Corporate Update

99 Speedmart Retail Holdings Berhad

(5326 | 99SMART MK) Main | Consumer Products & Services

ESG 2 Stars

2QFY26 Results Review
Still Delivering Defensive Growth

Maintain **BUY**
Unchanged Target Price **RM4.37**

Maintain BUY with unchanged TP of RM4.37. 99 Speedmart delivered another resilient quarter, underpinned by sustained outlet expansion, positive SSSG and continued transaction growth. While margins eased sequentially from the stronger 1QFY26 festive base, the group's earnings momentum remains intact, supported by its high-frequency essential retail format, scale efficiencies and steady store rollout. We make no changes to our earnings forecasts and maintain our **BUY** call with unchanged **TP of RM4.37**, pegged to 45x FY27F EPS of 9.7 sen.

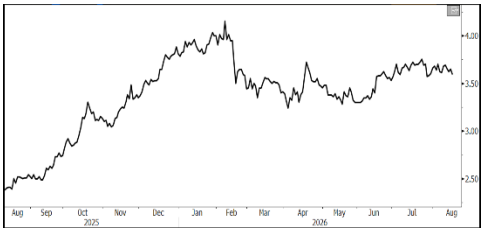
Within expectations. 99 Speedmart reported 2QFY26 revenue of RM3.08b (+13.6%yoy; +0.2%qoq) and core PATAMI of RM165.9m (+13.0%yoy; -13.2%qoq). For 1HFY26, revenue rose +15.5%yoy to RM6.14b, while core PATAMI increased +21.4%yoy to RM356.9m, accounting for 50% of our full-year forecast and 49% of consensus. 1HFY26 results came in within expectations. No dividend was declared in 2QFY26, bringing 1HFY26 DPS to 2.3 sen/share.

Revenue driven by store expansion, transactions and positive SSSG. 2QFY26 revenue growth was supported by a larger outlet network, earlier opening hours and higher transaction volumes. Total outlets increased by +257yoy to 3,151 outlets as at end-Jun-26, while total sales transactions rose +13.6%yoy to 146.4m. Average basket size remained stable at RM21.00. SSSG remained healthy at +7.2% in 2QFY26 and +9.1% in 1HFY26, underscoring resilient household spending and the strength of 99 Speedmart's value-led, convenience-focused format. 99 Bulksales also continued to gain traction, with 1HFY26 revenue rising +80.5%yoy to RM50.2m, supported by growing e-commerce and corporate/bulk demand.

Margins stable year-on-year, softer quarter-on-quarter from rebate/festive base. 2QFY26 gross profit rose +11.8%yoy to RM605.3m, while gross profit margin stood at 19.7% (-0.3ppts yoy; -0.7ppts qoq). The sequential moderation was mainly due to a higher level of supplier promotional rebates earned in 1QFY26, following the double festive campaigns. EBIT increased +11.5%yoy to RM230.1m, while EBIT margin was broadly stable year-on-year at 7.5%. Core PATAMI margin held steady year-on-year at 5.4%, but eased -0.8ppts qoq from the stronger 1QFY26 base. Admin and other operating expenses rose +11.7%yoy to RM388.9m, mainly due to higher staff costs and depreciation from the expansion of retail outlets and distribution warehouses, partially offset by utility savings from energy efficiency initiatives.

RETURN STATISTICS	
Price @ 17th August 2026 (RM)	3.59
Expected share price return (%)	+21.8
Expected dividend yield (%)	+1.2
Expected total return (%)	+23.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.7	-2.4
3 months	1.7	8.2
12 months	50.3	38.0

INVESTMENT STATISTICS

FYE JUNE (RM'm)	2026F	2027F	2028F
Revenue	13,031.4	14,710.6	16,012.5
EBITDA	896.4	1,043.8	1,136.2
PBT	950.2	1,096.8	1,188.8
Core PATAMI	707.0	816.0	884.4
Core EPS (sen)	8.4	9.7	10.5
DPS (sen)	4.2	4.9	5.3
Dividend Yield (%)	1.1	1.2	1.3

KEY STATISTICS

FBM KLCI	1,725.89
Issued shares (m)	8400.00
Estimated free float (%)	16.97
Market Capitalisation (RM'm)	30,156.00
52-wk price range	RM2.36 - RM4.15
3-mth average daily volume (m)	3.40
3-mth average daily value (RM'm)	12.07
Top Shareholders (%)	
Lee LYG Holdings Sdn Bhd	51.50
Lee Thiam Wah	28.18
Employees Provident Fund Board	7.14

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Growth initiatives gaining traction. Management highlighted that approximately 3,000 outlets are participating under the SARA programme, with new outlets pending MyKasih's approval. Midea sales were encouraging when it first rolled out across Klang Valley outlets in Apr-26, leading to a nationwide rollout across all outlets in Jul-26, with encouraging sales observed across both direct and e-commerce channels. Performance remains under observation. China remains a longer-term opportunity, with 5 outlets as at end-Jun-26, and management continues to adopt a cautious approach to understand the market before considering wider expansion.

