

Wong Kai Heng

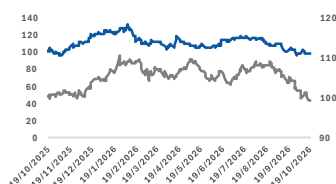
(603) 7890 8899 (ext 2141)

kaiheng.wong@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 3.11
Previous Target Price:	N/A
Target Price:	RM 3.70
Capital Upside/Downside:	19.0%
Dividend Yield (%):	1.6%
Total Upside/Downside:	20.5%

Stock information	
Board	MAIN
Sector	Consumer Products & Services
Bursa/Bloomberg Code	5326/99SMARTMK
Syariah Compliant	No
ESG Rating	***
Shares issued (m)	8,400.0
Market Cap (RM' m)	26,124.0
52-Week Price Range (RM)	4.15-3.008
Beta (x)	1.0
Free float (%)	17.0
3M Average Volume (m)	3.3
3M Average Value (RM' m)	11.2

Top 3 Shareholders	(%)
Lee Yng Holdings Sdn Bhd	51.5
Lee Thiam Wah	28.2
Employees Provident Fund Board	7.4

Share Price Performance

	1M	3M	12M
Absolute (%)	-2.5	-15.9	-2.1
Relative (%)	1.8	-9.3	-1.4

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	11433.2	12916.7	14393.7
PATAMI (RM'm)	607.3	719.5	815.0
CNP (RM'm)	607.3	719.5	815.0
EPS - core (sen)	7.2	8.6	9.7
P/E (x)	43.0	36.3	32.1

Source: Company, Apex Securities

99 Speed Mart Retail Holdings Berhad

Compounding One Neighbourhood at a Time

- 99 Speed Mart Retail Holdings Berhad (99SMART) is the Malaysia's largest homegrown mini-market operator, with 3,151 outlets and 22 distribution centres, and has grown revenue at a 12.3% CAGR over FY22-FY25 while lifting FY25 PATAMI by 30.5% to RM607.3m.
- Management is adding c.250 outlets a year towards 4,250 by 2030, weighted to under-penetrated Sabah, Sarawak and the East Coast.
- Operating leverage is the earnings kicker. Gross margin has risen from 19.0% (FY24) to 20.0% (1H26) while energy-efficiency spend trims utilities; PBT margin could potentially rise from 7.0% in FY25 to 7.6% by FY29F on a net-cash balance sheet.
- We initiate coverage on 99SMART with a BUY recommendation and a DCF-based TP of RM3.70 (WACC 6.55%, terminal growth 3.5%), along with a three-star ESG rating.

Key Investment Highlights

A long runway from a still under-penetrated network. 99SMART operated 3,151 outlets as at 30 June 2026 (+257 YoY), up from 2,024 in FY21, and management reiterates its target to open c.250 outlets annually towards 4,250 by 2030. The footprint remains concentrated in the Klang Valley, with Selangor accounting for 854 of the 3,032 Malaysian outlets as at end-2025, followed by Johor at 443. We see further expansion opportunities in under-penetrated markets, alongside Same-store sales growth (SSSG) growth. Each outlet is designed to serve a catchment of 1,500–2,000 households. New outlets typically break even in under three years and take three to five years to mature, providing an additional source of revenue growth as the network expands. We forecast 3,292/3,542/3,792/4,032 outlets in FY26F-FY29F.

Traffic-led same-store growth, with a policy tailwind we do not extrapolate. SSSG accelerated from 1.4% in 3Q FY24 to 11.9% in 3Q FY25 before easing to 7.2% in 2Q FY26, while average basket size remained broadly flat at c.RM21.4 over ten quarters. Sales growth has been driven by higher transaction volumes (+15.7% in 1H26), supported by extended opening hours (a 3%-5% sales uplift), the 'four items for RM10' promotions and an expanded government SARA cash-aid programme, with the allocation increasing to RM8bn in 2026 from RM5bn in 2025. We therefore assume SSSG normalises to 6.0% in FY27F-FY29F, below the 7.7% recorded in FY25 and 9.1% in 1H26, reflecting a more cautious view of underlying sales growth.

Scale is turning into margin. Gross margin improved from 19.0% in FY24 to 19.5% in FY25 and 20.0% in 1H26 (restated basis), while administrative and other operating expenses grew by 13.3%, below revenue growth of 15.5%, partly supported by lower utility costs from LED lighting, inverter air-conditioning and solar PV. The Group invested RM52.0m in energy efficiency in FY25, and 317 outlets now carry solar PV. Electronic shelf pricing, centralised inventory systems and a growing distribution centre network may further improve productivity.

Valuation and Recommendation. We initiate coverage on 99SMART with a BUY recommendation and a target price of **RM3.70**, based on a DCF valuation (WACC: 6.55%, TG: 3.5%). This yields an enterprise value of RM30.1bn, plus RM900m of net cash at FYE26F, for an equity value of RM31.0bn or RM3.70 per share, offering 19.0% capital upside and a 20.5% total return, including a 1.6% FY27F dividend yield.

