Corporate Update

Aeon Co. (M) Berhad

(6599|AEON MK) Main | Consumer Products & Services

ESG 1 Star | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.67**

4QFY24 Results Review
A Commendable End

Maintain BUY with an Unchanged TP of RM1.67. Aeon Co. ("Aeon") closed FY24 with a commendable end, supported by festive-driven retail sales and resilient PMS segment growth. We maintain our BUY call on Aeon with an unchanged TP of RM1.67, based on a 15.5x PER pegged to FY25F EPS of 10.8sen. We await further insights from the upcoming analyst briefing before making any changes to our earnings forecast for FY25-26F.

Above expectations. Aeon chalked in 4QFY24 revenue of RM1.1b (+6.7%qoq; +3.6%yoy) and core PATANCI of RM47.4m (+146.9%qoq, +32.0%yoy) after adjusting for a one-off item. This brought 12MFY24 core PATANCI to RM151.4m (+18.7%yoy). The results exceeded our full-year FY24 forecast and met consensus expectations at 110% and 96% of full-year projections, respectively. Reflecting its strong financial position, the group proposed a final dividend of 4.5 sen per share, an increase from 4 sen in FY23.

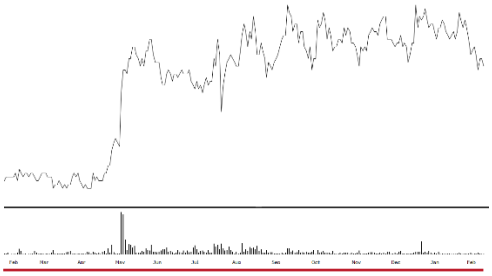
Strong 4Q performance retail segment due to festive spending. Aeon's retail segment surged in 4QFY24, achieving revenue of RM885.1m (+7.7%qoq, +3.0%yoy), fueled by robust consumer spending during festive seasons and well-executed promotional strategies. The Property Management Services (PMS) segment maintained its strength, contributing RM185.1m (+6.2%yoy, +2.3%qoq), supported by improved occupancy rates and strategic rental renewals. On a full-year basis, total revenue expanded by 3.2%yoy to RM4.3b, underpinned by a 2.0% rise in retail revenue and a significant 9.2% growth in PMS revenue. The continued strength of the PMS segment highlights Aeon's ability to drive profitability through effective lease management and tenant retention.

Resilient yeoar-on-year performance. Aeon's 12MFY24 core PAT of RM151.4m reflected a strong +18.7%yoy growth, attributed to improved margins and disciplined cost management. Notably, the PMS segment's operating margin expanded by 12.1ppts to 58.4%, reinforcing its role as a key profit driver. Consequently, the group's core PATANCI margin strengthened to 3.6% from 3.1% in FY23. The retail segment remained steady, while the PMS division continued to benefit from sustained tenant demand and higher rental yields.

Outlook. We remain optimistic about Aeon Co's prospects, driven by strong consumer spending, supported by a stable job market and income growth. Government cash handouts and EPF Account 3 withdrawals could further boost demand for staple products. The PMS segment benefits from stable occupancy rates and positive rental renewals, while strategic retail initiatives—including private-label expansion, digital transformation, and AEON Living Zones—enhance customer engagement and drive long-term growth.

RETURN STATISTICS	
Price @ 25th Feb 2025 (RM)	1.42
Expected share price return (%)	+17.8
Expected dividend yield (%)	+3.1
Expected total return (%)	+20.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.7	-4.4
3months	-9.6	-2.9
12 months	27.9	26.4

INVESTMENT STATISTICS

FYE DEC (RM'm)	2024A	2025F	2026F
Revenue	4,261.5	4,165.1	4,201.2
EBITDA	714.7	741.4	745.4
PBT	207.7	252.6	262.8
Core PATANCI	151.4	151.6	157.7
Core EPS (sen)	10.8	10.8	11.2
DPS (sen)	4.5	4.3	4.5
Dividend Yield (%)	3.2	3.0	3.2

