

Synergy House Berhad (0279)

Waiting for Demand to Turn

Bloomberg Ticker: SYNERGY MK | Investment Horizon: 12 Months

Recommendation

We maintain our SELL rating with target price of RM0.11, based on unchanged FY27F PE of 9x, in line with its 5-year historical average, reflecting overall weak sentiment weighing on the furniture industry outlook.

Outlook

Demand remains soft across both B2B and B2C. We see Synergy's near-term demand outlook as cautious, with both B2B and B2C remaining soft. B2B softness reflects broader global demand uncertainty and economic conditions. B2C softness stems from weaker consumer sentiment, lower marketplace traffic and advertising visibility, and inventory constraints on selected SKUs. Part of the B2C softness is also due to the hot-selling items being sold out during the quarter, not a pure demand issue, with the UK still the key contributor to the segment. We expect both segments to stay weak near-term, due to (i) the slow pace of B2C recovery, (ii) inventory replenishment timing, and (iii) subdued global trade and consumer conditions. We see limited catalysts for a broader recovery until these factors stabilise more meaningfully.

Improved US tariff position. The group's tariff position has improved following the IEEPA refund and the shift to the Section 301 tariff, with Malaysia assessed a 10% rate versus up to 12.5% for competing economies such as Vietnam and China. We view this as a meaningful competitive edge for the group's US-facing sales, supporting an expected build in US shipment volumes into 3Q, with bigger volumes to follow in 4QFY26 and 1QFY27. Still, we remain cautious given the volatile nature of US trade policy, and would not discount the possibility that a future shift could narrow this advantage. Meanwhile, storage cost pressure has eased on ongoing inventory clearance, and we expect this to continue trending lower in the coming quarters, provided stock turnover continues to improve.

Premium SKU shift gaining traction. The group's shift toward premium SKU positioning is gaining traction, with premium-tier products growing faster than the broader portfolio, aided by selling price increases being phased in gradually across e-commerce platforms since August for selected SKUs. We expect this to provide only a modest, incremental lift to 2HFY26 earnings, not a meaningful margin driver, as premium products still represent a small share of B2C revenue and the pricing impact remains hard to quantify. The bulk of the benefit is likely still several quarters out.

Forecast

We keep FY26F-FY28F earnings forecast unchanged.

Investment Risk to our Call

(i) Cyclical consumer demand conditions, (ii) B2C e-commerce volatility, and (iii) intense competition.

SELL ↔

Target Price: RM0.11 (-38%) ↔

Current Share Price: RM0.18

ACE Market
Consumer Products & Services

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Company Overview

Synergy House Berhad sells affordable, designer-inspired RTA furniture through cross-border e-commerce channels.

Stock Information

Market Cap (RM'mn)	90.0
Issued Shares (mn)	500.0
52W High (RM)	0.44
52W Low (RM)	0.18
Estimated Free Float (%)	16.2
Beta vs FBM KLCI	1.7
3-month Average Vol. (mn)	0.1
Shariah Compliant	Yes

Consensus	FY25A	FY26F	FY27F
EPS (sen)	0.9	0.1	0.6
TP (RM)	High	Mean	Low
	0.18	0.15	0.11
Ratings	Buy	Hold	Sell
	0	1	1

Category	Score	Materiality	Weighted Score
Environmental	29	45%	2.8
Social	28	25%	1.4
Governance	28	30%	1.7
Total	85	100%	5.9

