

# Carlo Rino Group Berhad (0335)



## Accelerating Fashion Forward

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**BUY** (IPO Note)

**TP: RM 0.32 (+17%)**

**Current Share Price: RM 0.27**

**Growth**

Investment Horizon

**12 months**

### Valuation

**Our target price is based on:**

FY25F PE of 14x, slightly higher than its indirect peers of 12x PER given the same industry but different product range. We expect stronger earnings growth in the next few years relative to its peers.

### Rising minimum wages support the growth



In CY23, consumer sentiment softened following the “revenge spending” after post-pandemic, leading to a 19% decline in CRG’s earnings for FY24. However, we anticipate an improvement in consumer sentiment in CY2025, supported by higher minimum wages from RM1,500 to RM1,700, low unemployment rate sustained at 3.2%, and solid GDP growth (5.3% in Q3 2024). In line with strategic initiatives, we project 8-9% revenue growth in FY2025-2026, driven by (i) new store openings, (ii) trendy designs, and (iii) better footfall from targeted customers in the middle class, which we believe they would also benefit from the hike in minimum wages in 2025.

### Expansion in boutique stores



CRG will launch its first flagship store in Kuala Lumpur, featuring an 8-story building with Carlo Rino boutiques occupying the first two floors. The RM15 million project is set for completion by 2026. We believe that flagship store will increase brand awareness, showcase more SKUs, and enhanced customer experience which strategically located on a busy roadway to boost revenue growth. The group also plans to invest RM2-3.5 million annually to refurbish and open two boutique stores in FY25, offering better SKU flexibility and margins than departmental stores. These boutiques will enhance the in-store experience, driving foot traffic. We are optimistic about the future, projecting a 5% SSSG in FY25-FY27F, driven by fast-fashion offerings and themed collaborations.

### E-commerce in motion



CRG is enhancing its e-commerce platform to expand locally and internationally, avoiding the high costs of overseas warehouses or sales offices. The company has extended its reach to markets like Indonesia and Thailand, focusing on brand awareness through search engine optimization and strategically leveraging third-party platforms such as Lazada, Shopee, and TikTok and etc for global exposure. E-commerce revenue has grown at a CAGR of 14% from 2019 to 2024, now contributing 11-12% of total revenue. We expect this segment to grow at 15% annually, driven by shifting consumer behaviour towards online shopping and our tailored online strategies for each market.

## Financial Exhibits

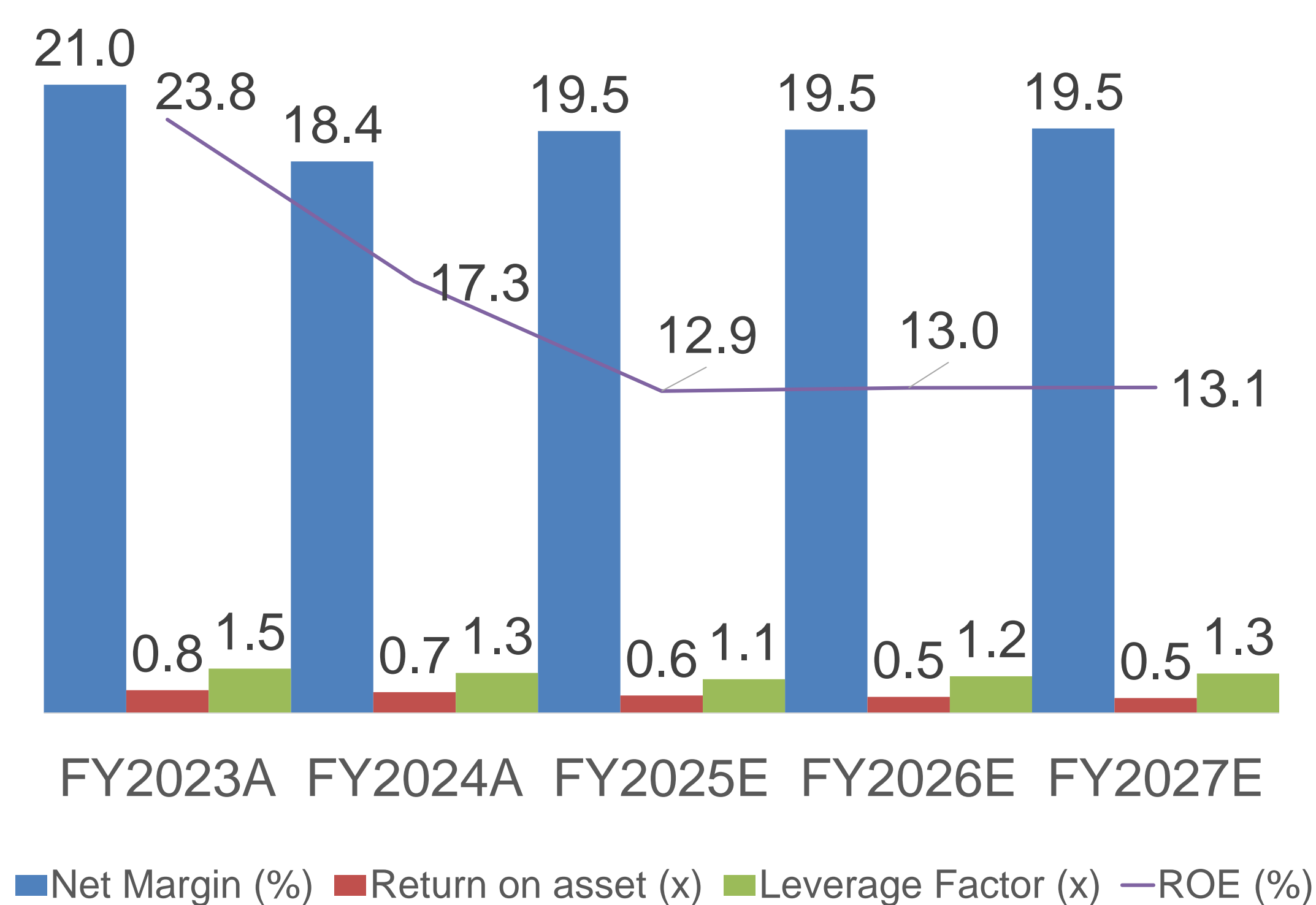
FYE 30 Jun	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	113.5	104.8	113.1	123.5	134.0
EBITDA (RMm)	41.6	36.5	39.8	40.9	42.6
Pretax profit (RMm)	31.5	26.3	29.1	31.9	34.7
Net profit (RMm)	23.9	19.3	22.0	24.1	26.2
EPS (sen)	2.4	2.0	2.3	2.5	2.7
PER (x)	11.1	13.6	12.0	11.0	10.1
Core net profit (RMm)	23.9	19.3	22.0	24.1	26.2
Core EPS (sen)	2.44	1.98	2.25	2.46	2.68
Core EPS growth (%)	7.3	(18.9)	13.8	9.5	8.8
Core PER (x)	11.1	13.6	12.0	11.0	10.1
Net DPS (sen)	1	1	1	1	1
Dividend Yield (%)	3.7	3.7	3.7	3.7	3.7
ROE (%)	23.8	17.3	12.9	13.0	13.0
P/BV (x)	2.6	2.4	1.5	1.4	1.3

