Aeon Co. (M) Berhad

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

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Corporate Update

3QFY25 Results Review

Muted Quarter, PMS Provides Support

Maintain BUY with a revised TP of RM1.66. AEON Co. ("AEON") 9MFY25 results came in below expectations, as lower retail revenue due to soft consumer spending dragged earnings. However, PMS revenue remained resilient, buoyed by effective rental renewals and sustained occupancy rates. As earnings came in below expectations, we tweak our FY25F/FY26F/FY27F earnings forecast by -6%/-3%/-4% respectively. Consequently, we revise our TP to RM1.66 (from RM1.77), based on an unchanged 15.5x PER pegged to a revised FY25F EPS of 10.7 sen.

Below expectations. Aeon chalked in 3QFY25 revenue of RM995.2m (-0.8%yoy; -0.4%qoq) and core PATANCI of RM22.3m (+16.1%yoy; +67.7%qoq) which brought 9MFY25 core PATANCI to RM104.9m (+0.9%yoy). This was below ours and consensus expectations, accounting for 66%% of our full year forecast and 62% of consensus. No dividend was declared, consistent with the group's practice of distributing dividends in the final quarter.

Topline dragged by softer retail spending; PMS remains resilient. AEON's 3QFY25 revenue eased -0.8%yoy to RM995.2m, weighed down by the retailing segment, which declined -2.4%yoy to RM802.7m. The weaker performance was attributed to softer consumer spending during the quarter. Management has also guided that demand in this quarter was affected by government SARA handouts, which drove consumers to participating retailers. In contrast, Property Management Services (PMS) remained a key stabiliser, rising +6.4%yoy to RM192.5m on sustained occupancy and effective rental renewals. Cumulatively, 9MFY25 revenue grew +1.5%yoy to RM3.24b, underpinned by steady PMS performance (+7.1%yoy), reaffirming PMS as a resilient topline anchor amid a fragmented retail environment.

Bottomline supported by PMS and cost controls. After accounting for one off items, AEON's 3QFY25 core PATANCI improved +16.1%yoy to RM22.3m, with earnings uplift supported by PMS contributions and tighter cost controls, even as retail remained pressured by softer sales during the quarter. On a sequential basis, core PATANCI rebounded +67.7%qoq, reflecting a recovery from 2QFY25's post festive normalisation. Cumulatively, 9MFY25 core PATANCI rose modestly to RM104.9m (+0.9%yoy), underscoring earnings stability as resilient PMS income continued to partially offset softer retail performance.

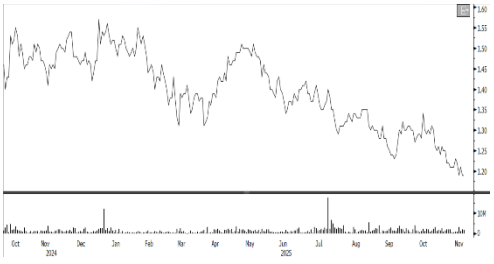
Outlook. We maintain a positive view on AEON's prospects, underpinned by steady consumer spending and supportive government measures that help sustain household demand as PMS anchors the group's earnings, backed by healthy occupancy levels and consistent rental revisions. Meanwhile, AEON's strategic focus on expanding its private-label offering, strengthening its loyalty ecosystem, advancing digital initiatives, and upgrading its mall network is expected to enhance customer stickiness and support its long-term growth trajectory.

