Corporate Update

Aeon Co. (M) Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.47**

1QFY26 Results Review

Festive Tailwind Drives Sequential Surge

Maintain BUY with an Unchanged TP of RM1.47. AEON Co. delivered a solid start to FY26, with 1QFY26 earnings driven by the double festive periods (Chinese New Year and Hari Raya) and continued strength in its Property Management Services (PMS) segment. We make no changes to our earnings forecasts, and our **TP** remains unchanged at **RM1.47**, based on a 14.5x PER pegged to FY26F EPS of 10.1 sen. We maintain our **BUY** call underpinned by AEON's defensive earnings profile and the steady recurring contribution from its PMS segment.

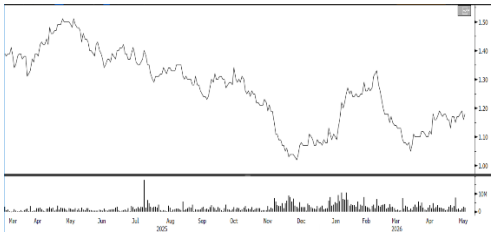
Within expectations. AEON posted 1QFY26 revenue of RM1.24b (-0.2%yoy; +18.4%qoq) and core PATANCI of RM84.0m (+21.2%yoy; +115.4%qoq), accounting for 59% of our full-year forecast and 56% of consensus. We deem the results to be within expectations, as 1H earnings are historically front-loaded on the back of the double festive periods of Chinese New Year and Hari Raya, while incremental headwinds from Middle East geopolitical developments and softer consumer sentiment are expected to weigh more visibly on subsequent quarters. No dividend was declared, in line with the group's typical 4Q payout cycle.

Retail softness cushioned by resilient PMS growth. AEON's 1QFY26 revenue eased -0.2%yoy to RM1.24b, weighed down by softer retailing sales (-1.0%yoy to RM1.03b) amid more measured consumer spending and continued moderation in discretionary purchases, while demand for essential goods remained stable. In contrast, the PMS segment grew +4.0%yoy to RM212.5m, supported by effective rental renewals, sustained occupancy and continued contribution from ongoing tenancy mix optimisation initiatives. On a sequential basis, group revenue surged +18.4%qoq, lifted by stronger festive-driven retail spending (+20.8%qoq) and steady PMS growth (+8.0%qoq) on higher sales commissions arising from improved tenant sales during the festive season.

Earnings lifted by festive momentum and PMS margin expansion. Core PATANCI rose to RM84.0m (+21.2%yoy; +115.4%qoq), translating into a core PATANCI margin of 6.8% (+1.2ppts yoy). The earnings uplift was driven primarily by stronger PMS profitability, with the segment's operating margin expanding +12.3ppts yoy to 54.8% on improved occupancy, higher sales commissions and effective tenancy management. Retailing OP, however, slipped -9.9%yoy to RM49.0m as margin compressed -0.5ppts yoy to 4.8%, reflecting softer top-line and ongoing cost pressures. Blended operating margin nonetheless expanded +2.0ppts yoy to 13.3%, supported by effective cost management and improved operational efficiency at the group level.

RETURN STATISTICS	
Price @ 18th May 2026 (RM)	1.18
Expected share price return (%)	+24.7
Expected dividend yield (%)	+3.4
Expected total return (%)	+28.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-1.9
3 months	10.3	-5.8
12 months	-20.8	-28.7

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	4,476.4	4,642.2	4,795.6
EBITDA	726.2	768.4	820.6
PBT	233.7	274.9	257.0
Core PATANCI	142.6	167.7	156.8
Core EPS (sen)	10.1	11.9	11.2
DPS (sen)	4.1	6.0	5.6
Dividend Yield (%)	3.4	5.1	4.7

KEY STATISTICS

FBM KLCI	1,727.71
Issued shares (m)	1404.00
Estimated free float (%)	36.83
Market Capitalisation (RM'm)	1,656.72
52-wk price range	RM1.01 - RM1.51
3-mth average daily volume (m)	2.67
3-mth average daily value (RM'm)	3.11
Top Shareholders (%)	
Aeon Co Ltd	52.03
Employees Provident Fund Board	7.64
Lembaga Tabung Haji	5.08

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Outlook. We remain constructive on AEON's prospects, supported by a resilient PMS segment that continues to anchor group earnings through stable occupancy and positive rental renewals. While retail spending may stay measured amid ongoing global disruptions, including potential spillovers from Middle East geopolitical developments that could affect consumer sentiment and spending patterns in subsequent quarters, festive-driven demand and government initiatives to mitigate market challenges should provide support. Management's ongoing initiatives, including Private Brands expansion, loyalty programme strengthening, accelerating digital transformation and optimising tenant mix to drive higher footfall, alongside continued investment in asset upgrades and sustainability initiatives, are expected to reinforce AEON's long-term value creation.

