Corporate Update

Aeon Co. (M) Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.77**

2QFY25 Results Review

Solid 1H Despite Festive Timing Drag

Maintain BUY with an unchanged TP of RM1.77. AEON Co. ("AEON") 2QFY25 results were within expectations, with resilient PMS earnings cushioning softer retail sales as spending normalised post-double festive. 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 2QFY25 revenue of RM999.6m (-2.1%yoy; -19.7%qoq) and core PATANCI of RM13.3m (-50.6%yoy; -80.8%qoq) which brought 1HFY25 core PATANCI to RM82.6m (-2.6%yoy). This was within our and consensus expectations, accounting for 52% of our full-year forecast and 49% of consensus. No dividend was declared, consistent with the group's practice of distributing dividends in the final quarter.

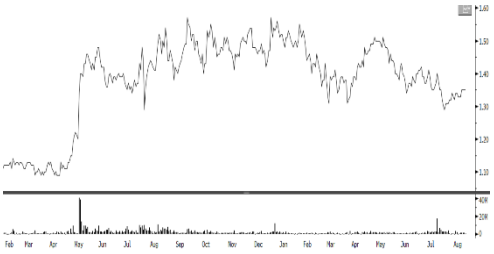
Topline softened on festive timing; 1H steady. AEON'S 2QFY25 revenue slipped -2.1%yoy to RM999.6m, primarily dragged by retailing revenue, which declined -3.8%yoy. The softer performance was due to timing differences in festive spending, as last year's 2QFY24 benefitted from festive-driven sales, while this year's festivities were concentrated in 1QFY25 which saw the overlap of Chinese New Year and Hari Raya. Property Management Services (PMS) continued to provide earnings stability, growing +5.5%yoy on higher occupancy and effective rental renewals. On a cumulative basis, 1HFY25 revenue rose +2.6%yoy to RM2.24b, underpinned by steady retail sales (+1.6%yoy) and stronger PMS contribution (+7.4%yoy), reaffirming PMS as a key anchor to the groups topline.

Bottomline weighed by festive timing, but 1H stable. AEON's bottomline softened in 2QFY25, with core net profit contracting -50.6%yoy to RM13.3m, as weaker retail sales post-double festive and a high fixed cost structure pressured margin. Sequentially, core net profit declined -80.8%qoq, reflecting the sharp normalisation from 1QFY25's exceptional festive-driven earnings. Nonetheless, on a cumulative basis, 1HFY25 core net profit stood at RM82.6m (-2.6%yoy), broadly stable against last year, as resilient PMS contribution helped cushion the softer 2QFY25 performance.

Outlook. We remain positive on AEON's prospects, supported by resilient consumer spending and government measures that help sustain household demand. The PMS division continues to anchor earnings through firm occupancy and rental renewals, while strategic priorities—private brand expansion, loyalty programme enhancement, digital initiatives, and ongoing mall refurbishments—are set to deepen customer engagement and reinforce long-term growth.

RETURN STATISTICS	
Price @ 25th Aug 2025 (RM)	1.35
Expected share price return (%)	+30.8
Expected dividend yield (%)	+3.4
Expected total return (%)	+34.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-4.3
3months	-3.6	-12.6
12 months	-7.5	-5.6

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 (%)	3.4	3.6	4.8

KEY STATISTICS	
FBM KLCI	1,602.45
Issue shares (m)	1404.00
Estimated free float (%)	37.54
Market Capitalisation (RM'm)	1,895.40
52-wk price range	RM1.29 - RM1.61
3-mth average daily volume (m)	1.81
3-mth average daily value (RM'm)	2.49
Top Shareholders (%)	
Aeon Co Ltd	52.03
Employees Provident Fund Board	6.12
Amanah Saham Nasional Bhd	4.90

Analyst

Eunice Ng Qing Rong

Eunice.ng@midf.com.my

03-2173 8384

Aeon Co: 2QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	2QFY25	1QFY25	2QFY24	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue	999.6	1,244.8	1,020.9	(2.1)	(19.7)	2,244.4	2,188.3	2.6
Total operating expenses	(964.6)	(1,118.5)	(962.5)	0.2	(13.8)	(2,083.1)	(2,018.9)	3.2
Other operating income	5.7	7.1	8.4	(32.1)	(19.7)	12.8	14.4	(11.1)
Operating profit (EBIT)	**40.7**	**133.4**	**66.8**	**(39.1)**	**(69.5)**	**174.1**	**183.8**	**(5.3)**
Net finance income/(cost)	(22.7)	(22.7)	(22.1)	2.7	0.0	(45.4)	(44.4)	2.3
Profit before tax (PBT)	**18.6**	**110.7**	**45.5**	**(59.1)**	**(83.2)**	**129.3**	**140.3**	**(7.8)**
Income tax expense	(6.3)	(42.6)	(17.8)	(64.6)	(85.2)	(48.9)	(55.1)	(11.3)
Profit After tax (PAT)	**12.3**	**68.1**	**27.7**	**(55.6)**	**(81.9)**	**80.4**	**85.2**	**(5.6)**
PATANCI	12.3	68.1	27.7	(55.6)	(81.9)	80.4	85.2	(5.6)
Core PATANCI	**13.3**	**69.3**	**26.9**	**(50.6)**	**(80.8)**	**82.6**	**84.8**	**(2.6)**
Basic EPS (sen)	0.9	4.9	2.0	(55.3)	(81.9)	5.7	6.1	(5.6)
DPS (sen)	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	4.1	10.7	6.5	(2.5)	(6.6)	7.8	8.4	(0.6)
PBT Margin	1.9	8.9	4.5	(2.6)	(7.0)	5.8	6.4	(0.7)
Core PATANCI Margin	1.3	5.6	2.6	(1.3)	(4.2)	3.7	3.9	(0.2)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	33.9	38.5	39.1	(5.2)	(4.6)	33.9	39.1	(5.2)

Source: Company, MBSBR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	2QFY25	1QFY25	2QFY24	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue (External):								
Retailing	805.4	1,040.4	836.8	(3.8)	(22.6)	1,845.8	1,817.3	1.6
PMS	194.2	204.4	184.1	5.5	(5.0)	398.6	371.0	7.4
Total	**999.6**	**1,244.8**	**1,020.9**	**(2.1)**	**(19.7)**	**2,244.4**	**2,188.3**	**2.6**
Operating Profit:								
Retailing	(28.3)	54.4	0.2	(>100)	(>100)	26.1	54.2	(51.8)
PMS	78.2	86.9	79.8	(2.0)	(10.0)	165.1	147.8	11.7
Total	**49.9**	**141.3**	**80.0**	**(37.6)**	**(64.7)**	**191.2**	**202.0**	**(5.3)**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	(3.5)	5.2	0.0	(3.5)	(8.7)	1.4	3.0	(1.6)
PMS	40.3	42.5	43.3	(3.1)	(2.2)	41.4	39.8	1.6
Total	**5.0**	**11.4**	**7.8**	**(2.8)**	**(6.4)**	**8.5**	**9.2**	**(0.7)**

Source: Company, MBSBR

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)	16.5	14.8	11.9	11.2	10.3
DPS (sen)	4.0	4.5	4.6	4.8	6.5
Dividend Yield (%)	3.0	3.3	3.4	3.6	4.8

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)	24.3	0.9	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	3.7	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	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, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MBSB INVESTMENT BANK (formerly known MIDF 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