

99 Speed Mart Retail Holdings Berhad (5326)



Boost by festive season

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HOLD ↔

TP: RM 2.35 (+7%) ↔

Current Share Price: RM 2.19

Growth

Investment Horizon
12 months

Valuation

Our target price is based on:

FY25F PE of 35x, which is +1.5SD of its peer 3-year mean of 27x, as we are projecting stronger earnings growth by affordable essential goods and net cash company.

Result Report

Results Review



99SMART's 1QFY25 results were within expectations, accounting for 25% of both our and consensus full-year forecasts. On a QoQ basis, core earnings rose 13.3% to RM143m, underpinned by (i) increased footfall and contributions from stores expansion, (ii) strong bulk sales via its e-commerce platform during the festive season (+44% QoQ), (iii) improved operational efficiency, and (iv) greater promotional discount received from suppliers. The 1QFY25 SSSG of 1.7% and basket size of RM21 remain flattish QoQ, which also in line with our assumptions. The group also declared an interim dividend of 2.25 sen per share.

Outlook



We remain optimistic on 99SMART's growth trajectory, underpinned by its continued store expansion, particularly across the East Coast and East Malaysia. Bulk sales via its e-commerce platform remain robust, supported by intensified marketing initiatives and deeper penetration into the northern and southern regions. In March, the group commissioned a new distribution center (DC) in Miri, Sarawak to strengthen logistics support for its East Malaysia operations, with plans to scale utilisation in tandem with store openings across the region. Additionally, a second DC is slated for commencement in Cyberjaya, Selangor by 2Q25. Spanning approximately 120,000 sq ft, this facility is expected to support up to 200 outlets within the surrounding region, while enhancing fulfilment capacity for the group's fast-growing bulk e-commerce segment. We make no changes to our earnings forecast. We maintain our HOLD call recommendation with an unchanged TP of RM2.35, based on FY25F PER of 35x, to reflect 99SMART's strong earnings momentum and solid net cash position.

Key Assumptions

Revenue growth	Before			After		
	FY2025E	FY2026E	FY2027E	FY2025E	FY2026E	FY2027E
No of stores	3026	3276	3528	3026	3276	3528
Same store sales (RMm)	10,125	10,359	10,568	10,125	10,359	10,568
Avg basket size	21	21	21	21	21	21

Results Summary

FYE 31 Dec (RM'm)	1QFY24	4QFY24	1QFY25	QoQ (%)	YoY (%)
Revenue	2425.9	2584.7	2611.6	1.0	7.7
Gross profit	282.5	264.5	314.5	18.9	11.3
EBITDA	247.4	242.4	266.7	10.0	7.8
Depreciation	-58.1	-65.1	-65.0	0.2	-11.8
EBIT	189.3	177.2	201.7	13.8	6.5
Pretax Profit	178.5	167.5	190.2	13.6	6.6
Taxation	-45.3	-41.1	-47.1	-14.4	-3.8
Net Profit	133.2	126.4	143.2	13.3	7.5
Core Net Profit	133.2	126.4	143.2	13.3	7.5
Margin (%)					
GP	11.6	10.2	12.0		
EBITDA	10.2	9.4	10.2		
Pretax	7.4	6.5	7.3		
Net Profit	5.5	4.9	5.5		

Financial Exhibits

FYE 31 Dec	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	9,210.5	9,981.6	11,219.5	12,429.2	13,647.9
EBITDA (RMm)	803.1	966.3	1,082.2	1,202.2	1,300.8
Pretax profit (RMm)	538.2	658.6	743.1	827.2	895.8
Net profit (RMm)	400.2	490.3	564.8	628.7	680.8
EPS (sen)	4.8	5.8	6.7	7.5	8.1
PER (x)	46.0	37.5	32.6	29.3	27.0
Core net profit (RMm)	401.1	512.4	564.8	628.7	680.8
Core EPS (sen)	4.8	6.1	6.7	7.5	8.1
Core EPS growth (%)	22.8	27.7	10.2	11.3	8.3
Core PER (x)	45.9	35.9	32.6	29.3	27.0
Net DPS (sen)	4.6	2.9	3.4	3.7	4.1
Dividend Yield (%)	2.8	1.8	2.0	2.3	2.5
ROE (%)	73.9	31.0	32.9	31.0	28.7
P/BV	34.0	11.7	10.7	9.1	7.8



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Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

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