

MR D.I.Y. Group (M) Berhad Recognized as the

2021

Company of the Year

Malaysia Home Improvement Retail Industry

Excellence in Best Practices

MR D.I.Y.[®]

Always Low Prices

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. MR D.I.Y. Group Berhad (MR.DIY) excels in many of the criteria in the Home Improvement Retail space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Leadership Focus

With 822 stores across Malaysia at the end of H1 of 2021, MR.DIY remains the unchallenged leader in the Malaysian home improvement retail industry. In spite of having a large number of stores spread across several locations, all its stores are managed through in-house operations. The large scale of the operations allows MR.DIY to offer a wide range of home improvement products at a low price to consumers due to economies of scale, creating stiff barriers to entry for competitors.

Addressing Unmet Needs

The COVID-19 pandemic forced the implementation of lockdown measures in Malaysia and the rest of the globe in 2020 and 2021. Since people were spending a greater amount of time in their homes, they required more household items than usual and more frequently than before. At the same time, the negative economic impact of the lockdown measures put significant financial pressures on most families. The home improvement retail industry was also hit badly. Many industry players suffered, and some were pushed out of business, leaving selected areas of the country underserved. This was, however, not the case for MR.DIY. Starting from a high base of just under 600 stores at the end of 2019, MR.DIY grew to 822 stores across Malaysia by H1 of 2021. With its continuous store expansion and wider geographical reach, MR.DIY provides a larger number of Malaysian households nationwide with much-needed home improvement products at affordable prices at a time when people need them the most.

Price/Performance Value and Customer Purchase Experience

“MR.DIY’s stores continue to be top-of-mind for Malaysian households looking for affordable home improvement products. With its continuous store expansion and wider geographical reach, MR.DIY provides a larger number of Malaysian households nationwide with much-needed home improvement products at affordable prices at a time when people need them the most.”

- Narciso Podda, Associate Director

MR.DIY has the widest array of product categories among home improvement retailers in the country, including but not limited to household and furnishing products, hardware products, electrical products, stationery, and sports equipment. Unlike competitors who tend to focus only on one or two key product categories/brands, MR.DIY’s stores offer a large variety of stock-keeping units (SKUs), MR.DIY branded products, products of other global and local brands (such as Philips, Faber Castell, and Energizer), as well as non-branded products, giving

customers access to the most comprehensive offerings in one location. The availability of a large variety of more expensive branded products as well as more affordable non-branded products in the same place also provides customers with a broader price-to-quality value proposition and more options. MR.DIY also reviews its offerings regularly to respond to changing requirements and ensure its customers get the best one-stop shopping experience whenever they visit its stores.

In 2021, the company launched the MR.DIY Express stores, mainly to cater to smaller and more rural towns. By the end of H1 2021, MR.DIY had opened 5 Mr.DIY Express units, either as standalone stores or within petrol stations. These stores are conceptually the same as a typical MR.DIY store, providing a broad range of products at affordable prices, but with the product offerings curated based on the needs and preferences of local consumers. MR.DIY Express stores are also smaller in size, with the same product categories, slightly lower inventory levels, but higher inventory turnovers. This store format allows MR.DIY to serve catchment areas and reach smaller and rural towns in Malaysia where the population may not justify a full-scale store.

Brand Equity

With its growing nationwide presence, MR.DIY’s stores continue to be top-of-mind for Malaysian households looking for affordable home improvement products. The company also offers periodic discounts on home brands and bestselling items and stays true to its tagline, “Always Low Prices”, as certified by Frost & Sullivan’s analysis of the prices of the different products offered by home improvement retailers. Products from the same brands as well as similar products (in terms of size, material, functionality, number of items in the package, other visual criteria, etc.) of different brands were generally sold at a lower price at MR.DIY stores than in the stores of its competitors in Malaysia.

MR.DIY has continued to build its brand in Malaysia throughout the COVID-19 pandemic, taking many corporate social responsibility (CSR) initiatives either of its own accord or in support of state-sponsored projects, like the Kuala Selangor Relief Program. It sponsored and provided personal protective equipment (PPEs), consumables, and oxygen tanks to support the national immunization program and distributed care packages, including food and other essentials, to nearly 500 low-income Malaysian households.

Financial Performance

MR.DIY's revenue performance continues to be resilient despite the challenging economic environment. In H1 of 2021, MR.DIY's revenue growth continued to be primarily driven both by higher average monthly sales per store and positive contributions from new stores, as the physical stores were slowly allowed to re-open after the lockdown measures. The positive revenue performance was also supported by growing gross profit, earnings before interest, taxes, depreciation, and amortization (EBITDA), and net profit margins, despite challenges brought about by the pandemic.

Conclusion

In a highly fragmented market, MR.DIY continues to retain its position as the unchallenged market leader. As of 2021, it is the only sizeable chain player in Malaysia with a nationwide presence and with a growing number of retail stores, all of which are managed through in-house operations. The company's positive financial performance, even at the height of the COVID-19 pandemic, proves its resilience to withstand negative external economic impacts, thanks to the value proposition it offers consumers, its scale, and internal operational efficiencies. Furthermore, the discounts offered on home brands and bestselling items highlight the company's continuous efforts to remain relevant, supportive of the needs of Malaysians, and loyal to its tagline, "Always Low Prices", even in difficult times.

With its strong overall performance, MR.DIY earns Frost & Sullivan's 2021 Malaysia Company of the Year Award for the home improvement retail industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

