takes into account the full effect of price hike effective mid-Apr 2025 to MYR2.60 (+8%) from MYR2.40. This is as ECOSHOP passes on the higher direct (internal staff costs, estimated at MYR30m pa) and indirect cost (input costs) impacts arising from the higher minimum wages.

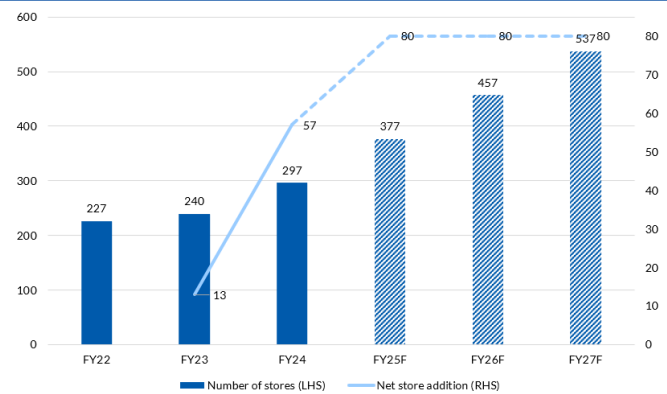
Based on the past instances of price increase in Dec 2021 and Jun 2022, sales volume rebounded within three months with no prolonged reduction in volumes. In fact, ADSS increased by 15% after the price increase in Jun 2022 (to MYR2.40 from MYR2.20). This further underscores the price competitiveness and demand elasticity of dollar stores.

Figure 5: Revenue and SSSG



Source: Company data, RHB

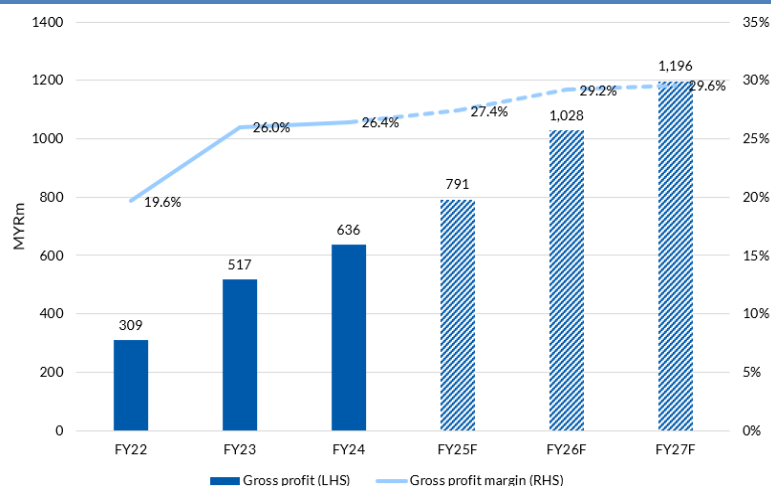
Figure 6: Number of stores and net store addition



Source: Company data, RHB

GPM and other operating income assumption. We forecast GPM to expand to 27.4%, 29.2%, and 29.6% for FY25F-27F, up from 26.4% in FY24, driven by the abovementioned price increase, rising contribution from higher margin house brands, and greater economies of scale. To mitigate FX volatility, ECOSHOP hedges c.50% of its CNY-denominated purchases, which account for around 35% of total purchases as of FY24. Exposure to other currencies is minimal, and the company actively monitors FX risks on an ongoing basis. Additionally, we expect operating income to remain at 2% of revenue for FY25F-27F, with higher product display fees as the group leverages its brand strength and expanding store network.

Figure 7: Gross profit and GPM trends



Source: Company data, RHB

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Opex. Opex should see an increasing trend to reflect the higher minimum wage (from MYR1,500 to MYR1,700) effective Feb 2025 (impacting >6,000 staff or >70% of the workforce).

The additional costs should be more than mitigated by the price increase that we pencil in to our earnings forecasts. The 20 sen or 8% increase in ASP will translate into additional gross profit of c.MYR90m, based on FY26F revenue of MYR3.5bn. This should more than cover the rise in opex (estimated MYR30m pa from higher minimum wage, MYR7m from revised electricity tariffs, MYR1.2m from Employee Provident Fund (EPF) contributions for foreign workers and MYR1-7m from Sales & Service Tax (SST) levied on rental). The remainder can provide a buffer against increasing input costs as suppliers pass on the higher wage costs and any future cost increases, as ECOSHOP aims to minimise the frequency of price adjustments.

Meanwhile, administrative expenses are projected to increase by 10%, 20% and 6% in FY25F-27F to MYR78m, MYR94m, and MYR100m, respectively. The higher increases in FY25F and FY26F are mainly driven by the group's expansion of supporting network and talent pool.

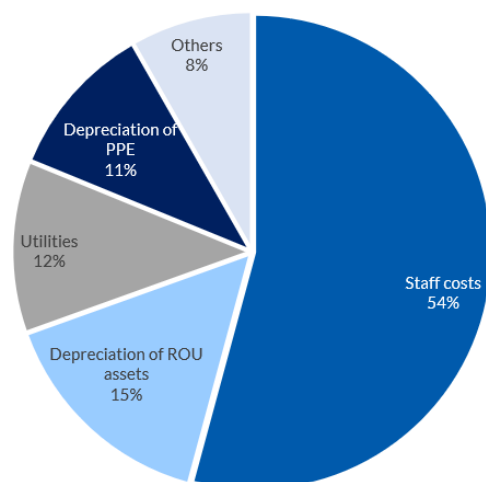
Interest expense. We forecast interest expense to rise to MYR29-42m in FY25F-27F from MYR24m in FY24, given the increase in store count which will result in higher interest on lease liabilities.

Figure 8: Operating cost

(MYRm)	FY22	FY23	FY24	FY25F	FY26F	FY27F
Staff costs	115.3	183.4	187.5	251.0	349.4	408.1
Depreciation of ROU assets	48.9	51.2	54.8	70.9	88.1	106.7
Utilities	23.7	36.1	41.8	54.0	72.1	88.6
Depreciation of PPE	32.8	34.6	37.9	48.8	60.5	69.3
Others	11.9	26.2	29.1	38.3	48.9	60.0
Total	232.6	331.5	351.0	463.1	619.1	732.7
% of revenue						
Staff costs	7.3%	9.2%	7.8%	8.7%	9.9%	10.1%
Depreciation of ROU assets	3.1%	2.6%	2.3%	2.5%	2.5%	2.6%
Utilities	1.5%	1.8%	1.7%	1.9%	2.0%	2.2%
Depreciation of PPE	2.1%	1.7%	1.6%	1.7%	1.7%	1.7%
Others	0.8%	1.3%	1.2%	1.3%	1.4%	1.5%
Total	14.8%	16.7%	14.6%	16.0%	17.6%	18.1%

Source: Company data, RHB

Figure 9: FY25F operating cost breakdown



Source: Company data, RHB

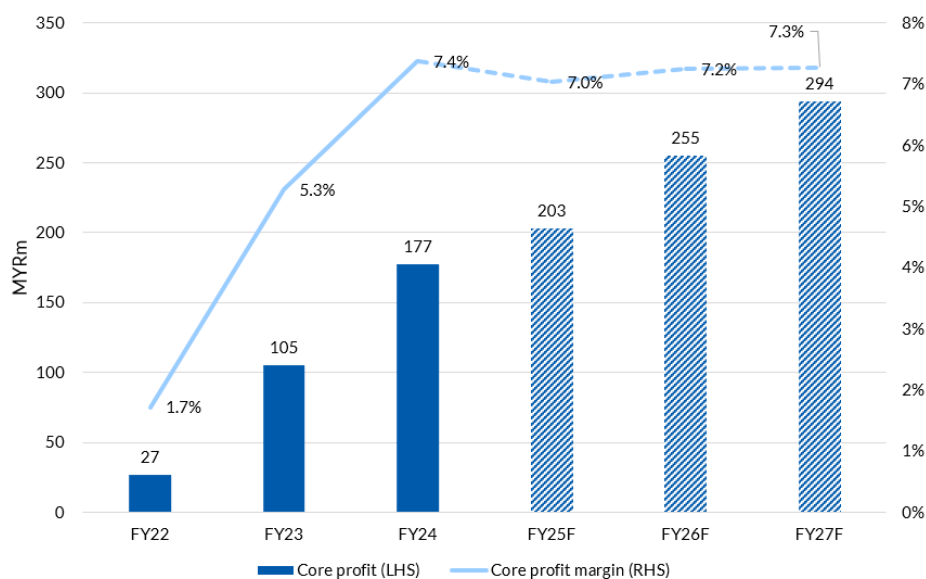
Effective tax rate (ETR) and core earnings. All in, we project a 3-year net profit CAGR of 18%, reaching MYR294m in FY27F (FY25F-27F: 15%, 26%, 15%) – underpinned by sustained

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topline growth, increasing scale, and operating leverage, we expect net margin to expand. We assume an ETR of 27%, slightly above the statutory 24%, to account for non-tax deductible expenses – in line with management guidance.

Figure 10: Net profit trend



Source: Company data, RHB

Cash flow projection. Operating cash flow will remain healthy going forward at MYR356m-470m, growing in tandem with profit. We assume capex (Figure 11) of MYR116m, MYR306m, and MYR146m for FY25F-27F, primarily for new store expansion and distribution centre. As for dividends, ECOSHOP targets a payout ratio of 40-60% of PATAMI. We forecast DPS of 1.8 sen, 2.2 sen, 2.6 sen for FY25F-27F by assuming a payout ratio of 50%.

