Corporate Update

Aeon Co. (M) Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

4QFY25 Results Review

Festive Recovery, Retail Still Cautious

Maintain **BUY**

Revised Target Price **RM1.57**
(from RM1.66)

Maintain BUY with a revised TP of RM1.57 (from RM1.66). AEON's 4QFY25 results came in within expectations, supported by a sequential recovery in retail sales during the festive and year-end period, while Property Management Services (PMS) continued to provide stable recurring income underpinned by resilient occupancy and effective rental renewals. Nevertheless, softer year-on-year retail performance and margin pressures led us to revise our FY26F earnings forecast down by -8%. Following this adjustment, we roll forward our valuation to FY26F EPS of 10.9 sen, pegged to a revised 14.5x PER (from 15.5x) in line with its three-year mean, resulting in a lower **TP** of **RM1.57**. We maintain our BUY call given AEON's defensive earnings profile and the steady contribution from its PMS segment.

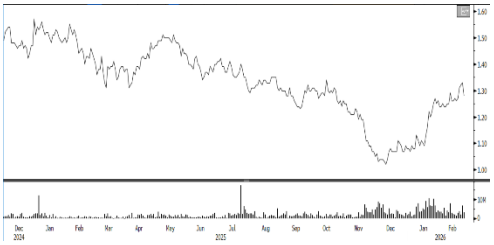
Within expectations. AEON posted 4QFY25 revenue of RM1.05b (-2.0%yoy; +5.4%qoq) and core PATANCI of RM39.0m (-17.7%yoy; +74.9%qoq), bringing FY25 core PATANCI to RM143.9m (-5.0%yoy). The results were broadly in line with our estimates at 95% of our full-year forecast, but came in below consensus at 85%. The Board proposed a final single-tier dividend of 4.5 sen per share for FY25, subject to shareholders' approval.

Retail softness offset by resilient PMS growth. AEON's 4QFY25 revenue declined -2.0%yoy to RM1.05b, primarily weighed down by weaker retailing sales, which fell -3.7%yoy amid cautious consumer spending and festive timing effects. In contrast, the Property Management Services (PMS) segment remained resilient, expanding +6.3%yoy on the back of effective rental renewals, optimised tenant mix and stable occupancy rates. On a sequential basis, group revenue improved +5.4%qoq, supported by stronger festive and year-end spending in the retail segment (+6.2%qoq) alongside steady PMS growth (+2.2%qoq). For FY25, revenue edged up +0.6%yoy to RM4.29b, as a modest -0.7%yoy decline in retailing was more than offset by a solid +6.9%yoy growth in PMS, reinforcing its role as a stable recurring income pillar.

Earnings lifted sequentially but moderated by base effects. AEON's 4QFY25 core PATANCI declined -17.7%yoy to RM39.0m, with core PATANCI margin narrowing -0.7ppts yoy to 3.7%, reflecting softer retail profitability and ongoing cost pressures. It is worth noting that the corresponding quarter last year included a one-off litigation-related accrual, which created a lower base for comparison at the reported PBT level, partially distorting year-on-year trends. On a sequential basis, earnings rebounded strongly by +74.9%qoq, supported by festive-driven sales recovery, while PMS continued to deliver strong recurring income growth on higher sales commission during the festive season. For FY25, core PATANCI eased -5.0%yoy to RM143.9m, with margin slipping slightly to 3.4% (-0.2ppts yoy), as stronger PMS contributions partially cushioned weaker retail performance and higher operating expenses.

RETURN STATISTICS	
Price @ 26th Feb 2026 (RM)	1.28
Expected share price return (%)	+24.9
Expected dividend yield (%)	+3.4
Expected total return (%)	+28.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.4	4.2
3 months	18.5	9.1
12 months	-12.3	-20.1

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	4,476.4	4,642.2	4,795.6
EBITDA	742.4	785.7	800.8
PBT	250.0	292.3	237.1
Core PATANCI	152.5	178.3	144.7
Core EPS (sen)	10.9	12.7	10.3
DPS (sen)	4.3	6.3	5.1
Dividend Yield (%)	3.4	5.0	4.1

KEY STATISTICS

FBM KLCI	1,740.94
Issued shares (m)	1404.00
Estimated free float (%)	36.90
Market Capitalisation (RM'm)	1,797.12
52-wk price range	RM1.01 - RM1.54
3-mth average daily volume (m)	4.16
3-mth average daily value (RM'm)	4.78
Top Shareholders (%)	
Aeon Co Ltd	52.03
Employees Provident Fund Board	7.62
Lembaga Tabung Haji	5.01

Analyst
MBSB Research
research@mbsb.com
03-2173 8396

Outlook. We remain constructive on AEON's prospects, supported by a resilient PMS segment that continues to anchor earnings through stable occupancy and positive rental renewals. While retail spending may stay measured amid continued downtrading, festive-driven demand and a steady macro environment should provide support. Management's ongoing initiatives, including expanding private-label offerings, enhancing its loyalty ecosystem, accelerating digital transformation, and upgrading its mall portfolio, are expected to strengthen customer engagement, improve operating efficiency and reinforce AEON's long-term growth trajectory.