Outlook. We remain positive on 99 Speedmart's outlook, supported by defensive essential demand, positive SSSG, continued outlet expansion and improving supply chain capacity. The new Semenyih distribution centre commenced operations in Jul-26 and is expected to support around 180 outlets in and around the Semenyih region, strengthening the group's distribution network and operational efficiency. While management remains mindful of softer consumer sentiment, inflationary pressures and cautious spending behaviour, we believe 99 Speedmart is well positioned to capture value-seeking demand given its strong neighbourhood presence, competitive pricing and high-frequency product mix. Key watchpoints include SSSG sustainability, pace of outlet rollout, Midea product contribution, China learning curve, supplier rebate trends and operating cost discipline. Overall, we maintain **BUY** with unchanged **TP of RM4.37.**

99 Speedmart: 2QFY26 Results Summary

FYE June (RM'm)	Quarterly results					Cumulative results		
	2QFY26	1QFY26	2QFY25	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue	3,075.9	3,068.4	2,707.8	13.6	0.2	6,144.3	5,319.4	15.5
Cost of Sales	(2,470.7)	(2,442.8)	(2,166.4)	14.0	1.1	(4,913.5)	(4,257.0)	15.4
Gross Profit	**605.3**	**625.5**	**541.5**	**11.8**	**(3.2)**	**1,230.8**	**1,062.4**	**15.8**
Other operating income	0.0	0.0	0.0	NA	NA	0.0	0.0	NA
Other income	13.7	13.8	13.1	4.8	(0.7)	27.5	24.0	14.9
Administrative and other operating expense	(388.9)	(377.5)	(348.2)	11.7	3.0	(766.4)	(676.5)	13.3
EBIT	230.1	261.9	206.4	11.5	(12.1)	492.0	409.8	20.0
Net finance income/(cost)	(12.7)	(12.5)	(12.0)	5.9	1.6	(25.2)	(23.5)	7.3
PBT	217.4	249.4	194.4	11.8	(12.8)	466.8	386.3	20.8
Taxation	(53.5)	(60.8)	(49.8)	7.4	(12.1)	(114.2)	(96.8)	18.0
PAT	163.9	188.6	144.6	13.4	(13.1)	352.5	289.5	21.8
Core PATAMI	165.9	191.1	146.8	13.0	(13.2)	356.9	294.0	21.4
Core EPS (sen)	2.0	2.3	1.7	13.0	(13.2)	4.2	3.5	21.4
DPS (sen)	0.0	2.3	0.0	NA	(100.0)	2.3	2.3	0.0
Growth & Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	19.7	20.4	20.0	-0.3	(0.7)	20.0	20.0	0.1
EBIT Margin	7.5	8.5	7.6	(0.1)	(1.1)	8.0	7.7	0.3
PBT Margin	7.1	8.1	7.2	(0.1)	(1.1)	7.6	7.3	0.3
Core PATAMI Margin	5.4	6.2	5.4	(0.0)	(0.8)	5.8	5.5	0.3

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	9,981.6	11,433.3	13,031.4	14,710.6	16,012.5
Gross Profit	1,104.3	1,298.7	1,378.6	1,556.2	1,694.0
EBITDA	949.6	861.5	896.4	1,043.8	1,136.2
EBIT	703.6	861.5	896.4	1,043.8	1,136.2
PBT	658.6	824.0	950.2	1,096.8	1,188.8
Taxation	(168.3)	(199.3)	(243.3)	(280.8)	(304.3)
PAT	490.3	624.6	707.0	816.0	884.4
Core PATAMI	532.0	633.0	707.0	816.0	884.4
Core EPS (sen)	6.3	7.5	8.4	9.7	10.5
PER (x)	63.2	53.1	47.5	41.2	38.0
DPS (sen)	2.4	3.8	4.2	4.9	5.3
Dividend Yield (%)	0.6	0.9	1.1	1.2	1.3

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	658.6	824.0	950.2	1,096.8	1,188.8
Operating cash flow	488.5	900.4	857.7	947.8	1,021.4
Investing cash flow	(365.6)	58.1	(179.9)	(193.0)	(204.0)
Financing cash flow	237.6	(558.6)	(331.0)	(379.4)	(408.1)
Net cash flow	360.6	399.8	346.8	375.4	409.3
Beginning cash flow	137.6	498.1	897.9	1,244.7	1,620.2
Ending cash flow	498.1	897.9	1,244.7	1,620.2	2,029.5

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth (%)	8.4	14.5	14.0	12.9	8.9
Gross Profit Growth (%)	31.2	17.6	6.2	12.9	8.9
EBITDA Growth (%)	18.2	(9.3)	4.1	16.4	8.9
Core PATAMI Growth (%)	32.5	19.0	11.7	15.4	8.4

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin (%)	11.1	11.4	10.6	10.6	10.6
EBITDA Margin (%)	9.5	7.5	6.9	7.1	7.1
EBIT Margin (%)	7.0	7.5	6.9	7.1	7.1
Core PATANCI Margin (%)	5.3	5.5	5.4	5.5	5.5

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	576.3	671.8	583.1	589.7	603.2
Right of use assets	865.7	943.4	734.7	692.5	661.9
Total Non-current assets	1,454.7	1,623.4	1,350.1	1,314.5	1,297.4
Inventories	1,339.0	1,450.1	1,596.3	1,802.0	1,961.4
ST Trade and other receivables	69.4	104.5	97.4	102.2	106.0
Cash and cash equivalents	698.1	897.9	1,244.7	1,620.2	2,029.5
Total current assets	2,106.5	2,452.4	2,938.4	3,524.3	4,096.9
Total Assets	3,561.2	4,075.8	4,288.5	4,838.9	5,394.3
Total Equities	1,579.0	1,815.1	2,168.6	2,576.6	3,018.9
LT Loans and borrowings	0.0	0.0	12.1	16.6	21.1
Total Non-current liabilities	770.5	841.9	671.8	661.1	655.3
ST Trade and other payables	1,007.3	1,197.8	1,290.6	1,446.9	1,568.1
ST Loans and borrowings	3.4	0.0	1.3	1.8	2.3
Total Current Liabilities	1,211.7	1,418.8	1,456.8	1,609.9	1,729.0
Total Liabilities	1,982.2	2,260.7	2,128.6	2,271.0	2,384.3

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