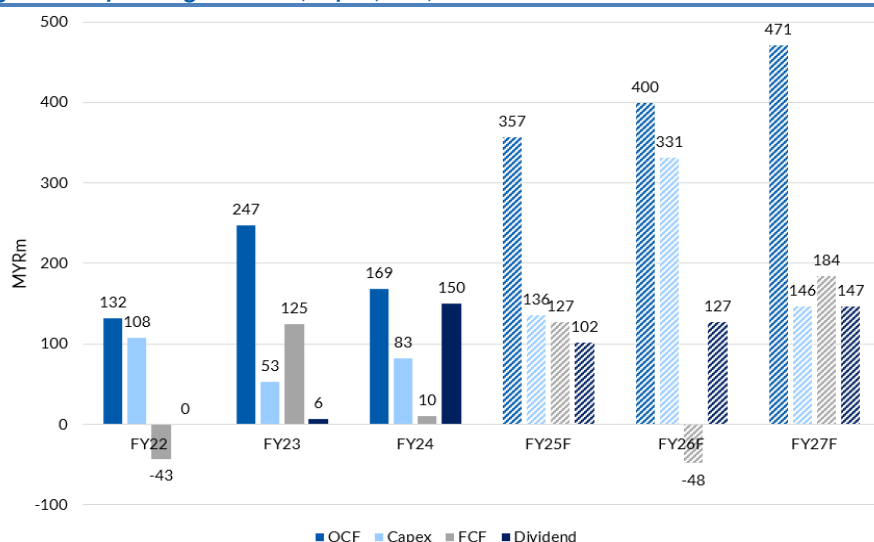
Figure 11: Capex assumption

(MYRm)	FY25F	FY26F	FY27F
Expansion of distribution centres	20	210	20
New stores	56	56	56
Store refurbishment	15	15	20
Fleet expansion	15	20	20
Others	30	30	30
Total capex	136	331	146

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Figure 12: Operating cash flow, capex, FCF, dividend



Source: Company data, RHB

Balance sheet profile. ECOSHOP had a low gearing ratio of 0.05x as of FY24. Notwithstanding the heavier capex commitment going forward, we expect it to transition into a net cash position in FY26F-27F, supported by robust earnings growth, healthy operating cash flow and equity raising. Meanwhile, ROAE is expected to moderate from 33% in FY24 to 24-26% in FY25F-27F, reflecting the enlarged equity.

Figure 13: Earnings sensitivity

(MYRm)	FY25F	FY26F	FY27F
Forecasted net profit	203.2	255.0	293.8
GPM +0.5ppt	27.9%	29.7%	30.1%
Net profit	213.8	267.8	308.6
% change	5.2%	5.0%	5.0%
Staff costs +5%	263.6	366.9	428.6
Net profit	194.1	242.2	278.9
% change	-4.5%	-5.0%	-5.1%
New store addition +20 outlets	100	100	100
Net profit	213.7	262.9	302.1
% change	5.2%	3.1%	2.8%
SSSG +1ppt	5%	11%	6%
Net profit	208.4	261.6	301.9
% change	2.5%	2.6%	2.8%

Source: Company data, RHB

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Figure 14: 3QFY25 results review

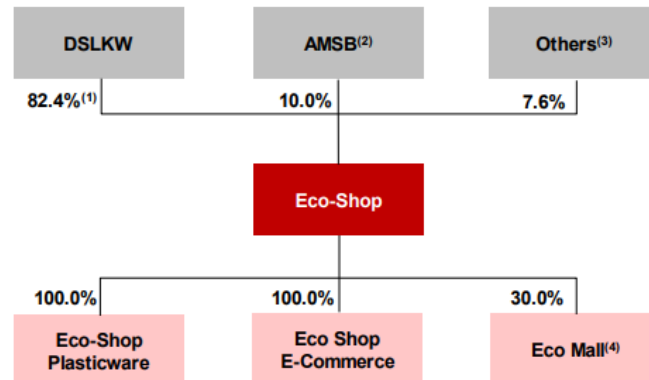
FYE May (MYRm)	3QFY24	3QFY25	YoY (%)	9MFY24	9MFY25	YoY (%)	Comments
Revenue	628.4	736.4	17.2	1,763.4	2,098.6	19.0	26 net new stores opened in 3QFY25 (9MFY25: +59 stores); 3QFY25 SSSG stood at 0.6% (9MFY25: 2.1%)
Gross Profit	163.7	206.2	26.0	461.0	566.4	22.9	
GP margin (%)	26.0	28.0	2.0	26.1	27.0	0.8	On favorable FX, growing scale and increased contribution of house brands.
Other income	10.6	16.3	53.3	39.1	41.3	5.6	
Opex	(112.9)	(131.1)	16.1	(328.1)	(377.2)	15.0	
Selling & distribution	(90.6)	(101.9)	12.5	(263.1)	(306.5)	16.5	
Admin	(22.3)	(29.2)	30.7	(65.0)	(70.7)	8.8	
Opex/revenue (%)	18.0	17.8	(0.2)	18.6	18.0	(0.6)	Reflecting improving operational efficiency
Operating profit	61.3	91.3	48.9	172.0	230.6	34.0	
EBIT margin (%)	9.8	12.4	2.6	9.8	11.0	1.2	
Finance income	0.8	1.2	53.3	1.8	4.3	143.9	
Finance cost	(6.5)	(7.8)	20.7	(17.4)	(22.1)	27.0	
PBT	55.7	84.8	52.2	155.5	212.8	36.8	
Tax	(13.1)	(23.1)	75.6	(41.5)	(57.8)	39.3	
Effective tax rate (%)	23.6	27.2	3.6	26.7	27.2	0.5	
Net profit	42.6	61.7	45.0	114.0	154.9	35.9	
EI	(1.9)	0.9		(8.4)	1.1		
Core net profit	44.5	60.8	36.8	122.4	153.8	25.7	At 75% of our FY25F
Core net margin (%)	7.1	8.3	1.2	6.9	7.3	0.4	

Source: Company data, RHB

Group Overview

ECOSHOP was incorporated in Malaysia under the Companies Act 1965 on 18 May 2006 as a private limited company under the name Eco-Shop Marketing SB and is deemed registered under the Companies Act 2016. On 24 Oct 2024, Eco-Shop was converted into a public limited company. Eco-Shop is principally involved in the business of retailing groceries, general consumer goods, wholesaler of rice, oil, flour, sugar, and provision of transportation services, carrying on e-commerce and online business selling a variety of products, and investment holding.

Figure 15: ECOSHOP's group structure as at 31 Mar 2025



Note:

(1) Includes his indirect interest through his spouse and children by virtue of Section 59(11)(c) of the Act.

(2) The entire equity interest in AMSB is held by Creador IV.

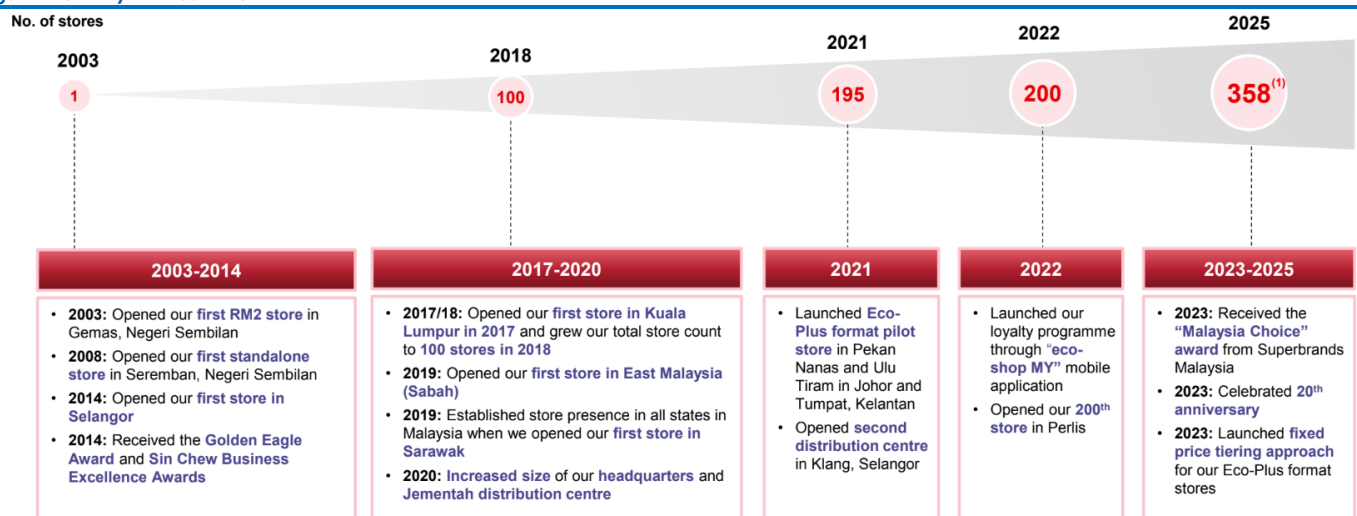
(3) The remaining 7.6% equity interest in Eco-Shop is held by Pang Kueh Khim (4.5%), 58 employees of Eco-Shop with shareholding of each ranging between 0.0% (negligible) to 0.3%, 13 other family members of DSLKW and DSLCT with shareholding of each ranging between 0.0% (negligible) to 0.2% (seven of them are also employees of Eco-Shop), and Liu Hui Yao (0.2%) who is the legal representative and shareholder of the Huxi Group, a major supplier of the Eco-Shop Group.