Aeon Co: 1QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue	1,242.3	1,049.3	1,244.8	(0.2)	18.4	1,242.3	1,244.8	(0.2)
Total operating expenses	(1,088.1)	(972.3)	(1,118.5)	(2.7)	11.9	(1,088.1)	(1,118.5)	(2.7)
Other operating income	4.7	8.9	7.1	(33.8)	(47.2)	4.7	7.1	(33.8)
Operating profit (EBIT)	**158.9**	**85.9**	**133.4**	**19.1**	**85.0**	**158.9**	**133.4**	**19.1**
Net finance income/(cost)	(20.9)	(21.8)	(22.7)	(7.9)	(4.1)	(20.9)	(22.7)	(7.9)
Profit before tax (PBT)	**135.4**	**62.7**	**110.7**	**22.3**	**115.9**	**135.4**	**110.7**	**22.3**
Income tax expense	(51.7)	(23.9)	(42.6)	21.4	116.3	(51.7)	(42.6)	21.4
Profit After tax (PAT)	**83.7**	**38.8**	**68.1**	**22.9**	**115.7**	**83.7**	**68.1**	**22.9**
PATANCI	83.7	38.8	68.1	22.9	115.7	83.7	68.1	22.9
Core PATANCI	**84.0**	**39.0**	**69.3**	**21.2**	**115.4**	**84.0**	**69.3**	**21.2**
Basic EPS (sen)	6.0	2.8	4.9	22.9	115.9	6.0	4.9	22.9
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	12.8	8.2	10.7	2.1	4.6	12.8	10.7	2.1
PBT Margin	10.9	6.0	8.9	2.0	4.9	10.9	8.9	2.0
Core PATANCI Margin	6.8	3.7	5.6	1.2	3.0	6.8	5.6	1.2
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	38.2	38.1	38.5	(0.3)	0.1	38.2	38.5	(0.3)

Source: Company, MBSBR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue (External):								
Retailing	1,029.8	852.6	1,040.4	(1.0)	20.8	1,029.8	1,040.4	(1.0)
PMS	212.5	196.7	204.4	4.0	8.0	212.5	204.4	4.0
Total	**1,242.3**	**1,049.3**	**1,244.8**	**(0.2)**	**18.4**	**1,242.3**	**1,244.8**	**(0.2)**
Operating Profit:								
Retailing	49.0	21.2	54.4	(9.9)	131.1	49.0	54.4	(9.9)
PMS	116.5	76.2	86.9	34.1	52.9	116.5	86.9	34.1
Total	**165.5**	**97.4**	**141.3**	**17.1**	**69.9**	**165.5**	**141.3**	**17.1**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	4.8	2.5	5.2	(0.5)	2.3	4.8	5.2	(0.5)
PMS	54.8	38.7	42.5	12.3	16.1	54.8	42.5	12.3
Total	**13.3**	**9.3**	**11.4**	**2.0**	**4.0**	**13.3**	**11.4**	**2.0**

Source: Company, MBSBR

PMS = Property Management services

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	4,261.5	4,339.8	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	726.2	768.4	820.6
EBIT	294.6	339.0	325.9	365.4	345.8
PBT	207.8	247.2	233.7	274.9	257.0
Taxation	(79.7)	(96.4)	(91.2)	(107.2)	(100.2)
PAT	128.0	150.8	142.6	167.7	156.8
Core PATANCI	158.6	150.8	142.6	167.7	156.8
Core EPS (sen)	11.3	10.7	10.1	11.9	11.2
PER (x)	12.9	11.0	11.6	9.9	10.6
DPS (sen)	4.5	4.3	4.1	6.0	5.6
Dividend Yield (%)	3.8	3.6	3.4	5.1	4.7

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	207.8	247.2	233.7	274.9	257.0
Operating cash flow	639.7	690.8	774.0	535.9	544.9
Investing cash flow	(230.8)	(435.4)	(371.1)	(384.6)	(396.9)
Financing cash flow	(137.3)	(188.8)	(463.1)	(131.4)	(127.9)
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	(1.4)	5.8	6.8
Core PATANCI Growth	24.3	(4.9)	(5.4)	17.6	(6.5)

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	16.2	16.6	17.1
EBIT Margin	6.9	7.8	7.3	7.9	7.2
Core PATANCI Margin	3.7	3.5	3.2	3.6	3.3

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	2,088.4	2,172.3	2,250.7
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	1,499.6	1,503.5	1,450.8
Total Liabilities	3,697.5	3,742.0	3,364.3	3,325.3	3,230.8

Source: Bloomberg, MBSBR

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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