Corporate Update

Aeon Co. (M) Berhad

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

ESG 1 Star | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.77**

1QFY25 Results Review

Stellar Kickstart Propelled by Festive Momentum

Maintain BUY with an Unchanged TP of RM1.77. AEON Co. ("AEON") kicked off FY25 on a commendable note, supported by seasonal strength from the double festive periods and resilient growth in its property management services (PMS) segment. We make no changes to our earnings forecasts as the results are in line with expectations. Our TP remains unchanged at RM1.77, based on a 15.5x PER pegged to FY25F EPS of 11.4 sen.

Within expectations. Aeon chalked in 1QFY25 revenue of RM1.25b (+6.6%yoy; +16.3%qoq) and core PATANCI of RM69.3m (+19.7%yoy; +46.2%qoq), accounting for 43% of both our and consensus full-year estimates. We deem the results to be within expectations, as the strong earnings were largely driven by seasonal factors, particularly the double festive periods of Chinese New Year and Hari Raya. As anticipated, no dividend was declared, in line with the group's typical payout cycle in the fourth quarter.

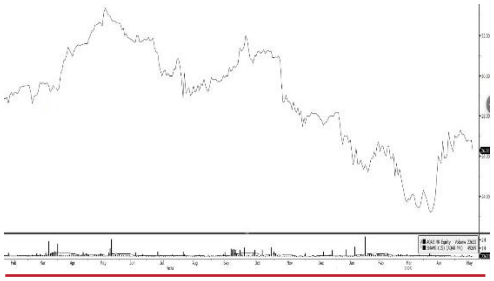
Festive-Driven Retail Boost, Strong Mall Performance. AEON's revenue rose +6.6%yoy to RM1.25b, led by a +6.1% increase in retailing revenue to RM1.04b, supported by stronger spending in food and apparel categories during the festive period (Chinese New Year and Ramadan). Meanwhile, the PMS segment posted a +9.4%yoy rise in revenue to RM204.4m, supported by higher occupancy rates, improved commission income, and effective tenancy renewals.

Higher Core PATANCI on Festive Momentum and Operational Efficiency Core PATANCI rose to RM69.3m (+19.7%yoy; +188.4%qoq), translating into a core PAT margin of 5.6% (+1.1ppts yoy). The earnings uplift was driven by revenue growth across both segments and continued focus on cost optimisation. Notably PMS segment profitability remained a key driver, with its operating margin expanding by 6.1ppts yoy to 42.5%, supported by improved occupancy, higher sales commissions, and effective tenancy management. The festive-led uplift in footfall, coupled with cost discipline, contributed to the stronger performance in the quarter.

Outlook. We remain optimistic on AEON's prospects, backed by resilient consumer spending amid a stable job market and steady income growth. Government cash assistance and EPF Account 3 withdrawals could further spur demand for both staple and discretionary items. The PMS division continues to provide stable earnings, supported by firm occupancy levels and favourable rental renewals. Strategic initiatives—including private-label expansion, loyalty programme enhancement, digital integration, and the AEON Living Zone concept—are expected to deepen customer engagement and reinforce long-term growth. As a domestic-focused retailer, AEON is relatively shielded from external tariff risks, reinforcing its appeal as a defensive play in the current macro landscape.

RETURN STATISTICS	
Price @ 20th May 2025 (RM)	1.51
Expected share price return (%)	+16.9
Expected dividend yield (%)	+3.0
Expected total return (%)	+19.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.6	2.2
3months	8.6	10.8
12 months	7.9	13.0

INVESTMENT STATISTICS

FYE DEC (RM'm)	2025F	2026F	2027F
Revenue	4,396.2	4,515.8	4,682.7
EBITDA	751.4	771.1	793.9
PBT	262.3	278.7	300.6
Core PATANCI	160.0	170.0	183.4
Core EPS (sen)	11.4	12.1	13.1
DPS (sen)	4.6	4.8	6.5
Dividend Yield (%)	3.0	3.2	4.3

KEY STATISTICS	
FBM KLCI	1,548.87
Issue shares (m)	1404.00
Estimated free float (%)	37.54
Market Capitalisation (RM'm)	2,120.04
52-wk price range	RM1.24 - RM1.61
3-mth average daily volume (m)	1.13
3-mth average daily value (RM'm)	1.61
Top Shareholders (%)	
Aeon Co Ltd	52.03
Employees Provident Fund Board	6.19
Amanah Saham Nasional Bhd	4.90