(4) The remaining 70% equity interest in Eco Mall is held by Essential Forever (40%), DSLKW (25.5%) and Pang Kueh Khim (4.5%). The entire equity interest in Essential Forever is held by DSLKW (85%) and Pang Kueh Khim (15%). Through their direct interest and indirect interest via Essential Forever, DSLKW and Pang Kueh Khim have an effective interest of 59.5% and 10.5% respectively in Eco Mall

Source: Company data

ECOSHOP's business was founded in 2003 with the founding of Eco Shop Marketing, a partnership business by Dato' Sri Lee, Pang Kueh Khim, Lee Tiong Bin (the brother of Dato' Sri Lee), and a third-party investor (a previous employee of Eco Shop Marketing). ECOSHOP opened its first MYR2 store in Gemas, Negeri Sembilan, in the same year. Subsequently, in 2005, Tiong Bin and the third-party investor withdrew from the partnership business for commercial reasons, and the business licence for Eco Shop Marketing expired on 26 Sep 2007. In May 2006, ECOSHOP commenced its business operations.

Figure 16: Key milestones



Note: (1) Data as of 31 Mar 2025

Source: Company data

Business Overview

Overview

ECOSHOP is the largest dollar store chain in Malaysia based on the number of stores as at 31 Mar 2025. It opened its first MYR2 store in Gemas, Negeri Sembilan, in Jun 2003 and, as at 31 Mar 2025, operates 358 stores across Malaysia. The group has an extensive network of stores with a presence in every state and Federal Territory (excluding Labuan) in Malaysia. For FY22-24, as well as for the six-month period ended 30 Nov 2024 and from 1 Dec 2024 up to 31 Mar 2025, Eco-Shop stores processed 58.4m, 73.2m, 94.5m, 56m and 39.8m transactions, respectively. ECOSHOP directly operates and manages all its stores, typically located in convenient locations such as neighbourhood commercial hubs, alongside busy roads, and in shopping malls and districts. Its stores operate seven days a week to maximise customer convenience.

The group's merchandising strategy is to offer customers a wide and exciting range of products at great value. Before 14 Apr 2025, all products (except those sold at its Eco-Plus format stores) were priced at MYR2.40 in Peninsular Malaysia and MYR2.60 in East Malaysia and Langkawi. Starting from 14 Apr 2025, these prices were increased to MYR2.60 and MYR2.80, respectively. Its stores carry products across four categories: General merchandise, food, non-food, and softline.

In FY22, ECOSHOP launched its Eco-Plus format stores, offering products at multiple price points to expand its customer base. As at 31 Mar 2025, it operates 22 Eco-Plus stores. In Jul 2022, the group launched its "eco-shop MY" mobile application, enabling customers to join its loyalty programme and earn reward points by shopping at Eco-Shop or Eco-Plus stores.

ECOSHOP's store operations are supported by a centrally-managed inventory management and distribution system connected to its point of sale (POS) system, ensuring sufficient stock to meet customer demand. Products are distributed from its two strategically located distribution centres in Jementah, Johor, and Klang, Selangor. For stores in West Malaysia, including Langkawi, products are delivered through its fleet of over 160 delivery trucks, while third-party freight service providers handle distribution to East Malaysia.

Figure 17: ECOSHOP at a glance

Undisputable Leader	Diverse Quality Assortment	Established Scale	Attractive Store Economics
<ul style="list-style-type: none"> No. 1 market leader in dollar store industry in Malaysia in terms of revenue 68% market share by revenue 	<ul style="list-style-type: none"> Up to 13k SKUs per store as of 31 Mar 2025 29 house brands as of 31 Mar 2025 	<ul style="list-style-type: none"> MYR2.4bn revenue as of FY24 349 stores as of 31 Mar 2025 8.8k employees as of 31 Mar 2025 	<ul style="list-style-type: none"> 1.6 year payback period for new stores opened in FY24 C.99% of stores profitable at store EBITDA level for FY24

Source: Company data, Frost & Sullivan

Stores

Store locations and formats. As at 31 Mar 2025, ECOSHOP operates 358 stores, including 22 Eco-Plus format stores, across Malaysia. The group operates all its stores directly and not through any franchise or agency arrangements. As at 31 Mar 2025, 352 of its stores operate on tenanted properties.

The group operates its stores in two formats:

- Retail mall-based stores;
- Shop-lot and standalone stores.

Its retail mall-based stores occupy dedicated shop spaces within the premises of retail consumer buildings, such as shopping malls. Locating its stores in shopping malls, such as AEON, allows Eco-Shop stores to benefit from the customer footfall to these malls, as well as any additional footfall generated by the promotional activities of the shopping malls. Its shop-lot and standalone stores occupy street-level spaces in buildings.

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Figure 18: Two key concepts (Eco-Shop and Eco-Plus)

	 Eco-Shop concept	 Eco-Plus concept
Store concepts		
Store count ⁽¹⁾	336	22
Store size range ⁽¹⁾	2,000 - 15,999 sq. ft.	7,000 - 19,999 sq. ft.
No. of SKUs ⁽¹⁾	5,000 - 11,000	6,000 - 13,000
Price point	Fixed price approach West Malaysia: MYR2.60 East Malaysia & Langkawi: MYR2.80	Tiered fixed price approach West Malaysia: MYR2.60, MYR6.00, MYR10.00 East Malaysia & Langkawi: MYR2.80, MYR6.60, MYR11.00
Positioning	Targets primarily the B40 and M40 groups, providing compelling low fixed pricing	Provides a wider product offering with varied pricing model
Storefront snapshot	 	 

Note: (1) Data as of 31 Mar 2025

Source: Company data

Figure 19: Breakdown of store network

	FY22	FY23	FY24	10MFY25
Number of stores:				
Eco-Shop	203	212	270	336
Eco-Plus	24	28	27	22
Total	227	240	297	358

Source: Company data

Figure 20: Revenue breakdown by geography

	FY22	FY23	FY24
West Malaysia	1,440,823	1,823,241	2,175,159
Central	374,708	477,164	564,420
East Coast	450,321	549,415	613,579
Northern	311,335	398,675	488,010
Southern	304,459	397,987	509,150
East Malaysia	122,003	159,121	224,747
Total revenue	1,562,826	1,982,362	2,399,906

Source: Company data

Figure 21: Revenue by store format

	FY22		FY23		FY24	
Store format	No. of stores	MYR '000	No. of stores	MYR '000	No. of stores	MYR '000
Retail mall-based	45	250,395	44	326,849	49	403,110
Shop-lot and standalone	182	1,312,431	196	1,655,513	248	1,996,796
Gross revenue generated ⁽¹⁾		1,562,826		1,982,362		2,399,906

Note: ⁽¹⁾ Excludes i) revenue from sales of Eco-Shop's products on its third-party e-commerce retail platforms; ii) the impact of MFRS 15 adjustments in relation to loyalty points; and iii) revenue from sales of its products from Poin Bakery

Source: Company data

Figure 22: Retail mall-based stores



Source: Company data

Figure 23: Shop-lot and standalone stores



Source: Company data

Figure 24: Store breakdown by store size range (FY24)

Store size range (sq ft)	Retail mall-based	Shop-lot and standalone stores	Total
2,000 – 3,999	-	27	27
4,000 – 6,999	10	97	107
7,000 – 9,999	18	95	113
10,000 – 15,999	20	27	47
16,000 – 19,999	1	2	3
Total	49	248	297

Source: Company data

ECOSHOP's store opening process consists of:

- i. **Site identification and preliminary site assessment.** The location of Eco-Shop stores is critical to its success. The in-house business development team actively sources potential new sites, either directly or through third-party agents, by identifying premises that are new, vacant, or soon to be vacated. The group also receives unsolicited proposals from property owners and third-party agents to consider opening stores at their premises. Once a site is identified, the operations and business development teams conduct due diligence, feasibility studies, and market analyses, assessing factors such as population size, demographics, retailer presence, customer traffic, accessibility, and development prospects within a 5-10 km radius. Store size and internal rate of return are then calculated based on assumptions and benchmarks;
- ii. **Physical site visit.** After the preliminary assessment, its business development team conducts physical site visits to verify assumptions and evaluate physical and environmental characteristics not captured earlier;
- iii. **Site implementation.** If a site passes assessments, ECOSHOP secures internal committee approval before negotiating and executing the tenancy agreement. Third-party contractors handle store fit-outs, including equipment, furniture, fittings, and electrical systems, overseen by the group's project team. Inventory and initial product mix are determined based on sales histories of similar stores or comparable areas. The site implementation process typically takes 90-120 days.

ECOSHOP's expansion model is characterised by low capex, rapid sales growth post-opening, consistent sales volumes, and low operating costs. Average capex per store (excluding inventory) was MYR1.5m, MYR1.5m and MYR0.8m for FY22-24.

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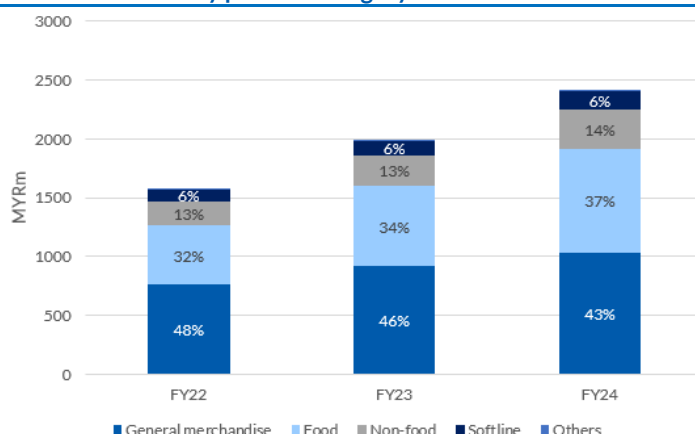
Consumer Non-cyclical | Retail - Staples

Products

ECOSHOP offers a well-balanced mix of third-party and house brand products at compelling values, categorised into:

- General merchandise:** includes items such as plastic hangers, melamineware, and batteries from house brands like Eco, Casa, and Kreati, as well as third-party brands like Faber Castell and Stabilo;
- Food products:** include snacks and preserved foods from house brands like Delicias and Wak Limah and third-party brands such as F&N and Nestlé;
- Non-food items:** include pet food and hygiene supplies from house brands like Ganso and Excue, alongside third-party brands like Antabax and Kuat Harimau.
- Softline products:** include reusable bags, slippers, and hair accessories from house brands like Ells and Ene.

