Corporate Update

Aeon Co. (M) Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

3QFY26 Results Review

Property Earnings Cushion Retail Weakness

Maintain BUY with a lower TP of RM1.26. AEON's 3QFY26 operating performance improved, supported by stronger property management earnings and better cost control, although the retail business remained soft amid cautious consumer spending. Group revenue was broadly stable, while operating profit and PBT recorded double-digit growth. Core earnings, however, were weaker in the quarter due largely to a significantly higher effective tax rate. We leave our earnings forecasts unchanged and roll forward our valuation to FY27F, lowering our target PER to 10x from 14.5x previously, applied to FY27F EPS of 12.6 sen. The lower multiple reflects a more cautious valuation stance amid softer consumer sentiment and a still-uneven discretionary spending recovery.

Within expectations. 9MFY26 core PATANCI increased +6.3%yoy to RM111.5m, equivalent to 71% of our FY26 forecast and 73% of consensus. For 3QFY26, core PATANCI declined -43.5%yoy and -15.4%qoq to RM12.6m, despite stronger operating profit, mainly due to the sharp increase in the effective tax rate to 65.0% from 21.5% a year earlier. No dividend was declared for the quarter.

Revenue growth remained modest as retail stayed soft. 3QFY26 revenue increased +1.6%yoy and +1.6%qoq to RM1.01b. Retail revenue rose +1.0%yoy to RM811.0m, with consumer spending continuing to favour essential purchases while discretionary demand remained subdued. Property management services revenue increased +3.9%yoy to RM200m, supported by sustained occupancy and tenancy renewals. For 9MFY26, group revenue was broadly flat at RM3.25b, with retail revenue declining -0.5%yoy to RM2.64b, partly offset by a +3.6%yoy increase in property management revenue to RM612.5m.

Property management continued to drive earnings growth. 3QFY26 operating profit rose +18.1%yoy to RM50.2m, with operating margin improving by 0.7ppt year-on-year to 5.0%, supported by cost discipline and stronger property management contribution. Property management operating profit increased +5.8%yoy to RM85.5m, while the retail segment remained loss-making at -RM21.9m. PBT rose +43.0%yoy to RM26.6m, but reported PAT declined -36.3%yoy to RM9.3m as the effective tax rate increased sharply to 65.0%. For 9MFY26, operating profit increased +17.9%yoy to RM255.4m and PBT rose +25.6%yoy to RM185.7m, driven mainly by stronger property management earnings and cost control. Core PATANCI increased +6.3%yoy to RM111.5m, with core PATANCI margin improving by 0.2ppt year-on-year to 3.4%.

Maintain **BUY**

Revised Target Price **RM1.26**
(from RM1.61)

RETURN STATISTICS	
Price @ 20th Nov 2026 (RM)	0.89
Expected share price return (%)	+41.9
Expected dividend yield (%)	+7.1
Expected total return (%)	+49.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.3	-3.0
3 months	-5.9	-2.2
12 months	-20.3	-17.1

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	4,278.2	4,425.0	4,559.6
EBITDA	788.5	838.1	873.0
PBT	253.8	286.9	304.4
Core PATANCI	156.1	176.4	187.2
Core EPS (sen)	11.1	12.6	13.3
DPS (sen)	4.4	6.3	6.7
Dividend Yield (%)	5.0	7.1	7.5

KEY STATISTICS

FBM KLCI	1,556.51
Issued shares (m)	1404.00
Estimated free float (%)	37.03
Market Capitalisation (RM'm)	1,242.54
52-wk price range	RM0.87 - RM1.35
3-mth average daily volume (m)	0.93
3-mth average daily value (RM'm)	0.88
Top Shareholders (%)	
Aeon Co Ltd	51.00
Employees Provident Fund Board	7.62
Kumpulan Wang Persaraan Diperbadan	6.20

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Outlook. We expect near-term earnings to remain supported by property management income, cost discipline and the upcoming opening of AEON Mall KL Midtown, while retail recovery is likely to remain gradual given still-cautious discretionary spending. Demand for essentials should provide some stability to the retail business, but a clearer recovery in discretionary categories will be needed before retail profitability improves more meaningfully. Property management remains the key earnings anchor, supported by stable occupancy and recurring rental income. We maintain **BUY** with a lower **TP of RM1.26**, based on 10x FY27F PER applied to EPS of 12.6 sen after rolling forward our valuation to FY27F.

Aeon Co: 3QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	1,011.0	995.4	995.2	1.6	1.6	3,248.7	3,239.6	0.3
Total operating expenses	(974.1)	(953.9)	(963.5)	1.1	2.1	(3,016.1)	(3,046.6)	(1.0)
Other operating income	13.3	4.8	10.8	23.1	177.1	22.8	23.6	(3.4)
Operating profit (EBIT)	**50.2**	**46.3**	**42.5**	**18.1**	**8.4**	**255.4**	**216.6**	**17.9**
Net finance income/(cost)	(21.1)	(20.9)	(23.9)	(11.7)	1.0	(62.9)	(69.3)	(9.2)
Profit before tax (PBT)	**26.6**	**23.7**	**18.6**	**43.0**	**12.2**	**185.7**	**147.9**	**25.6**
Income tax expense	(17.3)	(9.5)	(4.0)	332.5	82.1	(78.5)	(52.9)	48.4
Profit After tax (PAT)	**9.3**	**14.2**	**14.6**	**(36.3)**	**(34.5)**	**107.2**	**95.0**	**12.8**
PATANCI	9.3	14.2	14.6	(36.3)	(34.5)	107.2	95.0	12.8
Core PATANCI	**12.6**	**14.9**	**22.3**	**(43.5)**	**(15.4)**	**111.5**	**104.9**	**6.3**
Basic EPS (sen)	0.7	1.0	1.0	(36.5)	(34.7)	7.6	6.8	12.7
DPS (sen)	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	5.0	4.7	4.3	0.7	0.3	7.9	6.7	1.2
PBT Margin	2.6	2.4	1.9	0.8	0.3	5.7	4.6	1.2
Core PATANCI Margin	1.2	1.5	2.2	(1.0)	(0.3)	3.4	3.2	0.2
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	65.0	40.1	21.5	43.5	25.0	65.0	21.5	43.5