Aeon Co: 4QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue	1,049.3	995.2	1,070.2	(2.0)	5.4	4,288.9	4,261.5	0.6
Total operating expenses	(972.3)	(963.5)	(1,013.5)	(4.1)	0.9	(4,018.9)	(3,999.4)	0.5
Other operating income	8.9	10.8	5.1	74.5	(17.6)	32.5	32.5	0.0
Operating profit (EBIT)	**85.9**	**42.5**	**61.8**	**39.0**	**102.1**	**302.5**	**294.6**	**2.7**
Net finance income/(cost)	(21.8)	(23.9)	(20.2)	7.9	(8.8)	(91.1)	(88.0)	3.5
Profit before tax (PBT)	**62.7**	**18.6**	**41.5**	**51.1**	**237.1**	**210.6**	**207.7**	**1.4**
Income tax expense	(23.9)	(4.0)	(17.5)	36.6	497.5	(76.8)	(79.7)	(3.6)
Profit After tax (PAT)	**38.8**	**14.6**	**24.0**	**61.7**	**165.8**	**133.8**	**128.0**	**4.5**
PATANCI	38.8	14.6	24.0	61.7	165.8	133.8	128.0	4.5
Core PATANCI	**39.0**	**22.3**	**47.4**	**(17.7)**	**74.9**	**143.9**	**151.4**	**(5.0)**
Basic EPS (sen)	2.8	1.0	1.7	61.4	165.4	9.5	9.1	4.5
DPS (sen)	4.5	0.0	4.5	0.0	n.m.	4.5	4.5	0.0
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	8.2	4.3	5.8	2.4	3.9	7.1	6.9	0.1
PBT Margin	6.0	1.9	3.9	2.1	4.1	4.9	4.9	0.0
Core PATANCI Margin	3.7	2.2	4.4	(0.7)	1.5	3.4	3.6	(0.2)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	38.1	21.5	42.2	(4.1)	16.6	38.1	42.2	(4.1)

Source: Company, MBSBR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue (External):								
Retailing	852.6	802.7	885.1	(3.7)	6.2	3,501.1	3,524.5	(0.7)
PMS	196.7	192.5	185.1	6.3	2.2	787.8	737.0	6.9
Total	**1,049.3**	**995.2**	**1,070.2**	**(2.0)**	**5.4**	**4,288.9**	**4,261.5**	**0.6**
Operating Profit:								
Retailing	21.2	(24.3)	29.8	(28.9)	(187.2)	23.0	75.8	(69.7)
PMS	76.2	80.8	63.4	20.2	(5.7)	322.1	282.4	14.1
Total	**97.4**	**56.5**	**93.2**	**4.5**	**72.4**	**345.1**	**358.2**	**(3.7)**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	2.5	(3.0)	3.4	(0.9)	5.5	0.7	2.2	(1.5)
PMS	38.7	42.0	34.3	4.5	(3.2)	40.9	38.3	2.6
Total	**9.3**	**5.7**	**8.7**	**0.6**	**3.6**	**8.0**	**8.4**	**(0.4)**

Source: Company, MBSBR

PMS = Property Management services

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	4,261.5	4,288.9	4,476.4	4,642.2	4,795.6
Gross Profit	1,768.3	1,878.5	1,950.3	2,022.5	2,089.3
EBITDA	714.0	736.3	742.4	785.7	800.8
EBIT	294.6	302.5	342.2	382.8	326.0
PBT	207.8	210.6	250.0	292.3	237.1
Taxation	(79.7)	(76.8)	(97.5)	(114.0)	(92.5)
PAT	128.0	133.8	152.5	178.3	144.7
Core PATANCI	158.6	143.9	152.5	178.3	144.7
Core EPS (sen)	11.3	9.5	10.9	12.7	10.3
PER (x)	13.8	11.7	11.6	9.9	12.2
DPS (sen)	4.5	4.5	4.3	6.3	5.1
Dividend Yield (%)	3.6	3.4	3.4	5.0	4.1

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	207.8	247.2	250.0	292.3	237.1
Operating cash flow	639.7	690.8	777.9	541.2	538.9
Investing cash flow	(230.8)	(435.4)	(371.1)	(384.6)	(396.9)
Financing cash flow	(137.3)	(188.8)	(467.1)	(136.7)	(121.9)
Net cash flow	271.5	(17.9)	(60.3)	20.0	20.1
Beginning cash flow	99.8	371.4	353.5	293.2	313.2
Ending cash flow	371.4	353.5	293.2	313.2	333.3

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	3.2	1.8	3.1	3.7	3.3
Gross Profit Growth	(1.7)	6.2	3.8	3.7	3.3
EBITDA Growth	0.1	3.1	0.8	5.8	1.9
Core PATANCI Growth	24.3	(4.9)	1.1	16.9	(18.9)

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	41.5	43.3	43.6	43.6	43.6
EBITDA Margin	16.8	17.0	16.6	16.9	16.7
EBIT Margin	6.9	7.8	7.6	8.2	6.8
Core PATANCI Margin	3.7	3.5	3.4	3.8	3.0

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	3,102.2	3,184.6	3,058.4	3,063.3	3,030.3
Intangible assets	28.6	17.0	28.9	29.1	29.2
Non-current assets	4,567.4	4,653.5	4,403.8	4,399.0	4,335.1
Inventories	614.1	658.6	653.1	677.3	699.7
ST - Trade receivables	60.2	60.1	83.1	87.9	92.7
Cash	371.4	353.5	293.2	313.2	333.3
Current assets	1,067.3	1,091.4	1,048.9	1,098.6	1,146.4
Total Assets	5,634.8	5,744.9	5,452.7	5,497.6	5,481.5
Total Equity	1,937.3	2,002.9	2,094.4	2,183.5	2,255.9
LT Loans	590.0	560.0	372.3	368.5	364.8
Non-current liabilities	2,161.9	2,062.0	1,864.6	1,821.8	1,780.0
ST Trade payables	1,228.5	1,216.3	1,220.6	1,304.1	1,387.9
ST Loans	30.0	230.0	18.9	18.7	18.6
Current Liabilities	1,535.6	1,734.1	1,493.7	1,492.3	1,445.6
Total Liabilities	3,697.5	3,742.0	3,358.3	3,314.1	3,225.6

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) 197501002077 (24878-X)

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

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad

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