Figure 25: Sales breakdown by product category



Source: Company data

As at 31 Mar 2025, ECOSHOP stores carried approximately 5,000 to 19,999 SKUs depending on store size, ranging from 2,000 sq ft to 19,999 sq ft. Food products are a key focus to drive foot traffic. Product offerings are consistently refreshed, with a target of 25-30% annual SKU refreshment. However, FY22 refresh rate was lower due to the COVID-19 pandemic's impact on travel, supply chains, and product development.

The group adjusts its product mix to optimise sales and maintain GPM while offering seasonal products during festive periods like the Lunar New Year, Christmas, and *Aidil Fitri*. Its stores also carry products sold through Eco-Plus format stores and third-party e-commerce platforms, excluding sales from Poin Bakery and loyalty points adjustments.

Figure 26: General merchandise



Source: Company data

Figure 27: Food products



Source: Company data

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Figure 28: Non-food items



Source: Company data

Figure 29: Softline products



Source: Company data

Figure 30: House brand portfolio



Source: Company data

Pricing

ECOSHOP's pricing strategy is designed to provide its customers with a wide and exciting range of products at compelling value, with all products (excluding products at its Eco-Plus format stores) priced at MYR2.60 at its stores in West Malaysia and MYR2.80 at its stores in East Malaysia and Langkawi. Products are selected to appeal to a wide range of consumers but are competitively priced to cater to its key customer base.

In FY22, as a complement to its Eco-Shop stores, ECOSHOP launched its Eco-Plus format stores, which provided customers with a variety of products at a fixed price of either MYR5.00 or MYR10.00 in West Malaysia, and either MYR5.50 or MYR11.00 in East Malaysia. In FY23, it expanded product offerings in Eco-Plus stores, introducing varied prices. In FY24, the group rolled out in phases a new pricing strategy for its Eco-Plus format stores to streamline pricing across various product categories by implementing a fixed price tiering for each product category. It is currently in the midst of revising its pricing strategy for Eco-Plus stores, where

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it offers a combination of products at a fixed price of either MYR2.60, MYR6.00, or MYR10.00 in West Malaysia, and either MYR2.80, MYR6.60, or MYR11.00 in East Malaysia.

ECOSHOP is able to offer its products at an affordable price partly due to its disciplined procurement process, which sets out purchasing parameters for its merchandising team based on pricing expectations and optimal margins for its products. From time to time, the group offers discounted pricing on selected products to drive sales of such products.

Figure 31: Changes made to selling price

Period	Description of selling price
Jun 2003	Opened first store in Gemas, Negeri Sembilan with all products priced at MYR2
Oct 2018	Prices of all products increased from MYR2 to MYR2.10 for stores in West Malaysia
Mar 2019	Opened first store in East Malaysia with all products priced at MYR2.30
Aug 2020	Opened first store in Langkawi with all products priced at MYR2.30
Jun 2021	Opened first Eco-Plus format stores with products priced at a fixed price of either MYR5 or MYR10 in West Malaysia, and either MYR5.50 or MYR11 in East Malaysia
Dec 2021	Prices of all products increased from MYR2.10 to MYR2.20 for stores in West Malaysia
Jun 2022	Prices of all products increased from MYR2.20 to MYR2.40 for stores in West Malaysia Prices of all products increased from MYR2.40 to MYR2.60 for stores in East Malaysia and Langkawi Expanded the product offerings in Eco-Plus format stores and offered products at different prices in these stores
Jul 2023	Rolled out in phases, a new pricing strategy for Eco-Plus format stores by implementing a fixed price tiering for each product category
Apr 2025	Effective 14 Apr, prices increased to RM2.60 for stores in Peninsular Malaysia and RM2.80 for stores in East Malaysia and Langkawi

Source: Company data

Supply chain management and distribution network

Merchandise sourcing. ECOSHOP's dedicated merchandising team oversees the product procurement process and identifies end-suppliers and suitable products for its stores. The team makes four to six trips to China annually and several trips to Thailand, Indonesia, and Turkey as needed, which may include physical site visits to assess product quality. Once suitable products and end-suppliers are identified, the team negotiates supply arrangements, ensuring competitive and commercially favourable terms. As of FY24, 68.7% of Eco-Shop's products were imported from China, Thailand, Indonesia, and Turkey while 31.3% of Eco-Shop's products were sourced from Malaysian distributors and manufacturers. The merchandising team surveys potential offerings, establishes relationships with local suppliers, and evaluates proposals from potential suppliers. Lower volume orders and certain third-party brand products are procured from authorised distributors.

Figure 32: Top suppliers (FY24)

Supplier	Length of relationship as of 31 Mar 2025 (years)	Products or services purchased/procured	Value of purchases (MYR '000)	% of total purchase
Yiwu Huxi (China)	10	Household and personal care products	420,647	22.9
Yiwu Changzhi (China)	6	Household and personal care products	97,456	5.3
Yiwugou (M) SB (Malaysia)	7	Household and personal care products	40,081	2.2
Nanyang Forwarding & Shipping Agency (Malaysia)	6	Custom broking and custom clearance services	30,382	1.7
Supplier B ⁽¹⁾	9	Food and snacks	22,829	1.2

Note: (1) Supplier B is a company incorporated in Malaysia which is involved in manufacturing of snacks and instant noodles. The principal markets in which Supplier B operates are Malaysia, Thailand, Myanmar, Indonesia and Vietnam. Supplier B is not listed on any stock exchange

Source: Company data

Inventory management and distribution. ECOSHOP's two strategically located distribution centres in Jementah, Johor, and Klang, Selangor serve as hubs for receiving supply deliveries, recording and storing inventory, packaging products, planning distribution routes, and dispatching its fleet of over 160 delivery trucks. The Jementah Distribution Centre is owned by ECOSHOP, while the Klang Distribution Centre is leased under a tenancy agreement until 31 Mar 2027, with an option to renew for two additional three-year terms.

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The Jementah and Klang distribution centres operate 16 and 12 hours a day, respectively, seven days a week, averaging three to five deliveries per store per week. Inventory received from end-suppliers is recorded on the same day to prepare for store demand allocation orders. Delivery trucks are dispatched daily across West Malaysia, including Langkawi, with "same day" turnaround times, while deliveries to East Malaysia are consolidated in containers and shipped via third-party freight providers. Deliveries to Langkawi involve ferry transportation with customs declarations at Kuala Kedah, Kedah.

ECOSHOP's centralised inventory management and distribution system ensures sufficient stock at its stores to meet customer demand. Store-level POS systems interact with the central system, allowing real-time monitoring of stock levels, restocking three to five times per week, and transferring stock between stores. Predetermined inventory levels at distribution centres trigger automatic restocking orders when stock falls below the set threshold. This system ensures stores remain well-stocked and meet customer needs efficiently.

Figure 33: Operational details of distribution centre

Purpose	Distribution Centre		Total
	Jementah, Johor	Klang, Selangor	
	To mainly handle local products and repackaging of products (including import products) to be delivered to all stores	To mainly handle import products to be delivered to all stores	
Approximate land area (sq m)	199,025	49,380	248,405
Approximate built-up area (sq m)	60,057	46,254	106,311
Daily throughput capacity (m pieces)	2.7	1.8	4.5
Average daily throughput (m pieces) ⁽¹⁾	2.2	1.1	3.3
Utilisation rate (%)	81.5%	61.6%	73.3%

Note: ⁽¹⁾ For the period between Jan 2025 and Mar 2025

Source: Company data

Future Plans And Strategies

Continue to develop store network and expand its store footprint and presence, taking advantage of untapped market opportunities. ECOSHOP plans to open approximately 70 new stores per year, on average, over at least the next five years. While it takes a nationwide approach in opening new stores, the group plans to focus on opening new stores in suburban and rural areas with store sizes that would depend on a number of factors including, for example, the retail landscape and economic activity of the area.

Targeting sustainable SSSG over the medium term. ECOSHOP is targeting to achieve a sustainable SSSG of between 5% and 6% over the medium term by employing a mix of strategic pricing initiatives and volume growth for both basket size and transaction count. To increase customer footfall in its stores, the group intends to have selective store refurbishments and renovations, as it believes that these are key drivers to increase its SSSG.

Increasing contribution of house brands to product and sales mix. ECOSHOP plans to continue increasing the proportion of house brands in its sales mix, which it expects to generate higher margins over time. As its store network grows, the group also has plans to rebrand certain house brands and include its retailer label, "by Eco-Shop" to leverage on its brand's strength.

Leveraging scale to negotiate better terms with existing and new strategic suppliers. In early 2013, ECOSHOP rolled out a new process of standardising its supplier contracts, including optimising key commercial terms, and locking those terms in for the following years of partnership to come. In 2024, it commenced deepening its collaboration with select top suppliers to further enhance the efficiency of its supply chain.

Increasing data-led technology, systems, automation to improve operational efficiencies. ECOSHOP intends to undertake several digitalisation and automation initiatives in the immediate future, such as the migration of its existing processes into a new retail management system, implementation of a put-to-light order picking system at the Jementah Distribution Centre to optimise warehouse processes, updating of its "eco-shop MY" mobile application to integrate additional features, and automation of its warehouse-level efficiency to optimise storage capacity in its new distribution centre in Selangor.