Analyst

Eunice Ng Qing Rong

Eunice.ng@midf.com.my

03-2173 8384

Aeon Co: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue	1,244.8	1,070.2	1,167.4	6.6	16.3	1,244.8	1,167.4	6.6
Total operating expenses	(1,118.5)	(1,013.5)	(1,056.4)	5.9	10.4	(1,118.5)	(1,056.4)	5.9
Other operating income	7.1	5.1	6.0	18.3	39.2	7.1	6.0	18.3
Operating profit (EBIT)	**133.4**	**61.8**	**117.0**	**14.0**	**115.9**	**133.4**	**117.0**	**14.0**
Net finance income/(cost)	(22.7)	(20.2)	(22.3)	1.8	12.4	(22.7)	(22.3)	1.8
Profit before tax (PBT)	**110.7**	**41.5**	**94.8**	**16.8**	**166.7**	**110.7**	**94.8**	**16.8**
Income tax expense	(42.6)	(17.5)	(37.3)	14.2	143.4	(42.6)	(37.3)	14.2
Profit After tax (PAT)	**68.1**	**24.0**	**57.5**	**18.4**	**183.7**	**68.1**	**57.5**	**18.4**
PATANCI	68.1	24.0	57.5	18.4	183.7	68.1	57.5	18.4
Core PATANCI	**69.3**	**47.4**	**57.9**	**19.7**	**46.2**	**69.3**	**57.9**	**19.7**
Basic EPS (sen)	4.9	1.7	4.1	18.3	183.6	4.9	4.1	18.3
DPS (sen)	0.0	4.5	0.0	n.m.	(100.0)	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	10.7	5.8	10.0	0.7	4.9	10.7	10.0	0.7
PBT Margin	8.9	3.9	8.1	0.8	5.0	8.9	8.1	0.8
Core PATANCI Margin	5.6	4.4	5.0	0.6	1.1	5.6	5.0	0.6
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	38.5	42.2	39.3	(0.9)	(3.7)	38.5	39.3	(0.9)

Source: Company, MIDFR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue (External):								
Retailing	1,040.4	885.1	980.5	6.1	17.5	1,040.4	980.5	6.1
PMS	204.4	185.1	186.9	9.4	10.4	204.4	186.9	9.4
Total	**1,244.8**	**1,070.2**	**1,167.4**	**6.6**	**16.3**	**1,244.8**	**1,167.4**	**6.6**
Operating Profit:								
Retailing	54.4	30.0	54.0	0.7	81.3	54.4	54.0	0.7
PMS	86.9	143.2	68.0	27.8	(39.3)	86.9	68.0	27.8
Total	**141.3**	**173.2**	**122.0**	**15.8**	**(18.4)**	**141.3**	**122.0**	**15.8**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	5.2	3.4	5.5	(0.3)	1.8	5.2	5.5	(0.3)
PMS	42.5	77.4	36.4	6.1	(34.8)	42.5	36.4	6.1
Total	**11.4**	**16.2**	**10.5**	**0.9**	**(4.8)**	**11.4**	**10.5**	**0.9**

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	4,396.2	4,515.8	4,682.7
Gross Profit	1,798.8	1,768.3	1,902.9	1,967.5	2,040.1
EBITDA	713.2	714.0	751.4	771.1	793.9
EBIT	289.6	294.6	354.0	370.8	391.0
PBT	193.9	207.8	262.3	278.7	300.6
Taxation	(79.1)	(79.7)	(102.3)	(108.7)	(117.2)
PAT	114.8	128.0	160.0	170.0	183.4
Core PATANCI	127.6	158.6	160.0	170.0	183.4
Core EPS (sen)	9.1	11.3	11.4	12.1	13.1
PER (x)	18.5	16.6	13.3	12.5	11.6
DPS (sen)	4.0	4.5	4.6	4.8	6.5
Dividend Yield (%)	2.6	3.0	3.0	3.2	4.3

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	193.9	207.8	262.3	278.7	300.6
Operating cash flow	629.9	639.7	588.2	503.9	547.3
Investing cash flow	(367.3)	(230.8)	(386.7)	(374.4)	(387.9)
Financing cash flow	(415.1)	(137.3)	(293.2)	(113.3)	(139.2)
Net cash flow	(137.6)	271.5	(91.8)	16.2	20.1
Beginning cash flow	237.5	99.8	371.4	279.6	295.8
Ending cash flow	99.8	371.4	279.6	295.8	316.0

Growth (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	(0.3)	3.2	3.2	2.7	3.7
Gross Profit Growth	4.8	(1.7)	7.6	3.4	3.7
EBITDA Growth	(6.5)	0.1	5.2	2.6	3.0
Core PATANCI Growth	(2.8)	6.6	17.7	6.3	7.8

Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Gross Profit Margin	43.6	41.5	43.3	43.6	43.6
EBITDA Margin	17.3	16.8	17.1	17.1	17.0
EBIT Margin	7.0	6.9	8.1	8.2	8.4
Core PATANCI Margin	3.1	3.2	3.6	3.8	3.9

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
PPE	3,090.2	3,102.2	3,091.5	3,063.4	3,070.4
Intangible assets	39.3	28.6	28.8	28.9	29.1
Non-current assets	4,454.4	4,567.4	4,426.9	4,413.0	4,411.6
Inventories	553.4	614.1	583.8	596.7	618.7
ST - Trade receivables	98.1	60.2	81.6	83.9	88.7
Cash and cash equivalents	99.8	371.4	279.6	295.8	316.0
Current assets	769.2	1,067.3	964.1	995.9	1,043.7
Total Assets	5,223.5	5,634.8	5,391.0	5,408.9	5,455.3
Total Equity	1,859.0	1,937.3	2,018.1	2,120.1	2,211.8
LT Loans	370.0	590.0	376.0	372.3	368.5
Non-current liabilities	1,865.0	2,161.9	1,910.4	1,865.4	1,822.5
ST Trade payables	1,185.7	1,228.5	1,204.7	1,231.4	1,315.5
ST Loans	50.0	30.0	19.1	18.9	18.7
Current Liabilities	1,499.5	1,535.6	1,462.4	1,423.5	1,421.0
Total Liabilities	3,364.5	3,697.5	3,372.9	3,288.8	3,243.5

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