KEY STATISTICS	
FBM KLCI	1,568.03
Issue shares (m)	1404.00
Estimated free float (%)	33.62
Market Capitalisation (RM'm)	1,993.68
52-wk price range	RM1.07 - RM1.61
3-mth average daily volume (m)	1.36
3-mth average daily value (RM'm)	2.05
Top Shareholders (%)	
Aeon Co Ltd	52.03
Employees Provident Fund Board	6.02
Amanah Saham Nasional Bhd	4.90

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Aeon Co: 4QFY24 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY24	3QFY24	4QFY23	YoY (%)	QoQ (%)	12MFY24	12MFY23	YoY (%)
Revenue	1,070.2	1,003.0	1,033.3	3.6	6.7	4,261.5	4,129.0	3.2
Total operating expenses	(1,013.5)	(967.0)	(963.3)	5.2	4.8	(3,999.4)	(3,884.3)	3.0
Other operating income	5.1	13.0	7.4	(31.1)	(60.8)	32.5	44.9	(27.6)
Operating profit (EBIT)	**61.8**	**49.0**	**77.4**	**(20.2)**	**26.1**	**294.6**	**289.6**	**1.7**
Net finance income/(cost)	(20.2)	(23.4)	(24.5)	(17.6)	(13.7)	(88.0)	(96.6)	(8.9)
Profit before tax (PBT)	**41.5**	**25.9**	**53.8**	**(22.9)**	**60.2**	**207.7**	**193.9**	**7.1**
Income tax expense	(17.5)	(7.1)	(21.2)	(17.5)	146.5	(79.7)	(79.1)	0.8
Profit After tax (PAT)	**24.0**	**18.8**	**32.6**	**(26.4)**	**27.7**	**128.0**	**114.8**	**11.5**
PATANCI	24.0	18.8	32.6	(26.4)	27.7	128.0	114.8	11.5
Core PATANCI	**47.4**	**19.2**	**35.9**	**32.0**	**146.9**	**151.4**	**127.6**	**18.7**
Basic EPS (sen)	1.7	1.3	2.3	(26.3)	27.6	9.1	8.2	11.6
DPS (sen)	4.5	0.0	4.0	12.5	n.m.	4.5	4.0	12.5
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	5.8	4.9	7.5	(1.7)	0.9	6.9	7.0	(0.1)
PBT Margin	3.9	2.6	5.2	(1.3)	1.3	4.9	4.7	0.2
Core PATANCI Margin	4.4	1.9	3.5	1.0	2.5	3.6	3.1	0.5
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Net debt/total equity (%)	0.3	0.3	0.4	(0.1)	(0.0)	0.3	0.4	(0.1)
Effective tax rate (%)	42.2	27.4	39.4	2.8	14.8	42.2	39.4	2.8

Source: Company, MIDFR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY24	3QFY24	4QFY23	YoY (%)	QoQ (%)	12MFY24	12MFY23	YoY (%)
Revenue (External):								
Retailing	885.1	822.1	859.0	3.0	7.7	3,524.5	3,454.3	2.0
PMS	185.1	180.9	174.3	6.2	2.3	737.0	674.7	9.2
Total	**1,070.2**	**1,003.0**	**1,033.3**	**3.6**	**6.7**	**4,261.5**	**4,129.0**	**3.2**
Operating Profit:								
Retailing	30.0	45.8	32.7	(8.3)	(34.5)	130.0	98.8	31.6
PMS	143.2	139.2	52.9	170.7	2.9	430.2	312.4	37.7
Total	**173.2**	**185.0**	**85.6**	**102.3**	**(6.4)**	**560.2**	**411.2**	**36.2**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	3.4	5.6	3.8	(0.4)	(2.2)	3.7	2.9	0.8
PMS	77.4	76.9	30.3	47.0	0.4	58.4	46.3	12.1
Total	**16.2**	**18.4**	**8.3**	**7.9**	**(2.3)**	**13.1**	**10.0**	**3.2**