Loyalty programme and data analytics. ECOSHOP plans to attract more customers to subscribe to its loyalty programme and enhance customer loyalty by offering benefits such as birthday rewards, monthly collaborations with business partners, special deals for members, and other activities like games within the "eco-shop MY" mobile application. In addition, it intends to apply a data-led approach to better understand its customers' shopping behaviour so that it is able to better execute targeted marketing activities to increase basket size and the overall transaction count.

Continue investing in logistics and distribution capacity. ECOSHOP has commenced the construction of the proposed new warehouse to be supported by a planned capital investment of approximately MYR22.7m, and construction is expected to be completed in FY26. In the near term, it plans to rent a new distribution centre in Kuching, Sarawak, to be supported by a planned capital investment of approximately MYR14.3m, with a target completion date in 2QCY25. In the medium term, it plans to construct two new distribution centres in Kota Kinabalu, Sabah, and Klang, Selangor, with a target completion date in FY27, which will further support its store expansion plans.

Industry Overview

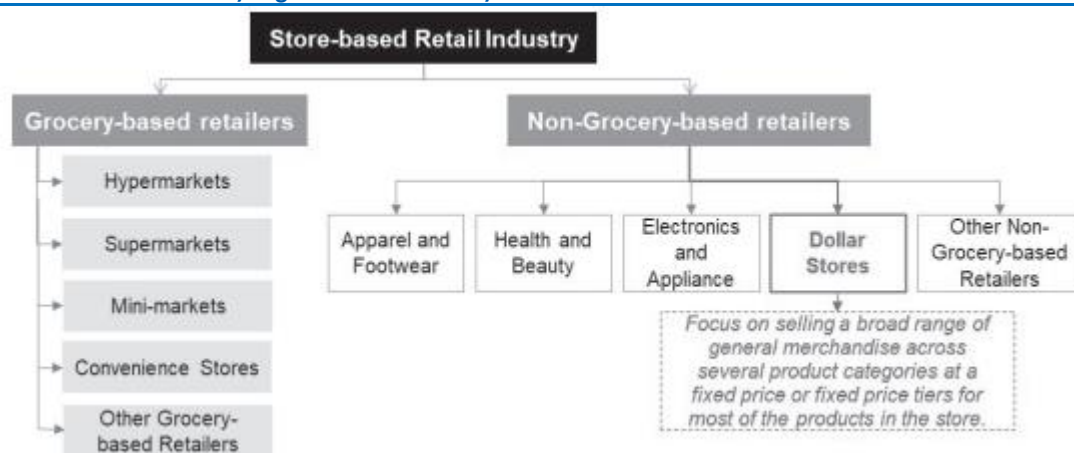
Introduction to the dollar store retail segment in Malaysia

Malaysia's retail industry can be segmented into store-based retailing and non-store-based retailing (eg e-commerce, direct selling, vending machines). Store-based retailing comprises grocery-based and non-grocery-based retailers. Grocery-based retailers focus on selling F&B and may also sell household supplies, lifestyle items, and consumer products. Non-grocery-based retailers focus mainly on non-F&B products and include dollar stores.

Dollar stores offer a range of general merchandise, such as household products, kitchenware, stationery, toys, and health and beauty products, and may also include some grocery items. They are fixed-price stores with predictable pricing tiers within a budget- to mid-range price positioning. While initially offering products at a one-dollar price point, these stores increased prices due to rising operational costs and cost of goods sold. However, the business model of offering a wide variety of goods at fixed prices continues to attract customers, driving global sales and revenue growth.

ECOSHOP is the leading player in the Malaysian dollar store industry in terms of revenue, store count, and geographical coverage as at the end of 2024.

Figure 34: Store-based retail industry segmentation in Malaysia



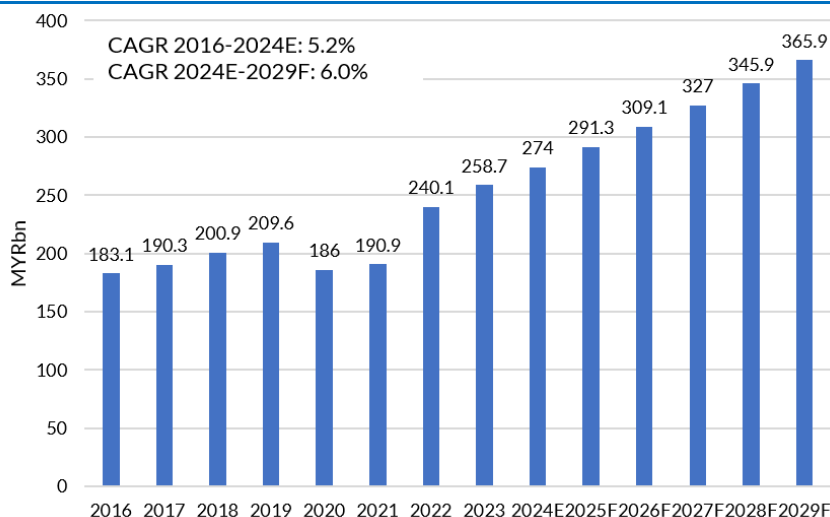
Note: Other non-grocery-based retailers include department stores, general merchandise retailers and other specialty retailers not specified
Source: Frost & Sullivan

Market size

The store-based retail sector in Malaysia has experienced significant expansion, with sales value increasing from MYR183.1bn in 2016 to MYR274bn in 2024E. A substantial growth rate of 25.8% was recorded in 2022, driven by the transition to endemicity and the reopening of international borders. In 2023 and 2024E, growth stabilised at 7.8% and 5.9%, supported by the recovery in tourism activity and improvements in labour market conditions.

Looking ahead, the store-based retail industry in Malaysia is projected to grow further from 2024E to 2029F, driven by a stable labour market and increased consumer spending, supported by initiatives outlined in Budget 2025. However, the industry may face challenges due to inflationary pressures, which could potentially reduce non-necessity purchases.

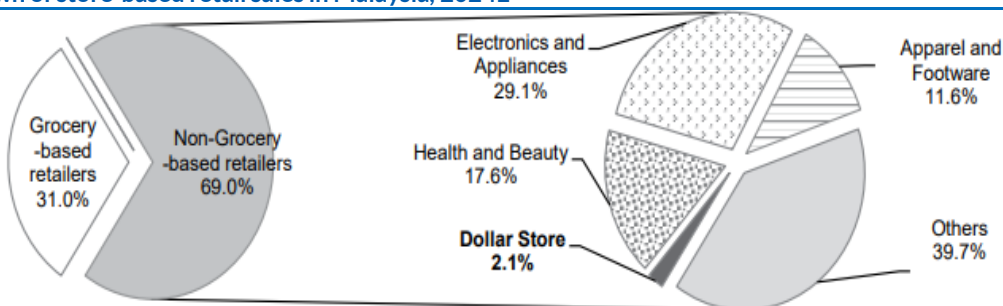
Figure 35: Store-based retail sales value in Malaysia, 2016-2028F



Source: Frost & Sullivan

In 2024E, non-grocery-based retailers accounted for a majority share of approximately 69.0% of the total store-based retail sales in Malaysia. Within non-grocery-based retailers, the dollar store emerged as a rapidly expanding industry, capturing a market share of 2.1% in 2024E, compared to 0.8% in 2016. The dollar store industry in Malaysia is poised for significant growth due to its ability to cater to the needs of consumers seeking affordable and value-for-money products, and gain share over other non-grocery-based retailers, for the sales of products such as home and living items, kitchenware, stationery, health and beauty, household cleaning chemicals, and softline accessories, among others.

Figure 36: Breakdown of store-based retail sales in Malaysia, 2024E



Note: Total may not add up to 100% due to rounding

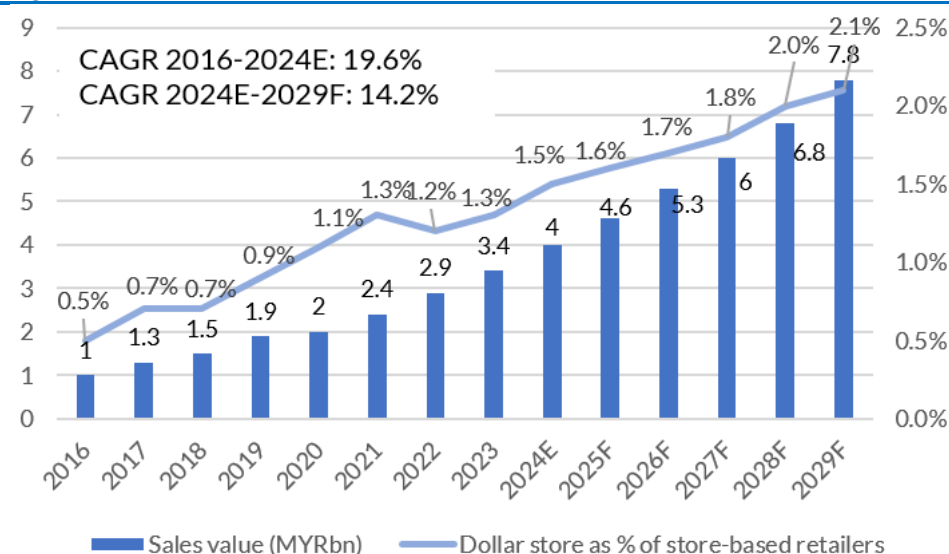
Source: Frost & Sullivan

The dollar store retail segment in Malaysia has experienced significant sales growth, increasing from around MYR1.0bn in 2016 to MYR4.0bn in 2024E, with a CAGR of 19.6%.