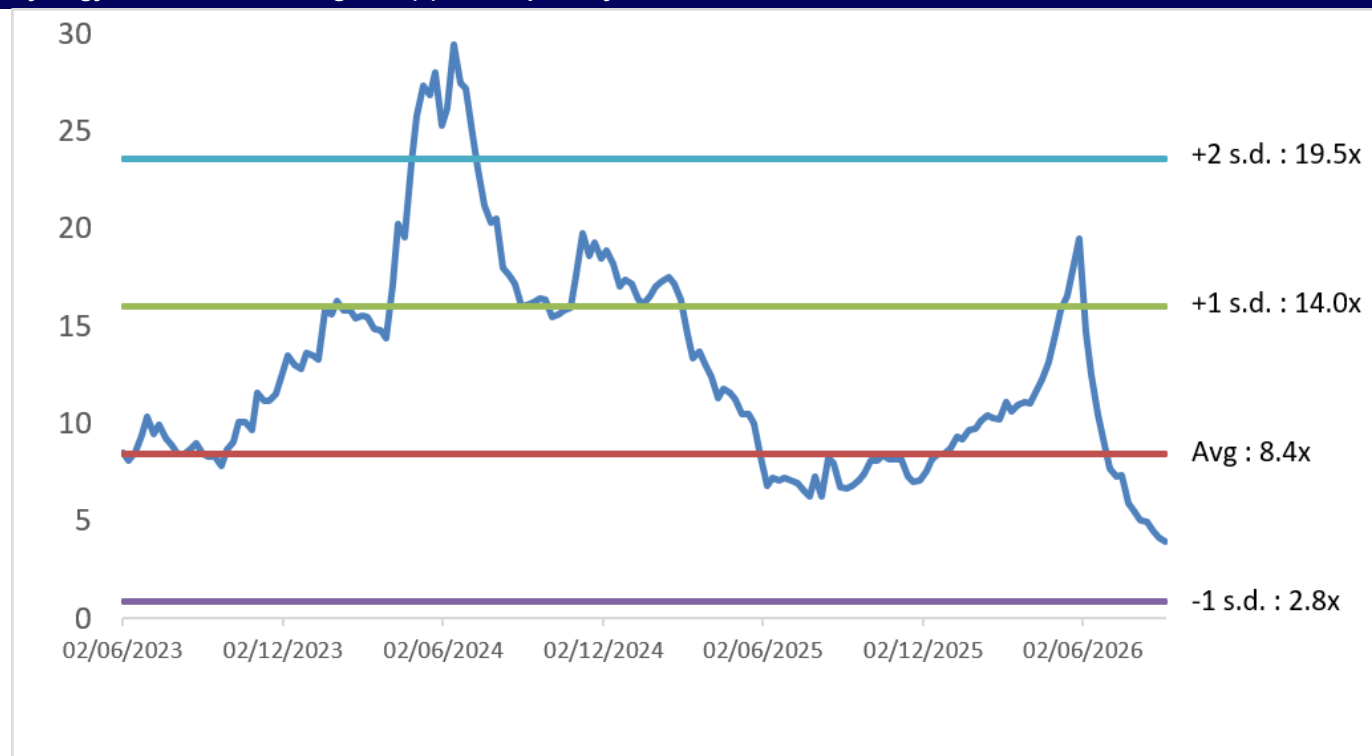
Key Assumption

Revenue Growth	Actual		Unchanged		
	FY24	FY25	FY26F	FY27F	FY28F
B2B	34%	-38%	-90%	129%	28%
B2C	59%	-3%	-25%	52%	10%

Key Financial Metrics

FYE 30 Dec	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	392.4	311.0	153.9	243.2	272.4
EBITDA (RM'mn)	36.3	12.4	(8.2)	13.9	18.3
Pretax profit/(loss) (RM'mn)	29.8	6.0	(13.8)	8.3	12.5
Net profit/(loss) (RM'mn)	27.8	4.3	(10.5)	6.3	9.5
EPS (sen)	5.6	0.9	(2.1)	1.3	1.9
PER (x)	3.6	23.2	(9.6)	15.9	10.6
Core net profit/(loss) (RM'mn)	27.8	4.3	(17.1)	6.3	9.5
Core EPS (sen)	5.6	0.9	(3.4)	1.3	1.9
Core EPS growth (%)	(4.3)	(84.5)	(495.3)	(136.8)	50.8
Core PER (x)	3.6	23.2	(5.9)	15.9	10.6
Net DPS (sen)	1.6	0.0	0.0	0.4	0.5
Dividend Yield (%)	8.2	0.0	0.0	1.8	2.7
ROE (%)	21.8	3.3	(14.0)	5.0	7.1
P/BV (x)	0.8	0.8	0.8	0.8	0.8