Maintain BUY

Revised Target Price **RM1.66**
(from RM1.77)

RETURN STATISTICS	
Price @ 19th Nov 2025 (RM)	1.19
Expected share price return (%)	+39.8
Expected dividend yield (%)	+3.6
Expected total return (%)	+43.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.8	-8.7
3 months	-8.5	-12.5
12 months	-18.5	-19.8

INVESTMENT STATISTICS

FYE DEC (RM'm)	2025F	2026F	2027F
Revenue	4,339.8	4,476.4	4,642.2
EBITDA	736.3	763.1	783.4
PBT	247.2	270.6	290.0
Core PATANCI	150.8	165.1	176.9
Core EPS (sen)	10.7	11.7	12.6
DPS (sen)	4.3	4.7	6.3
Dividend Yield (%)	3.6	3.9	5.3

KEY STATISTICS

FBM KLCI	1,623.89
Issued shares (m)	1404.00
Estimated free float (%)	37.54
Market Capitalisation (RM'm)	1,670.76
52-wk price range	RM1.18 - RM1.58
3-mth average daily volume (m)	1.72
3-mth average daily value (RM'm)	2.20
Top Shareholders (%)	
Aeon Co Ltd	52.03
Employees Provident Fund Board	7.16
Amanah Saham Nasional Bhd	4.90

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Aeon Co: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY25	2QFY25	3QFY24	YoY (%)	QoQ (%)	9MFY25	9MFY24	YoY (%)
Revenue	995.2	999.6	1,003.0	(0.8)	(0.4)	3,239.6	3,191.3	1.5
Total operating expenses	(963.5)	(964.6)	(967.0)	(0.4)	(0.1)	(3,046.6)	(2,985.9)	2.0
Other operating income	10.8	5.7	13.0	(16.9)	89.5	23.6	27.4	(13.9)
Operating profit (EBIT)	**42.5**	**40.7**	**49.0**	**(13.3)**	**4.4**	**216.6**	**232.8**	**(7.0)**
Net finance income/(cost)	(23.9)	(22.7)	(23.4)	2.1	5.3	(69.3)	(67.8)	2.2
Profit before tax (PBT)	**18.6**	**18.6**	**25.9**	**(28.2)**	**0.0**	**147.9**	**166.2**	**(11.0)**
Income tax expense	(4.0)	(6.3)	(7.1)	(43.7)	(36.5)	(52.9)	(62.2)	(15.0)
Profit After tax (PAT)	**14.6**	**12.3**	**18.8**	**(22.3)**	**18.7**	**95.0**	**104.0**	**(8.7)**
PATANCI	14.6	12.3	18.8	(22.3)	18.7	95.0	104.0	(8.7)
Core PATANCI	**22.3**	**13.3**	**19.2**	**16.1**	**67.7**	**104.9**	**104.0**	**0.9**
Basic EPS (sen)	1.0	0.9	1.3	(22.4)	18.2	6.8	7.4	(8.6)
DPS (sen)	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.
Growth & Margin (%)	**3QFY25**	**2QFY25**	**3QFY24**	**YoY (%)**	**QoQ (%)**	**9MFY25**	**9MFY24**	**YoY (%)**
Operating Profit Margin	995.2	999.6	1,003.0	(0.8)	(0.4)	3,239.6	3,191.3	1.5
PBT Margin	(963.5)	(964.6)	(967.0)	(0.4)	(0.1)	(3,046.6)	(2,985.9)	2.0
Core PATANCI Margin	10.8	5.7	13.0	(16.9)	89.5	23.6	27.4	(13.9)
Ratios & Valuation	**42.5**	**40.7**	**49.0**	**(13.3)**	**4.4**	**216.6**	**232.8**	**(7.0)**
Effective tax rate (%)	(23.9)	(22.7)	(23.4)	2.1	5.3	(69.3)	(67.8)	2.2