Despite challenges posed by the COVID-19 pandemic, the industry achieved a growth rate of 4.6% in 2020 compared to the previous year. This growth was driven by the affordability and wide range of products offered by dollar stores, appealing to cost-conscious consumers during the pandemic. The convenience and accessibility of dollar stores further contributed to the industry's resilience and ability to adapt to changing market dynamics. With Malaysia's population growing, dollar stores are well positioned to meet the needs of consumers seeking affordable shopping options and convenience.

The growth of the dollar store industry is also supported by expansion initiatives from leading players such as ECOSHOP, which increased its store count from 212 in 2021 to 331 in 2024. This aligns with trends in other retail segments in Malaysia, where leading players drive growth through store expansion and the modernisation of retail channels.

Figure 37: Market size of the dollar store retail sector in Malaysia, 2016-2028F



Source: Frost & Sullivan

The market size of the dollar store retail segment in Malaysia in 2024E, both in terms of value per capita and stores per million people, is considered underpenetrated compared with that in more mature markets such as Japan, Canada, and the US. This is due to the late introduction of such retail format in the country. Accordingly, this indicates that the Malaysian market presents the opportunity to grow further towards levels seen in other countries.

Figure 38: Dollar store retail sector in Malaysia compared with that in other selected countries, 2023

	Malaysia	Japan	Canada	US
Sales value (USD) per capita	26.1	79.8	196.1	375.2
Number of stores per million people	23	87	127	119
Population (thousand) per store	43.7	11.5	7.8	8.4
Penetration rates of dollar stores within store-based retail (percentage of sales value)	1.5%	1.5%	1.9%	3.4%

Source: Frost & Sullivan

Competitive landscape

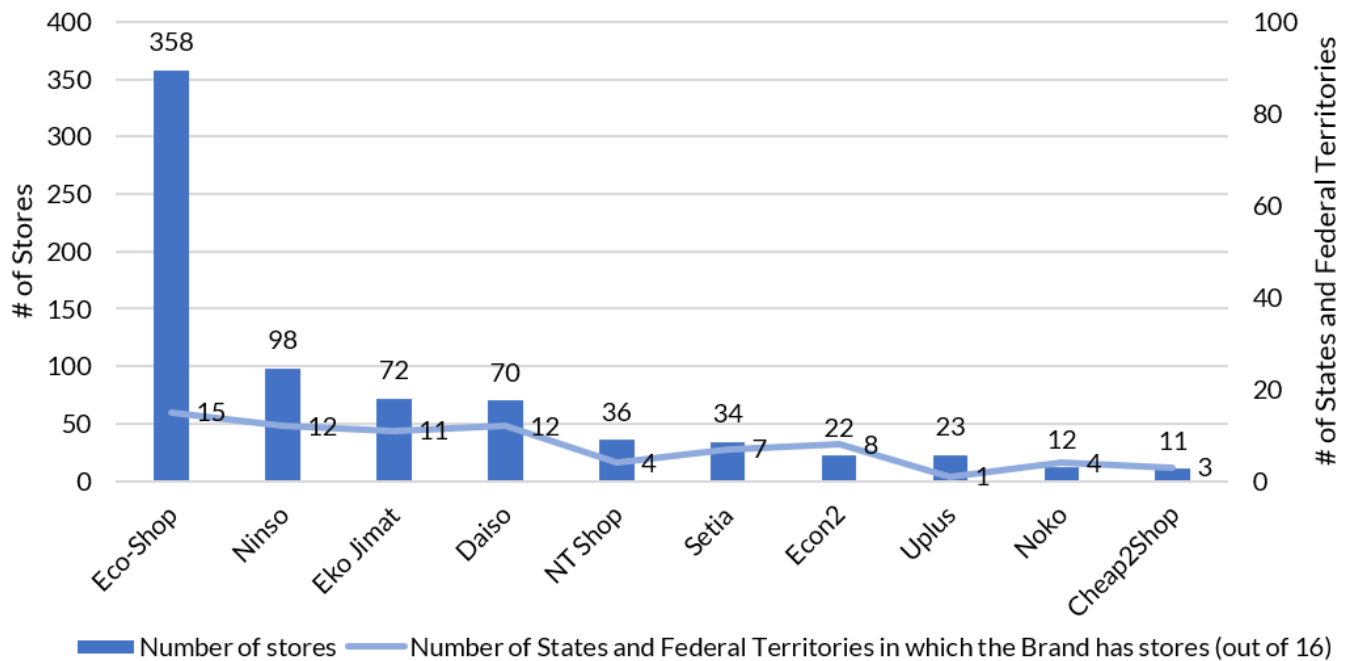
The dollar store retail segment in Malaysia consists of a few established chain players with more than 10 stores. These key players are predominantly concentrated on the West Coast of West Malaysia, while the East Coast of West Malaysia and East Malaysia remain more underpenetrated. The industry also includes several smaller players localised in different states where their headquarters are located. Most industry players originate from Malaysia, although some are international brands with global operations.

ECOSHOP stands out as the largest dollar store player in Malaysia, with 358 stores nationwide as at 31 Mar 2025, the most extensive nationwide presence in the country. From 2020 to 2024, the group maintained the largest store count and exhibited a growth rate outpacing its competitors in terms of store increment.

A NielsenIQ study identified Eco-Shop as the top-of-mind dollar store and the preferred choice for most survey respondents compared to selected dollar stores visited in the past three months. Respondents rated Eco-Shop highest for "products are value for money" and "convenient to visit." Among respondents who visited Eco-Shop in the past three months, 70.2% associated the brand with affordable prices, 37.7% with value for money, 19.3% with product variety, and 16.6% with good quality products.

Additionally, Eco-Shop benefits from unplanned purchases, with 68.3% of respondents reporting more than six unplanned items in their baskets during their last visit, higher than the average for selected dollar stores.

Figure 39: Selected key players in the dollar store retail sector in Malaysia (as at 31 Mar 2025)



Note: Data for each company is provided on a best-effort basis based on publicly available information. The list of selected key players may not be exhaustive and the information is provided for reference only.

Note 2: The brands listed are dollar store retailers that have at least ten stores in Malaysia as at 31 Mar 2025. The brands are sorted based on the total number of stores. Eko Jimat was previously known as Zon Jimat. Mr.Dollar is not included as a key player in this table because, as at the end of 2Q23, it has completed its business model transition from a fixed MYR2 & MYR5 price format, into a multiple price points format up to RM20;

Note 3: Refers to the 13 States and 3 Federal Territories in Malaysia;

Note 4: Store count is as at 31 Mar 2025.

Source: Respective company websites; Frost & Sullivan

Figure 40: Growth of store count of selected key players in Malaysia (2020-2023)

Player	Eco-Shop	Eko Jimat	Ninso	Daiso	NT Shop	Setia	Econ2	Uplus	Noko	Cheap2Shop
Store count in 2021	212	47	79	68	46	14	10	16	10	14
Store count in 2024	331	95	92	69	37	32	22	22	12	11
Store increment (2021-2024)	+119	+48	+13	+1	-9	+18	+12	+6	+2	-3
CAGR (2021-2024)	16.0%	26.4%	5.2%	0.5%	-6.8%	31.7%	30.1%	11.2%	6.3%	-7.7%

Note: Data for each company as at end of each year is provided on a best-effort basis based on publicly available information. The list of selected key players may not be exhaustive and the information is provided for reference only. Data may include non-operational stores which are not publicly announced.

Note 2: Eko Jimat's store count is based on the announcement of stores opened up to the end of each calendar year

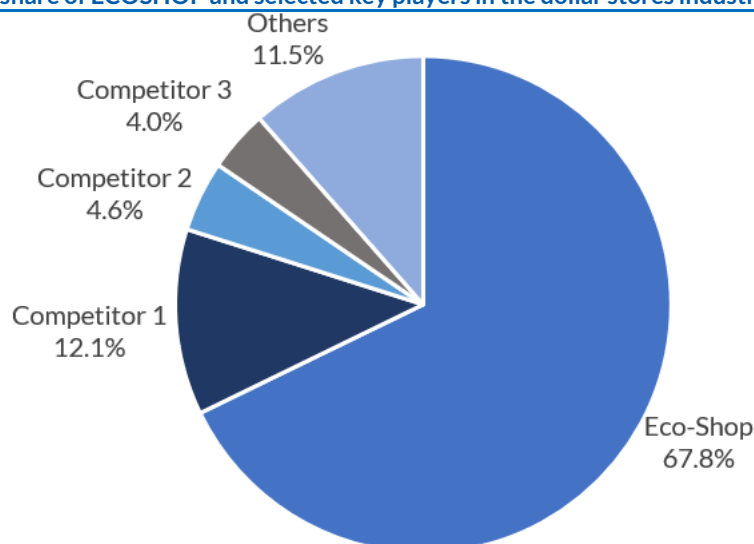
Source: Respective company websites; Frost & Sullivan

The large store count and vast geographical coverage by ECOSHOP make it challenging for other players to compete. The extensive reach and presence of Eco-Shop allows it to cater to a larger customer base and offer convenience through a widespread store network compared with other players. Furthermore, the group's extensive geographical coverage and established relationships with suppliers allow it to negotiate better deals, and retain low unit prices operating at scale. These can further solidify its competitive position and make it challenging for others to compete on pricing and product variety.

Market share

The market size of the dollar store retail segment in Malaysia in 2023, both in terms of value per capita and stores per million people, is considered underpenetrated compared with that in more mature markets such as Japan, Canada, and the US. This is due to the late introduction of such retail format in the country. Accordingly, this indicates that the Malaysian market presents the opportunity to grow further towards levels seen in other countries.