Risk. Withdrawal or dilution of SARA/STR cash aid, wage and manpower cost inflation, and execution risk on new-outlet ramp-up and DC capacity.

Company Background

99 Speed Mart Retail Holdings Berhad (99SMART) is a Malaysian neighbourhood mini-market operator founded by Lee Thiam Wah, who opened the first 'Pasar Mini 99' outlet in Klang, Selangor, in 1992. The business subsequently expanded its retail network, reaching its 100th outlet in 2008, 1,000th outlet in 2017 and 2,000th outlet in 2021. The Group was listed on the Main Market of Bursa Malaysia on 9 September 2024 at an IPO price of RM1.65 per share. Lee Thiam Wah remains the Group's Executive Director and Chief Executive Officer, with the founder and his family retaining a controlling stake.

Today, 99SMART operates a nationwide network of neighbourhood mini-markets selling daily necessities, primarily fast-moving consumer goods (FMCG). As at 30 June 2026, the Group operated 3,151 outlets, supported by 22 distribution centres and an integrated delivery network. Beyond its core retail operations, the Group has introduced 99 Bulksales, an e-commerce bulk-sales platform, and established five pilot outlets alongside a small distribution centre in Fuzhou, China. The China operations remain at an early stage of development.

Figure 1: Corporate Milestones

Year	Milestone
1992	First 'Pasar Mini 99' outlet opens in Klang, Selangor
2000-2003	99 Speed Mart Sdn Bhd incorporated in 2000; all eight Pasar Mini 99 outlets were acquired and rebranded as 99 Speedmart by 2003.
2008	Second distribution centre in Jalan Kebun, Klang, commenced operations in July; 100th outlet opened in Pinggiran Batu Caves on 1 November.
2013	99 Speed Mart (East Malaysia) Sdn Bhd incorporated; first outlet and distribution centre established in Kota Kinabalu, Sabah.
2015	New East Malaysia Regional Headquarters and distribution centre commenced operations in Kota Kinabalu, Sabah, replacing the facility opened in 2013.
2017	1,000 th outlet opened in Section 13, Shah Alam, Selangor.
2021	2,000 th outlet opened in Puncak Sentul, Kuala Lumpur, on 25 November.
2023	99 Bulksales online platform launched; two China sourcing subsidiaries incorporated.
2024	Listed on the Main Market of Bursa Malaysia on 9 September.
2025	3,000 th outlet opened in Bestari Jaya, Selangor; five pilot outlets operated in Fuzhou, China by year-end.
2026	3,151 outlets as at 30 June 2026; Semenyih DC commissioned in July subject to confirmation from the relevant company announcement.

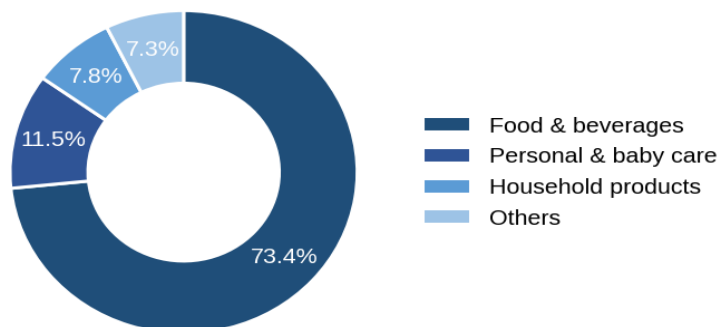
Source: Company, Apex Securities

Business Model

99SMART operates a neighbourhood-based mini-market model, offering approximately 3,000 SKUs across 50 product categories at competitive prices. Its outlets are typically located in residential areas, providing convenient access to daily necessities. The business is supported by centralised bulk purchasing from 494 suppliers and manufacturers, alongside a network of 22 distribution centres that enables frequent replenishment across its store network. This combination of purchasing scale, logistics infrastructure and standardised store operations underpins its everyday-low-price positioning and supports the replication of its operating model across new locations.

The Group's outlets generally operate from 9.00 a.m. to 10.00 p.m., with selected high-traffic stores remaining open until 11.00 p.m. or 11.30 p.m. Management indicated that extended operating hours typically generate a 3%–5% sales uplift, primarily through additional transactions during the longer operating window. Average sales are approximately RM11,000 per outlet per day, equivalent to around RM330,000 per month.

Figure 2: Revenue Mix by Product Category (FY25)



Source: Company, Apex Securities

An essentials-heavy mix. Food and beverages accounted for 73.4% of FY25 revenue, followed by personal and baby care products (11.5%), household products (7.8%) and others (7.3%). The high contribution from food and beverages reflects the Group's focus on recurring household purchases, while household products generally command higher gross margins among its major product categories. Consequently, changes in product mix may influence the Group's overall gross margin. Going forward, the Group's efforts to diversify its sourcing and broaden its product range, including the introduction of electrical appliances (Figure 3), could create opportunities to capture higher-margin sales and improve its overall product mix, although the margin contribution will depend on product pricing, sourcing costs and customer uptake.