Synergy House Bhd's Rolling PER (x) for the past 5 years



Source: Bloomberg estimates, Tradeview Research (As of 8th September 2026)

Financial Exhibits

Income Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	392.4	311.0	153.9	243.2	272.4
Operating expenses	(356.1)	(298.5)	(162.0)	(229.4)	(254.2)
EBITDA	36.3	12.4	(8.2)	13.9	18.3
Depreciation	(2.7)	(3.0)	(3.2)	(3.2)	(3.4)
EBIT	33.6	9.4	(11.4)	10.7	14.9
Net int income/(expense)	(3.9)	(3.4)	(2.4)	(2.4)	(2.4)
Exceptional gains / (losses)	0.0	0.0	6.6	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0
Pretax profit/(loss)	29.8	6.0	(13.8)	8.3	12.5
Tax	(1.9)	(1.7)	3.3	(2.0)	(3.0)
Minority interest	0.0	0.0	0.0	0.0	1.0
Net profit/(loss)	27.8	4.3	(10.5)	6.3	9.5
Core PATAMI	27.8	4.3	(17.1)	6.3	9.5

Balance Sheet Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	16.0	18.1	18.9	18.8	20.6
Other long term assets	50.2	52.8	38.1	37.3	38.3
Total non-current assets	66.2	70.9	57.1	56.2	58.9
Cash and equivalents	28.4	28.0	40.9	32.5	32.2
Inventories	71.2	57.5	27.2	37.0	38.1
Receivables	56.9	42.9	21.9	35.3	43.3
Other current assets	58.6	29.2	39.4	33.6	30.3
Total current assets	215.0	157.5	129.4	138.4	143.9
Payables	45.5	23.7	11.2	14.8	16.3
Short term borrowings	37.5	63.1	31.6	31.6	31.6
Other current liabilities	45.5	(18.9)	-	-	-
Total current liabilities	128.6	68.0	42.8	46.3	47.9
Long term borrowings	24.2	22.2	22.2	22.2	22.2
Other long term liabilities	1.2	6.2	-	-	-
Total long term liabilities	25.5	28.4	22.2	22.2	22.2
Shareholders' Funds	127.4	132.0	121.5	126.0	132.7
Minority Interest	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit/(Loss)	29.8	6.0	(13.8)	8.3	12.5
Depreciation & amortisation	1.9	1.9	2.1	2.1	2.3
Working capital changes	(8.0)	2.0	38.6	(19.6)	(7.6)
Cash tax paid	(13.9)	(5.0)	3.3	(2.0)	(3.0)
Others	19.5	5.0	1.1	1.1	1.1
C/F from operation	29.3	10.0	31.4	(10.1)	5.3
Capex	(6.1)	(1.0)	(5.0)	(2.0)	(4.0)
Others	0.1	0.0	0.0	0.0	0.0
C/F from investing	(6.0)	(1.0)	(5.0)	(2.0)	(4.0)
Debt raised/(repaid)	0.0	0.0	0.0	0.0	1.0
Dividends paid	(12.5)	(3.7)	0.0	(1.8)	(2.7)
Others	30.3	(37.4)	0.0	0.0	0.0
C/F from financing	17.8	(41.1)	0.0	(1.8)	(1.7)
Net change in cash flow	41.0	(32.1)	26.4	(13.9)	(0.5)
Free Cash Flow	23.1	9.0	26.4	(12.1)	1.3



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Equity:

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HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

IPO Note:

SUBSCRIBE: Total stock return expected to exceed +15% over 12-month period

NEUTRAL: Total stock return expected to below +15% over 12-month period