Figure 41: Estimated market share of ECOSHOP and selected key players in the dollar stores industry in Malaysia (2023)



Note: Market share estimates based on the latest available financial data reported by selected players as at 31 Mar 2025;

Note 2: The category labelled as "Others" include dollar store players with a market share that is estimated to be less than 4.0% in 2024E, and other players for which financial information is not available or cannot be estimated;

Note 3: The revenue reported may include revenue derived from other non-dollar-store retail activities;

Note 4: The revenue is estimated for the financial year Jan-Dec 2024 for key players that have a different financial reporting period.

Source: Frost & Sullivan

Drivers of demand

Homogeneous goods with fixed-pricing draw in new customers from higher-priced retailers. Dollar stores attract cost-conscious consumers by offering a wide range of essential items similar in quality and function to those in higher-priced retailers at significantly lower prices. According to a NielsenIQ study, the most important attribute when choosing a dollar store is that "products are value for money," followed by "convenient to visit" and "attractive promotions."

Variety of branded and unbranded product options. Dollar stores provide a "treasure-hunting" experience by offering a large variety of products, including branded (including house brand) and unbranded options. A NielsenIQ study found that 66.7% of respondents purchased more than six unplanned items during their last visit to a dollar store. Demand for house brand products is growing as they provide an attractive alternative to brand name goods, appealing to both budget-conscious and upper-income shoppers.

Government initiatives to support low- to middle-income Malaysian households. Programmes such as e-Madani, Inisiatif Pendapatan Rakyat, and Sumbangan Tunai Rahmah provide direct financial assistance to eligible households, enabling them to afford additional household expenditure, which can support dollar stores.

The expansion in grocery assortments attracts customers to dollar stores. Offering a diverse range of essential groceries can attract customer purchases from supermarkets and other retailers, satisfying weekly shopping and top-up needs. According to NielsenIQ, the expansion in grocery assortments increases basket sizes by meeting more shopping needs.

Key success factors

Economies of scale. Large retail chains leverage on their size to negotiate better prices with suppliers or manufacturers, achieve cost savings through bulk purchases, and spread fixed costs over larger sales volumes. Established dollar store companies often have a vast store network, which helps them reach a wider customer base, spread risk, and reduce dependence on specific locations. This network allows them to respond effectively to changes in consumer demand and local market trends by adjusting their store network and product offerings. Additionally, a strong store presence builds brand recognition and customer loyalty, as customers tend to trust brands with a significant presence locally and nationally.

Strong distribution network. A robust distribution network enables dollar stores to achieve operational efficiencies and serve customers effectively. New entrants find it challenging to replicate this efficiency, as established players have already invested significant resources into optimising infrastructure, such as distribution centres and vehicles, ensuring easier and faster stock replenishment.

Investment in technologies. Established dollar stores adopt digital tools and solutions to improve business operations. This includes enhancing the in-store experience, streamlining supply chain management, and optimising inventory levels, acting as an entry barrier for potential competitors.

Product novelty and attention to the in-store experience. Dollar store players periodically introduce new products or packaging formats and rejuvenate store layouts to create a “treasure-hunting” experience for consumers. These initiatives align with the shift from traditional to modern retail channels, maintaining consumer interest and encouraging frequent visits with a fun and affordable shopping experience.

Direct sourcing from suppliers and manufacturers. By directly purchasing from suppliers or manufacturers, dollar stores eliminate middleman markups, keeping prices low and competitive. Direct sourcing provides greater flexibility in product selection, customisation, and quality control. Established dollar stores benefit from long-term supplier relationships, which give them a competitive edge over new entrants that may face challenges establishing similar connections.

Setting up stores in shopping malls. High rental costs, tenant mix requirements, and additional operational expenses make setting up a dollar store in a mall financially challenging for new or small businesses. These barriers limit access to the benefits of increased foot traffic and visibility offered in a mall environment.

Key Risks

Brand and reputation risk. The success of ECOSHOP's business is dependent on the "Eco-Shop" and "Eco-Plus" brands and its reputation. Any adverse impact on the perception or value of these brands or its reputation may materially and adversely affect its business, financial condition, results of operations, and prospects.

Product quality and compliance issues. Any material issue with the quality of ECOSHOP's products or non-compliance with regulatory requirements could adversely affect its business, financial condition, and results of operations. The group is subject to product registration, certification, and regulatory requirements for some products sold at its stores, and is also subject to regulatory inspections by relevant authorities.

Property compliance and use issues. ECOSHOP's properties, including tenanted properties, and its use of these properties, are subject to various land use, licensing, and compliance certification requirements. Any breach of, or use of properties in breach of, relevant laws and regulations may result in its inability to use these properties. This may require the group to shut down or relocate stores, distribution centres, or hostels for its workers, with potential fines or other penalties imposed.

Tenancy agreement termination risk. The termination or non-renewal of tenancy agreements for the Klang Distribution Centre and stores may have an adverse impact on ECOSHOP's business operations, financial condition, and results of operations.

Business growth execution. ECOSHOP's growth strategy focuses on expanding within Malaysia, increasing from 227 stores as of 31 May 2022 to 323 stores by 30 Nov 2024, making it the largest dollar-store chain in Malaysia as of 31 Dec 2024. Its sales depend on the economy and consumer spending, which can be impacted by uncontrollable factors like pandemics. The group also plans to expand into Vietnam but expects limited sales. Its growth requires resources like funding, merchandise, employee recruitment, and store locations. New stores may not be immediately profitable, and market saturation and landlord relationships may impact profitability.

Pricing strategy risk. As a result of increases in costs and expenses, ECOSHOP marked up the selling price of products at its stores. For example, in Dec 2021, it raised prices from MYR2.10 to MYR2.20 in West Malaysia and from MYR2.30 to MYR2.40 in East Malaysia and Langkawi; in Jun 2022, it upped prices from MYR2.20 to MYR2.40 in West Malaysia and from MYR2.40 to MYR2.60 in East Malaysia and Langkawi. Effective 14 Apr 2025, it increased its prices to MYR2.60 and MYR2.80, respectively. In FY22, the group launched Eco-Plus stores, which offer products at fixed prices. It revised the Eco-Plus pricing strategy, offering products at different price tiers. However, there is no assurance that cost increases will be offset by sourcing competitive products, operational efficiency, or higher sales, and it may not attract new customers or retain current ones at higher price points.

FX fluctuation. A substantial number of ECOSHOP's end-suppliers are located outside Malaysia, and it makes payments for imports primarily in CNY. The group is exposed to FX rate fluctuations, particularly in relation to MYR against CNY, as 44.0%, 35.0%, and 34.7% of its purchases for FY22-24, respectively, were denominated in CNY. It is also exposed to FX rate fluctuations between MYR and USD. Changes in FX rates may significantly affect product prices, and it may not immediately pass cost increases to customers. Although ECOSHOP entered into hedging transactions in Aug 2024, the effectiveness of these hedges may be limited. Significant fluctuations may adversely affect its financial condition and results of operations.

Board Of Directors

Dato' Chan Wah Kiang, Independent Non-Executive Chairman. Dato' Chan, a Malaysian aged 65, holds a Bachelor of Science from Campbell University and a Professional Technologists Certificate from the Malaysia Board of Technologists. Dato' Chan started his career in 1984 with a paint manufacturer and later ventured into roofing and glass businesses. He co-founded Ajiya Berhad in 1990 and served as its Managing Director from 1996 to 2022, before becoming the CEO in May 2022. He resigned from Ajiya in Dec 2023. Dato' Chan is also active in charitable work and serves as President of the Malaysian Social Entrepreneurs Foundation.

Dato' Sri Lee Kar Whatt, Promoter, Substantial Shareholder and Managing Director. Dato' Seri Lee co-founded the group in May 2006 with Pang Kueh Khim, after starting his career in the construction and renovation industry in 1988. In 1994, he founded Hau Sen Enterprise, before venturing into retail in 2002. In 2003, he co-founded Eco-Shop Marketing, opening the first RM2 store in Gemas, Negeri Sembilan. Under his leadership, Eco-Shop has expanded to 358 stores as of 31 Mar 2025. Dato' Seri Lee has 22 years of retail experience and is responsible for business direction, strategic planning, and key supplier relationships. Additionally, he actively participates in charitable initiatives and serves as President of the Malaysian Social Entrepreneurs Foundation. He is also a director of various private companies.

Ng Kim Teng, Executive Director/Chief Executive Officer. Ng joined the group as Chief Operating Officer in May 2023 and was promoted to CEO in Oct 2023, overseeing overall management and business operations. She was appointed to the Board on 7 Jan 2025 and has approximately 28 years of experience in the retail industry. She holds a Bachelor of Business Administration from Western Michigan University. She began her career at Mail Order Gallery (1995-1999) and later held key roles at Anakku Baby Products (2001-2004) and Watsons (2004-2019), where she advanced to Chief Customer Officer. She then joined Guardian Malaysia (2019), later moving to Guardian Thailand as Managing Director (2020-2023). She left in May 2023 to join ECOSHOP.

Lum Ying Ling, Non-Independent Non-Executive Director. Lum graduated with First Class Honours in Applied Accounting from Oxford Brookes University in Mar 2011 and is a Fellow of the ACCA since Feb 2022. Lum started her career with The Boston Consulting Group (BCG) in 2012, later transferring to BCG's Sydney office in Dec 2015 for a secondment to Cape York Partnership. She returned to BCG in 2017, rising to Project Leader in the retail and consumer industry. In Mar 2019, she joined iflix as Director of Content Strategy and Analytics before joining Creador in Aug 2020, where she is now Director. She specialises in post-deal management of retail portfolio companies.

Chen Thai Foong, Independent Non-Executive Director. Chen became an Associate of the Chartered Institute of Management Accountants (CIMA) in Feb 1994 and a Fellow of CIMA since Nov 2008. She holds a Master of Business Administration from the University of Dubuque, US. Chen started her career at NEC Corporation of Malaysia in 1988, progressing to Finance and Administration Manager. She held senior finance positions at Amoco Chemical Malaysia, Leo Burnett Advertising, Malaysia Oxygen, DHL Express, Lafarge Malaysia, Taylor's Education Group, and CTOS Holdings. She retired in Jan 2023 after over 36 years of experience in finance and treasury.