Source: Company, MBSBR

Aeon Co: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue (External):								
Retailing	811.0	795.4	802.7	1.0	2.0	2,636.2	2,648.5	(0.5)
PMS	200.0	200.0	192.5	3.9	0.0	612.5	591.1	3.6
Total	**1,011.0**	**995.4**	**995.2**	**1.6**	**1.6**	**3,248.7**	**3,239.6**	**0.3**
Operating Profit:								
Retailing	(21.9)	(32.4)	(24.3)	(9.9)	(32.4)	(5.3)	1.8	(394.4)
PMS	85.5	90.0	80.8	5.8	(5.0)	292.0	245.9	18.7
Total	**63.6**	**57.6**	**56.5**	**12.6**	**10.4**	**286.7**	**247.7**	**15.7**
Operating profit margin (%):				***+/(-) ppts***	***+/(-) ppts***			***+/(-) ppts***
Retailing	(2.7)	(4.1)	(3.0)	0.3	1.4	(0.2)	0.1	(0.3)
PMS	42.8	45.0	42.0	0.8	(2.3)	47.7	41.6	6.1
Total	**6.3**	**5.8**	**5.7**	**0.6**	**0.5**	**8.8**	**7.6**	**1.2**

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	4,278.2	4,425.0	4,559.6
Gross Profit	1,768.3	1,804.6	1,878.5	1,943.0	2,002.1
EBITDA	714.0	746.8	788.5	838.1	873.0
EBIT	294.6	302.5	346.4	377.9	393.8
PBT	207.8	210.6	253.8	286.9	304.4
Taxation	(79.7)	(76.8)	(97.7)	(110.4)	(117.2)
PAT	128.0	133.8	156.1	176.4	187.2
Core PATANCI	158.6	155.0	156.1	176.4	187.2
Core EPS (sen)	11.3	11.0	11.1	12.6	13.3
PER (x)	12.1	11.5	9.9	8.8	8.3
DPS (sen)	4.5	4.5	4.4	6.3	6.7
Dividend Yield (%)	4.1	4.1	5.0	7.1	7.5

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	207.8	210.6	253.8	286.9	304.4
Operating cash flow	639.7	616.6	749.9	520.6	538.9
Investing cash flow	(230.8)	(445.7)	(354.7)	(366.6)	(377.4)
Financing cash flow	(137.3)	(188.8)	(468.5)	(135.7)	(143.1)
Net cash flow	271.5	(17.9)	(73.2)	18.3	18.3
Beginning cash flow	99.8	371.4	353.5	280.3	298.6
Ending cash flow	371.4	353.5	280.3	298.6	316.9

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	3.2	0.6	(0.2)	3.4	3.0
Gross Profit Growth	(1.7)	2.1	4.1	3.4	3.0
EBITDA Growth	0.1	4.6	5.6	6.3	4.2
Core PATANCI Growth	24.3	(2.3)	0.7	13.0	6.1

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	41.5	42.1	43.9	43.9	43.9
EBITDA Margin	16.8	17.4	18.4	18.9	19.1
EBIT Margin	6.9	7.1	8.1	8.5	8.6
Core PATANCI Margin	3.7	3.6	3.6	4.0	4.1

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	3,102.2	3,184.6	2,993.0	2,994.4	2,954.6
Intangible assets	28.6	17.0	28.9	29.1	29.2
Non-current assets	4,567.4	4,653.5	4,277.7	4,249.7	4,173.7
Inventories	614.1	658.6	636.2	658.0	678.0
ST - Trade receivables	60.2	60.1	79.5	83.8	88.1
Cash	371.4	353.5	280.3	298.6	316.9
Current assets	1,067.3	1,091.4	1,014.4	1,059.6	1,102.8
Total Assets	5,634.8	5,744.9	5,292.1	5,309.2	5,276.4
Total Equity	1,937.3	2,002.9	2,096.6	2,184.8	2,278.4
LT Loans	590.0	560.0	372.3	368.5	364.8
Non-current liabilities	2,161.9	2,062.0	1,861.0	1,817.8	1,775.7
ST Trade payables	1,228.5	1,216.3	1,159.2	1,235.3	1,311.4
ST Loans	30.0	230.0	18.9	18.7	18.6
Current Liabilities	1,535.6	1,734.1	1,334.6	1,306.7	1,222.4
Total Liabilities	3,697.5	3,742.0	3,195.6	3,124.5	2,998.1

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