Corporate Update

99 Speedmart Retail Holdings Berhad

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

ESG 2 Stars

3QFY26 Results Review
Transactions and Margins Stay Firm

Maintain **BUY**

Revised Target Price **RM3.59**
(from RM4.37)

Maintain BUY with a lower TP of RM3.59. 99 Speed Mart delivered a strong 3QFY26, with revenue and core earnings both recording double-digit growth as new store openings, higher transaction volumes and a better product mix supported the quarter. Margin expansion also continued, helped by operating leverage and disciplined cost management. We leave our earnings forecasts unchanged and lower our target PER to 37x FY27F from 45x previously, applied to FY27F EPS of 9.7 sen, bringing out **TP** to **RM3.59** from **RM4.37** previously. The revised multiple is 0.9x below its post-IPO historical average and reflects an updated valuation amid slightly cautious broader consumer sentiment, while still recognising 99 Speed Mart's defensive essentials exposure, healthy earnings growth and resilient store economics.

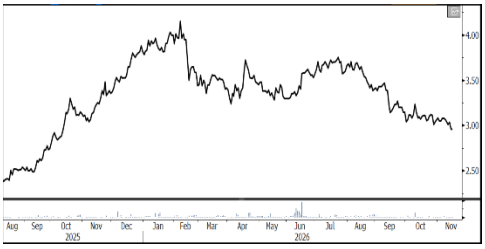
Within expectations. 9MFY26 core PATAMI rose +20.0%yoy to RM547.8m, accounting for 77% of our FY26 forecast and 75% of consensus full year expectations. For 3QFY26, core PATAMI increased +17.3%yoy and +15.1%qoq to RM190.8m, supported by stronger revenue growth and margin expansion. The Board declared a second interim dividend of 2.25 sen/share, bringing FY26 DPS declared to 4.5 sen/share, in line with management's intention to distribute dividends twice annually at a payout ratio of around 50%.

Store expansion and transactions drove revenue growth. 3QFY26 revenue increased +8.7%yoy and +7.3%qoq to RM3.30b, supported by continued outlet expansion and higher transaction volumes. The group ended Sep-26 with 3,217 outlets, up 251 year-on-year, while quarterly transactions rose +10.2%yoy to 156.3m. Average basket size eased to RM21.10 from RM21.40 a year earlier, which management attributed to smaller and more frequent purchases rather than weaker consumer purchasing power. For 9MFY26, revenue rose +13.0%yoy to RM9.45b, with transactions increasing +13.7%yoy to 443.8m and SSSG at +6.8%. Bulksales also continued to gain traction, with incremental 9MFY26 revenue of RM28.5m and 9MFY26 Bulksales revenue growth at +56.6%yoy.

Margins improved alongside scale. 3QFY26 gross profit increased +15.3%yoy to RM659.4m, with gross margin improving by +1.2ppts yoy to 20.0% on higher sales volume and a more favourable product mix. Operating expenses rose +13.5%yoy to RM412.0m, mainly from higher staff costs and depreciation associated with continued outlet and distribution-centre expansion. Despite the higher cost base, operating leverage supported PBT growth of +17.8%yoy to RM252.3m, with PBT margin improving by 0.5ppt year-on-year to 7.6%. For 9MFY26, PBT increased +19.7%yoy to RM719.1m, while core PATAMI rose +20.0%yoy to RM547.8m, with core PATAMI margin improving by 0.3ppt yoy to 5.8%.

RETURN STATISTICS	
Price @ 17th Nov 2026 (RM)	2.96
Expected share price return (%)	+21.4
Expected dividend yield (%)	+1.2
Expected total return (%)	+22.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.5	-2.5
3 months	-6.0	-9.3
12 months	-8.9	-6.6

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	1,575.15
Issued shares (m)	8400.00
Estimated free float (%)	16.97
Market Capitalisation (RM'm)	24,864.00
52-wk price range	RM2.89 - RM4.15
3-mth average daily volume (m)	3.18
3-mth average daily value (RM'm)	10.24
Top Shareholders (%)	
Lee LYG Holdings Sdn Bhd	51.50
Lee Thiam Wah	28.18
Employees Provident Fund Board	7.58

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Outlook. We expect earnings growth to remain supported by continued store expansion, resilient demand for daily essentials and further improvements in product mix and operating efficiency. Management remains committed to adding around 250 stores annually over the next three years, with East Coast and northern regions still offering room for expansion, while longer-term SSSG of 2-3% remains healthy. New categories such as Midea appliances and dedicated OTC medicine shelves should provide incremental sales opportunities, while Bulksales continues to broaden the group's customer base. On the upcoming minimum wage increase, management estimates the impact at around 0.6-0.7% of revenue, with roughly half of its workforce currently earning below RM2,000 and an average salary of about RM1,800. We view the impact as manageable, supported by productivity gains, operating leverage and further savings from lower electricity costs as a percentage of revenue. We maintain **BUY** with a lower **TP of RM3.59**, based on 37x FY27F PER applied to EPS of 9.7 sen.

99 Speedmart: 3QFY26 Results Summary

FYE June (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	3,300.9	3,075.9	3,037.8	8.7	7.3	9,445.2	8,357.2	13.0
Cost of Sales	(2,641.5)	(2,470.7)	(2,709.5)	(2.5)	6.9	(7,555.0)	(6,966.5)	8.4
Gross Profit	**659.4**	**605.3**	**328.3**	**100.8**	**8.9**	**1,890.2**	**1,390.7**	**35.9**
Other operating income	0.0	0.0	241.2	(100.0)	#DIV/0!	0.0	241.2	(100.0)
Other income	18.0	13.7	17.3	4.1	31.3	45.5	41.3	10.4
Administrative and other operating expense	(412.0)	(388.9)	(363.1)	13.5	6.0	(1,178.4)	(1,039.6)	13.3
EBIT	265.4	230.1	223.7	18.6	15.3	757.3	633.5	19.5
Net finance income/(cost)	(13.0)	(12.7)	(12.1)	7.4	2.5	(38.2)	(35.6)	7.4
PBT	252.3	217.4	211.6	19.3	16.1	719.1	597.9	20.3
Taxation	(62.6)	(53.5)	(50.9)	22.8	17.0	(176.8)	(147.7)	19.7
PAT	189.8	163.9	160.6	18.1	15.8	542.3	450.2	20.5
Core PATAMI	190.8	165.9	162.7	17.3	15.1	547.8	456.7	20.0
Core EPS (sen)	2.3	2.0	1.9	17.3	15.1	6.5	5.4	20.0
DPS (sen)	2.3	0.0	2.3	0.0	#DIV/0!	4.5	4.5	0.0
Growth & Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	20.0	19.7	10.8	9.2	0.3	20.0	16.6	3.4
EBIT Margin	8.0	7.5	7.4	0.7	0.6	8.0	7.6	0.4
PBT Margin	7.6	7.1	7.0	0.7	0.6	7.6	7.2	0.5
Core PATAMI Margin	5.8	5.4	5.4	0.4	0.4	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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MBSB 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