Dato' Sri Azmi bin Abu Kassim, Independent Non-Executive Director. Dato' Sri Azmi graduated with a Diploma in Accountancy and an Advanced Diploma in Accountancy from Universiti Teknologi MARA in 1986 and 1995, respectively, and obtained his Master of Business Administration from Universiti Teknologi MARA in 2004. Dato' Sri Azmi has c.37 years of experience in the Royal Malaysia Police (PDRM). He held various leadership positions, including Deputy Chief of Police of Seremban, Chief of Police of Petaling Jaya, and Deputy Chief of Police of Kelantan. He served as the Chief of Police of Kuala Lumpur from Apr 2021 to Mar 2023. He is currently the Director of Bukit Aman Management Department and Deputy Chairman of Koperasi Polis Diraja Malaysia Berhad.

Chin Hein Choong, Independent Non-Executive Director. Chin holds a Bachelor of Law from the University of Leicester (1992) and was called to the Bar of England and Wales in 1995. He has been an advocate and solicitor of the High Court of Malaya and a member of the Malaysian Bar since 1996. He began his legal career at Maxwell, Kenion, Cowdy & Jones (1996-2001) before co-founding Chin & Cheah in 2002. In 2003, the firm merged to form K.H. Wong, Chin & Cheah, where he is currently a partner. His practice covers civil litigation, corporate

matters, industrial relations, and construction arbitration, with approximately 28 years of legal experience.

Key Senior Management Team

Dato' Seri Lee Kar Whatt, Promoter, Substantial Shareholder and Managing Director. (please refer to the previous page for his profile).

Ng Kim Teng, Executive Director/Chief Executive Officer. (please refer to the previous page for his profile).

Chong Yew Kai, Chief Financial Officer. Chong joined Eco-Shop in Apr 2022 and is responsible for overseeing the finance operations, administration, and legal matters. He has approximately 27 years of experience in the retail and FMCG industry, with expertise in accounting, finance, business development, and strategic planning. Chong graduated with a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Malaysia, in Jun 1997. He became a member of the Associate Chartered Management Accountant of CIMA in Oct 2003. Chong began his career as an Account Assistant at Magnificent Diagram (now AEON BiG) in Oct 1997, where he was responsible for general accounting. He left as Assistant Head of Centralised Reporting and Consolidation in Dec 2001, managing financial planning and analysis. He joined Tesco Stores (Malaysia) in Jan 2002 as Finance Manager, later becoming Site Research Country Director. In Mar 2012, he became Director of Finance Operations. He left in Apr 2016, taking a career break until Sep 2016. From Oct 2016 to Jun 2019, he was CFO at Al-Ikhsan Sports. Chong joined Munchy Food Industries as CFO in Jun 2019, leaving in Apr 2022 to join ECOSHOP.

Ng Siew Yen, Chief Human Resource Officer. Ng joined ECOSHOP in May 2022 as Human Resource Director and was promoted to Chief Human Resource Officer in May 2023, overseeing all human resource matters. She has approximately 23 years of experience in human resources. Ng obtained a Diploma in Commerce (Business Management) from Tunku Abdul Rahman College, Malaysia in May 1994. In Feb 1996, she was admitted to the Graduateship of the Institute of Chartered Secretaries and Administrators and obtained a Master of Business Administration (Management) from Atlantic International University in Feb 2003. She began her career as an Administration Executive at Pilecon Geotechnics in Jul 1995, handling employee claims and office administration. Ng later joined Mieco Marketing as Marketing Executive, then Sistem Hospital Awasan Taraf, where she progressed to Administration and Personnel Manager. She worked at UPS SCS (Malaysia) Services as Manager in 2003-2004, and later at OSIM (M) and Cellnique Cosmaceutical in various human resource roles. After a brief career break, she worked at Tropicana Golf & Country Resort, EIG Management Services, Glow International Malaysia, and served as Senior Advisor before joining ECOSHOP in May 2022.

ESG Efforts

Environment

Energy efficiency. ECOSHOP monitors its energy consumption and implements energy-saving measures through various efficiency initiatives. One such initiative is the use of energy-efficient LEDs throughout its operations. The Jementah Distribution Centre features a passive design with a transparent roof, significantly reducing the reliance on artificial lighting during daylight hours, contributing to the group's energy conservation efforts.

Emissions management. In line with Malaysia's Nationally Determined Contribution and the global goal of net zero emissions by 2050, ECOSHOP is optimising fuel consumption and improving vehicle efficiency. Its route planning reduces fuel wastage, yielding cost savings and better environmental performance. In FY24, the group added five new vehicles equipped with AdBlue additive engines to reduce nitrogen oxide emissions and support environmentally friendly logistics.

Waste management. In a conscious effort to promote environmental friendliness, ECOSHOP no longer provides plastic bags to customers, aiming to reduce plastic waste and encourage sustainable practices. The group adheres to local regulations, aiming to reduce its environmental footprint and improve the efficiency of its distribution centres' operations. As of 31 Oct 2024, it has not been fined for any breach or non-compliance of applicable environmental laws.

Social

Diversity and inclusion. ECOSHOP embraces diversity and fosters an inclusive work environment, ensuring equal opportunities for personal growth. As at 31 Mar 2025, it has 7,592 local and 1,233 foreign employees. The group follows its Human Rights & Foreign Worker Management Policy, adhering to national laws and providing safe, clean accommodations with necessary amenities.

Discrimination and harassment. ECOSHOP is dedicated to maintaining a workplace free from discrimination, harassment, or offensive behaviour. Its zero-tolerance policy ensures such behaviour has no place within the group. It believes every individual should be treated equally and with the utmost respect, regardless of race, colour, religion, age, gender, sexual orientation, disability, or citizenship status.

Training and education. ECOSHOP recognises the value of continuous learning and is expanding its training initiatives to enhance the knowledge and skills of its employees. It offers a range of internal and external development opportunities, all designed to support the professional development of its people.

Occupational safety and health. ECOSHOP's Health and Safety Policy, effective from 21 Feb 2022, aims to provide a safe and healthy workplace. A dedicated officer oversees health and safety, with tailored procedures for different roles. The group's health, safety, and environment (HSE) department uses work-related checklists and has an Occupational Safety and Health Administration committee, which holds quarterly meetings to review and improve safety policies.

Community investment. ECOSHOP believes that investing in the community enhances its reputation, employee morale, and customer loyalty. It has undertaken several corporate social responsibility activities, including: i) Distributing F&N bottled water to schools and a police station in Segamat, Johor; ii) distributing food to orphans and low-income families; and iii) collaborating with MY Clean Beach for beach cleaning at Pantai Batu Laut, Tanjong Sepat, Selangor.

Product quality and safety. ECOSHOP recognises that product quality and environmental responsibility go hand in hand. Before distributing products to its stores, it conducts a quality check on received items. Damaged products are reported to end-suppliers, and additional checks are conducted during the outbound process, including reviewing CCTV records if damage occurs in distribution centres.

Service excellence and social impact. ECOSHOP aims to deliver services with professionalism and care, making a positive social impact by supporting local communities, providing scholarships, and sponsoring undergraduates. It aligns with its ESG objectives by offering excellent customer service, addressing customer comments, implementing efficient checkout processes, designing customer-friendly layouts, and launching a loyalty programme.

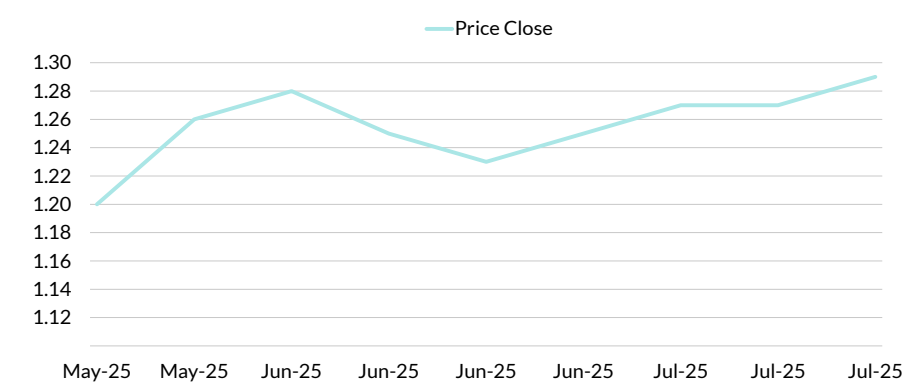
Governance

Corporate governance. ECOSHOP seeks to uphold high standards of corporate governance, with policies including anti-bribery and anti-corruption, privacy and personal data protection, code of conduct and business ethics, and whistleblowing. It has implemented all relevant recommendations of the Malaysian Code of Corporate Governance (MCCG) to ensure transparency, accountability, and ethical behaviour.

Supply chain management. ECOSHOP has integrated the Infolog Warehouse Management System (WMS) and enterprise resource planning (ERP) systems into its distribution operations to improve efficiency and accuracy. These systems track inventory, reduce excess stock, and minimise environmental impact. As at FY24, 63.5% of purchases were sourced locally. The group is developing processes to monitor social risks in its supply chain.

Personal data protection. ECOSHOP complies with the Personal Data Protection Act 2010 and implements comprehensive IT security measures to protect sensitive information. Its privacy policy empowers customers with control over their data, reinforcing its commitment to data security, confidentiality, and fostering customer trust.

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-07-24			

Source: RHB, Bloomberg

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Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
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