Source: Company, MBSBR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY25	2QFY25	3QFY24	YoY (%)	QoQ (%)	9MFY25	9MFY24	YoY (%)
Revenue (External):								
Retailing	802.7	805.4	822.1	(2.4)	(0.3)	2,648.5	2,639.4	0.3
PMS	192.5	194.2	180.9	6.4	(0.9)	591.1	551.9	7.1
Total	**995.2**	**999.6**	**1,003.0**	**(0.8)**	**(0.4)**	**3,239.6**	**3,191.3**	**1.5**
Operating Profit:								
Retailing	(24.3)	(28.3)	(8.2)	196.3	(14.1)	1.8	46.0	(96.1)
PMS	80.8	78.2	71.2	13.5	3.3	245.9	219.0	12.3
Total	**56.5**	**49.9**	**63.0**	**(10.3)**	**13.2**	**247.7**	**265.0**	**(6.5)**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	(3.0)	(3.5)	(1.0)	(2.0)	0.5	0.1	1.7	(1.7)
PMS	42.0	40.3	39.4	2.6	1.7	41.6	39.7	1.9
Total	**5.7**	**5.0**	**6.3**	**(0.6)**	**0.7**	**7.6**	**8.3**	**(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	4,339.8	4,476.4	4,642.2
Gross Profit	1,798.8	1,768.3	1,878.5	1,950.3	2,022.5
EBITDA	713.2	714.0	736.3	763.1	783.4
EBIT	289.6	294.6	339.0	362.8	380.5
PBT	193.9	207.8	247.2	270.6	290.0
Taxation	(79.1)	(79.7)	(96.4)	(105.5)	(113.1)
PAT	114.8	128.0	150.8	165.1	176.9
Core PATANCI	127.6	158.6	150.8	165.1	176.9
Core EPS (sen)	9.1	11.3	10.7	11.7	12.6
PER (x)	14.5	13.0	11.1	10.1	9.5
DPS (sen)	4.0	4.5	4.3	4.7	6.3
Dividend Yield (%)	3.4	3.8	3.6	3.9	5.3

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	193.9	207.8	247.2	270.6	290.0
Operating cash flow	629.9	639.7	576.0	499.6	540.5
Investing cash flow	(367.3)	(230.8)	(381.8)	(371.1)	(384.6)
Financing cash flow	(415.1)	(137.3)	(289.6)	(111.3)	(136.0)
Net cash flow	(137.6)	271.5	(95.3)	17.2	20.0
Beginning cash flow	237.5	99.8	371.4	276.0	293.2
Ending cash flow	99.8	371.4	276.0	293.2	313.2

Growth (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	(0.3)	3.2	1.8	3.1	3.7
Gross Profit Growth	4.8	(1.7)	6.2	3.8	3.7
EBITDA Growth	(6.5)	0.1	3.1	3.6	2.7
Core PATANCI Growth	(2.8)	24.3	(4.9)	9.5	7.2

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	17.0	17.0	16.9
EBIT Margin	7.0	6.9	7.8	8.1	8.2
Core PATANCI Margin	3.1	3.7	3.5	3.7	3.8

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
PPE	3,090.2	3,102.2	3,088.5	3,058.4	3,063.3
Intangible assets	39.3	28.6	28.8	28.9	29.1
Non-current assets	4,454.4	4,567.4	4,420.7	4,403.8	4,399.0
Inventories	553.4	614.1	576.3	591.5	613.4
ST - Trade receivables	98.1	60.2	80.6	83.1	87.9
Cash	99.8	371.4	276.0	293.2	313.2
Current assets	769.2	1,067.3	951.7	987.2	1,034.7
Total Assets	5,223.5	5,634.8	5,372.4	5,391.1	5,433.7
Total Equity	1,859.0	1,937.3	2,012.7	2,111.7	2,200.2
LT Loans	370.0	590.0	376.0	372.3	368.5
Non-current liabilities	1,865.0	2,161.9	1,909.4	1,864.6	1,821.8
ST Trade payables	1,185.7	1,228.5	1,189.2	1,220.6	1,304.1
ST Loans	50.0	30.0	19.1	18.9	18.7
Current Liabilities	1,499.5	1,535.6	1,450.4	1,414.7	1,411.7
Total Liabilities	3,364.5	3,697.5	3,359.7	3,279.4	3,233.5

Source: Bloomberg, MBSBR

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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