# EPS and DPS are divided by the enlarged issued share of 977,517,100 upon listing

## Cash Conversion Cycle



## Return of Equity



The declined in ROE from FY23 was due to weaker consumer sentiment that affected the profitability and increase in shareholders equity due to IPO exercise.

## Key Assumptions

	Revenue growth	FY2025E	FY2026E	FY2027E
 Boutiques		5%	8%	8%
 Departmental		5%	6%	5%
 E-commerce		15%	15%	15%

## Company Background

Carlo Rino Group Berhad (CRG) is a leading fashion and retail company specializing in women’s bags, footwear, and accessories. With a strong presence in Malaysia and expanding internationally, the group focuses on delivering trendy and fashionable products through both physical stores and a growing e-commerce platform. CRG originated as a wholly-owned subsidiary of Bonia Corporation Berhad, focusing on Carlo Rino brand. In 2018, Bonia initiated a demerger, resulting in CRG’s separate listing on Bursa Malaysia’s LEAP Market and is now being transferred to the ACE Market.

## SWOT Analysis

### Strengths

- Strong brand recognition in the fashion retail market
- Fast fashion products
- Expanding e-commerce platform
- Proven track record of steady revenue growth

### Weakness

- Dependency on retail sales which may be vulnerable to market downturns or changes in consumer behaviour
- High reliance on third party e-commerce platform for international exposure

### Opportunities

- Expanding presence into new markets
- Continued growth in e-commerce on the rising online shopping trends
- Opening new boutique stores to strengthen physical retail presence and improve margins

### Threat

- Supply chain disruption
- Global economic uncertainty
- Changing consumer preferences
- Weak consumer spending

## Peer Comparison

Name	Last price	Market Cap	FYE	Earnings Growth			PE		Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
BONIA CORP BHD	1.43	286.6	06/2025	-21.9	17.4	12.0	11.0	8.9	4.1	5.7
PADINI HOLDINGS BERHAD	3.38	2250.1	06/2025	-0.6	17.7	15.4	13.0	11.6	14.0	13.6
<b>Simple Avg</b>				<b>-11.2</b>	<b>17.6</b>	<b>13.7</b>	<b>12.0</b>	<b>10.2</b>	<b>9.1</b>	<b>9.7</b>
CARLO RINO GROUP BHD	0.27	217.5	06/2025	14.0	9.5	13.6	12.0	11.0	3.7	18.2

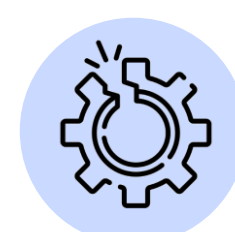
As 3 December 2024

## Investment Risk

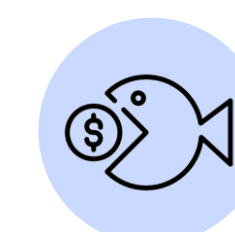
The following represent the greatest risks to our investment thesis:



**Strategic location**



**Reliance on brand and reputation**



**Supply chain disruption**



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