Source: Company, MIDFR

PMS = Property Management services

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	4,129.0	4,261.5	4,165.1	4,201.2	4,248.1
Gross Profit	1,798.8	1,832.4	1,802.8	1,830.4	1,850.8
EBITDA	713.2	714.7	741.4	745.4	733.5
EBIT	289.6	294.6	344.8	355.6	357.3
PBT	193.9	207.7	252.6	262.8	265.9
Taxation	(79.1)	(79.7)	(101.1)	(105.1)	(106.4)
PAT	114.8	128.0	151.6	157.7	159.5
Core PATANCI	127.6	151.4	151.6	157.7	159.5
Core EPS (sen)	9.1	10.8	10.8	11.2	11.4
PER (x)	17.4	15.6	13.2	12.7	12.5
DPS (sen)	4.0	4.5	4.3	4.5	5.7
Dividend Yield (%)	2.8	3.2	3.0	3.2	4.0

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	193.9	207.7	252.6	262.8	265.9
Operating cash flow	629.9	639.8	457.1	469.8	493.4
Investing cash flow	(367.3)	(230.8)	(366.4)	(348.4)	(352.0)
Financing cash flow	(400.3)	(137.4)	(197.1)	(111.1)	(130.0)
Net cash flow	(137.6)	271.6	(106.5)	10.3	11.4
Beginning cash flow	237.5	99.8	371.4	264.9	275.2
Ending cash flow	99.8	371.4	264.9	275.2	286.6

Growth (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	(0.3)	3.2	(2.3)	0.9	1.1
Gross Profit Growth	4.8	1.9	(1.6)	1.5	1.1
EBITDA Growth	(6.5)	0.2	3.7	0.5	(1.6)
Core PATANCI Growth	(2.8)	18.7	0.1	4.0	1.2

Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Gross Profit Margin	43.6	43.0	43.3	43.6	43.6
EBITDA Margin	17.3	16.8	17.8	17.7	17.3
EBIT Margin	7.0	6.9	8.3	8.5	8.4
Core PATANCI Margin	3.1	3.6	3.6	3.8	3.8

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
PPE	3,090.2	3,102.0	3,004.9	2,968.1	2,945.9
Intangible assets	39.3	28.6	39.7	39.9	40.1
Non-current assets	4,454.4	4,567.2	4,351.5	4,319.5	4,305.3
Inventories	553.4	614.1	569.5	571.6	578.0
ST - Trade receivables	98.1	60.2	98.9	99.7	102.9
Cash and cash equivalents	99.8	371.4	264.9	275.2	286.6
Current assets	769.2	1,067.4	949.8	963.2	984.3
Total Assets	5,223.5	5,634.6	5,301.3	5,282.7	5,289.7
Total Equity	1,859.0	1,937.1	2,070.4	2,165.0	2,244.8
LT Loans	370.0	590.0	348.1	344.6	341.2
Non-current liabilities	1,865.0	2,161.9	1,758.3	1,714.6	1,672.2
ST Trade payables	1,185.7	1,228.5	1,192.4	1,196.8	1,246.6
ST Loans	50.0	30.0	47.0	46.6	46.1
Current Liabilities	1,499.5	1,535.6	1,472.5	1,403.1	1,372.7
Total Liabilities	3,364.5	3,697.5	3,230.9	3,117.7	3,044.9

Liquidity Ratios (x)	2023A	2024A	2025F	2026F	2027F
Current ratio	0.5	0.7	0.6	0.7	0.7
Quick ratio	0.1	0.3	0.3	0.3	0.3

Leverage Ratios (x)	2023A	2024A	2025F	2026F	2027F
Total Debt to Equity	0.2	0.2	0.2	0.2	0.2
Total Debt to Assets	0.1	0.1	0.1	0.1	0.1
Net debt/total equity	0.2	0.1	0.1	0.1	0.0

Efficiency Ratios (days)	2023A	2024A	2025F	2026F	2027F
Inventories Turnover	91.0	87.7	91.4	87.8	87.5
Receivable Turnover	8.7	7.0	7.1	8.9	9.0
Payable Turnover	191.0	185.4	191.6	189.0	191.6
Cash Conversion Cycle	(91.4)	(90.7)	(93.1)	(92.2)	(95.1)

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology