

99 Speed Mart Retail Holdings Berhad (5326)

Growth Intact

Bloomberg Ticker: 99SMART MK | Investment Horizon: 12 Months

Recommendation

We downgrade to SELL call (from HOLD) with a TP of RM3.05 (from RM3.18), based on FY26F PE of 38x, which remains at +1.5 standard deviations above its peer 3-year mean of 27x. The stocks is trading at a forward PER meaningfully above historical mean and above regional convenience retail peers, we see its valuations stretched at 52x FY26F PE.

Results Review

99SMART's FY25 results came within expectations, accounting for 98% of our and 97% of consensus full-year forecasts.

YoY, FY25 revenue rose by 14.5% to RM11.4bn, driven by a 9.3% increase in outlets (+259 YoY) and sales increase in bulk sales e-commerce platform (+214.8% YoY). Its core earnings grew 19.9% supported by better other operating income in tandem with expansion of outlet network. The FY25 average basket size remained flattish YoY at RM21.5. Its SSSG also remain strong and healthy at 7.8% YoY.

QoQ, 4QFY25 revenue edged up 1.3%, supported by (i) contributions from 71 newly opened outlets, (ii) a higher average basket size of RM21.7 versus RM21.4 in 3QFY25, and (iii) sustained demand driven by the SARA government assistance programme. However, 4QFY25 core earnings declined 2.2% to RM157.2mn, primarily attributable to higher administrative expenses and a slightly elevated effective tax rate of 24.7% compared to 24.1% in 3QFY25.

Outlook

We remain optimistic on 99SMART's growth, supported by continued store expansion, particularly in the East Coast and East Malaysia, alongside the implementation of longer operating hours. The group has exceeded its 3000 outlets target in FY25 to 3037 outlets, and continue to target opening 250 new outlets annually. The value packs (4 items for RM10) and in-store Everyday Value Zones continue to gain traction and capture greater market share within the B40 segment. Ongoing government social assistance programme (started Phrase 2 in 9th Feb 2026) will also continue to benefit 99SMART, with more than 2,000 participating stores, supporting sales uplift and stronger financial performance.

Forecast

We trim FY26F-FY27F earnings by 2-4% to reflect higher administrative cost as the store network matures and flattish basket size while introducing FY28F forecast number.

Investment Risk to our Call

(i) Weaker than expected consumer sentiment, (ii) competitive retail environment, (iii) cost inflation and operating expenses, and (iv) lower SSSG

SELL ↓

Target Price: RM3.05 (-23%) ↓

Current Share Price: RM3.95

**Main Market
Consumer Products & Services**

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Company Overview

99 Speed Mart Retail Holding Berhad is a leading retail chain for fast-moving consumer goods (FMCG) across Malaysia. With over 2,600 outlets nationwide, 99 Holdings has established itself as a dominant player in Malaysia's retail sector.

Stock Information

Market Cap (RM'mn)	33,180
Issued Shares (mn)	8,400
52W High (RM)	4.15
52W Low (RM)	1.92
Estimated Free Float (%)	16.9
Beta vs FBM KLCI	N.A
3-month Average Vol. (mn)	9.9
Shariah Compliant	Yes

Consensus	FY25A	FY26F	FY27F
EPS (sen)	0.074	0.089	0.098
Ratings	Buy	Hold	Sell
	6	7	1

Category	Score	Materiality	Weighted Score
Environmental	33	30%	1.9
Social	32	35%	2.3
Governance	35	35%	2.4
Total	100	100%	6.6

Results Summary

FYE 30 Dec (RMmn)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	2,584.7	3,037.8	3,076.1	1.3	19.0	9,981.6	11,433.3	14.5
Gross profit	264.5	328.3	330.9	0.8	25.1	1,007.5	1,298.7	28.9
EBITDA	242.4	294.5	294.5	(0.0)	21.5	976.1	1,138.7	16.7
Depreciation	(65.1)	(70.8)	(73.4)	3.7	12.8	(246.0)	(277.2)	12.7
EBIT	177.2	223.7	221.1	(1.2)	24.7	730.1	861.5	18.0
Pretax Profit	167.5	211.6	208.8	(1.3)	24.6	685.1	813.5	18.8
Taxation	(41.1)	(50.9)	(51.6)	1.3	25.5	(172.7)	(199.3)	15.4
Net Profit	126.4	160.7	157.2	(2.2)	24.3	512.4	614.2	19.9
Core Net Profit	126.4	160.7	157.2	(2.2)	24.3	512.4	614.2	19.9
Margin (%)								
GP	10.2	10.8	10.8			10.1	11.4	
EBITDA	9.4	9.7	9.6			9.8	10.0	
Pretax	6.5	7.0	6.8			6.9	7.1	
Net Profit	4.9	5.3	5.1			5.1	5.4	
Number of stores	2,778.0	2,966.0	3,037.0			2,778.0	3,037.0	
Transaction volume	120.7	141.8	141.7			465.4	532.0	
Basket size	21.4	21.4	21.7			21.6	21.4	

Key Assumption

Revenue Growth	Actual		Before			After		
	FY24	FY25	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
No of stores	2778	3037	3276	3528	New	3287	3537	3787
Avg basket size (RM)	21.4	21.5	21.0	21.0	New	21.0	21.0	21.0

Key Financial Metrics

FYE 30 Dec	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	9,981.6	11,433.3	13,261.2	14,561.5	15,592.4
EBITDA (RM'mn)	966.3	1,082.2	1,202.2	1,300.8	1,301.8
Pretax profit (RM'mn)	658.6	813.5	892.7	946.9	1,013.9
Net profit (RM'mn)	485.9	614.2	673.9	714.9	765.5
EPS (sen)	5.8	7.3	8.0	8.5	9.1
PER (x)	56.2	44.4	40.5	38.2	35.7
Core net profit (RM'mn)	512.4	614.2	673.9	714.9	765.5
Core EPS (sen)	6.1	7.3	8.0	8.5	9.1
Core EPS growth (%)	27.7	19.9	9.7	6.1	7.1
Core PER (x)	53.3	44.4	40.5	38.2	35.7
Net DPS (sen)	2.9	4.5	4.5	4.5	4.5
Dividend Yield (%)	1.8	2.7	2.7	2.7	2.7
ROE (%)	30.8	33.8	32.5	29.4	27.2
P/BV (x)	17.3	15.0	13.2	11.2	9.7

Financial Exhibits

Income Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	9,981.6	11,433.3	13,261.2	14,561.5	15,592.4
Operating expenses	(9,015.4)	(10,272.0)	(11,965.6)	(13,173.3)	(14,105.9)
EBITDA	966.3	1,161.3	1,295.6	1,388.2	1,486.5
Depreciation	269.6	308.8	358.2	393.3	421.2
EBIT	703.6	861.5	944.0	1,002.1	1,073.0
Net int income/(expense)	(45.0)	(47.9)	(51.3)	(55.2)	(59.1)
Exceptional gains / (losses)	-	-	-	-	-
Associates' contribution	-	-	-	-	-
Pretax profit	658.6	813.5	892.7	946.9	1,013.9
Tax	(172.7)	(199.3)	(218.7)	(232.0)	(248.5)
Minority interest	-	-	-	-	-
Net profit	485.9	614.2	673.9	714.9	765.5
Core net profit	512.4	614.2	673.9	714.9	765.5

Balance Sheet Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	1,441.9	1,615.2	1,333.6	1,350.8	1,369.1
Other long term assets	12.7	8.2	16.3	16.3	16.3
Total non-current assets	1,454.7	1,623.4	1,349.9	1,367.0	1,385.4
Cash and equivalents	698.1	897.9	1,655.8	1,948.9	2,526.7
Inventories	1,339.0	1,450.1	1,912.8	1,779.8	2,174.2
Receivables	15.3	44.6	28.1	51.7	33.7
Other current assets	54.0	59.9	65.3	71.7	76.8
Total current assets	2,106.5	2,452.4	3,662.0	3,852.2	4,811.4
Payables	936.3	1,120.4	1,660.4	1,393.1	1,876.6
Short term borrowings	3.4	4.0	4.0	4.0	4.0
Other current liabilities	271.9	294.5	362.8	396.8	424.9
Total current liabilities	1,211.7	1,418.8	2,027.2	1,793.8	2,305.4
Long term borrowings	0.0	(3.4)	(3.4)	(3.4)	(3.4)
Other long term liabilities	770.5	841.9	1,095.0	1,178.3	1,261.5
Total long term liab.	770.5	838.4	1,091.5	1,174.8	1,258.1
Shareholders' Funds	1,579.0	1,815.1	2,075.8	2,433.2	2,815.9
Minority Interest	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	658.6	813.5	892.7	946.9	1,013.9
Depreciation & amortisation	246.0	277.1	358.2	393.3	421.2
Working capital changes	(257.4)	28.0	97.4	(157.7)	107.4
Cash tax paid	(167.5)	(198.5)	(218.7)	(232.0)	(248.5)
Others	8.8	(19.7)	254.5	25.3	20.3
C/F from operation	488.5	900.4	1,384.1	975.9	1,314.4
Capex	(170.7)	(173.2)	(230.7)	(253.4)	(271.3)
Others	(194.9)	231.3	(136.5)	(149.9)	(160.5)
C/F from investing	(365.6)	58.1	(367.3)	(403.3)	(431.8)
Debt raised/(repaid)	(209.1)	(183.3)	78.0	78.0	78.0
Dividends paid	(200.0)	(378.0)	(337.0)	(357.4)	(382.7)
Others	646.7	2.6	0.1	0.0	0.0
C/F from financing	237.6	(558.6)	(258.9)	(279.4)	(304.8)
Net change in cash flow	360.6	399.8	757.9	293.1	577.8
Free Cash Flow	317.8	727.1	1,153.3	722.5	1,043.1



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TRADING SELL: Total stock return expected to below -10% over a 6-month period

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