Figure 3: Electrical Appliances

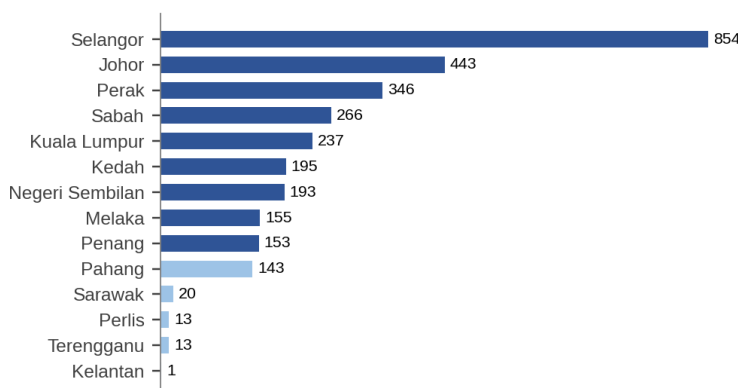


Source: Company, Apex Securities

Beyond its core retail operations, 99SMART operates 99 Bulksales, an e-commerce bulk-sales platform, and has established five pilot outlets and a small distribution centre in Fuzhou, China. Both initiatives provide potential avenues for business development, although the China operations remain at an experimental stage.

A dense, still-expanding footprint. As at 31 December 2025 the group had 3,032 outlets in Malaysia and five in Fuzhou. Selangor (854), Johor (443), Perak (346) and Sabah (266) are the largest states, whereas Sarawak (20), Perlis (13), Terengganu (13) and Kelantan (1) are barely penetrated. The 22 distribution centres - seven in Selangor, four in Sabah, two each in Perak and Johor and one each in most other states - support the network, and a new 63,000 sq ft Semenyih DC commissioned in July 2026 will serve c.180 outlets.

Figure 4: Malaysian Outlets by State (31 December 2025)



Source: Company, Apex Securities

Management and Governance

99SMART remains a founder-led business, with founder Lee Thiam Wah and his family controlling approximately 79.7% of the Group. The founder's significant ownership provides continuity and aligns management with long-term business performance, although concentrated ownership may limit minority shareholders' influence over corporate decisions. The nine-member Board comprises five independent directors (55.6%) and four women (44%), exceeding the Malaysian Code on Corporate Governance's 30% guideline for women representation.

Figure 5: Board of Directors

Name	Role	Background
Dato' Chua Tia Guan	Non-Independent Non-Executive Chairman	Chartered accountant; co-founder of Asia Business Centre Group (tax and financial advisory), whose firms advise the Group
Lee Thiam Wah	Executive Director and CEO; founder	Opened the first 'Pasar Mini 99' in 1992; 28.2% direct and 51.5% deemed interest
Lee Lay Liang	Executive Director	Sister of the founder; over 30 years of retail experience in the group's accounting and administration
Ng Lee Tieng	Non-Independent Non-Executive Director	Spouse of the founder; 3.3% direct; senior F&B operator in Singapore
Ho Tat Heng	Senior Independent Non-Executive Director	14 years at CIMB until 2016; advisory background
Four other independent directors	Independent Non-Executive Directors	Nirmalah V. Thurai, Serina Abdul Samad, Dato' Abdul Latif Abu Seman, Ting Seng Hook

Source: Company (IAR 2025), Apex Securities

What we watch. Governance considerations include family representation on the Board, recurrent related-party transactions and tax services provided to the Group by firms associated with the Chairman. While these relationships are disclosed and the Chairman recuses himself from relevant matters, independent oversight and transparent approval processes remain important safeguards for minority shareholders. In addition, our estimated free float of c.17% may constrain trading liquidity and index weighting.

Industry Overview

Malaysia's Retail Backdrop

Malaysia's retail sector continued to expand in 2026, supported by resilient domestic demand. The economy grew 6.0% YoY in 2Q26, up from 5.4% in 1Q26. According to DOSM, retail trade sales increased 6.5% YoY to RM71.7bn in August 2026, while sales at non-specialised stores, which include supermarkets and mini-markets, grew 7.5% to RM28.1bn. The online retail sales

index also rose 6.7% YoY in August, highlighting the continued expansion of digital retail channels. While demand for everyday essentials provides a supportive backdrop for 99SMART, persistent cost-of-living pressures may keep consumers price-sensitive and intensify competition among value-oriented retailers.

Government Cash Aid as an Accelerant

The Sumbangan Asas Rahmah (SARA) programme provides eligible Malaysians with MyKad credits to purchase approved essential goods from participating merchants, including 99SMART. Under Budget 2027, the combined allocation for Sumbangan Tunai Rahmah (STR) and SARA will increase to RM16bn from RM15bn in 2026. Monthly SARA assistance of up to RM150 will be extended to all STR recipients, benefiting up to 9m Malaysians. Separately, eligible adults who are not STR recipients will receive a RM100 SARA MADANI payment twice in 2027. These measures could support spending on essential goods and provide a potential tailwind for 99SMART. However, the expansion of the SARA programme and its participating merchant network may intensify competition for aid-related spending. Given the uncertainty surrounding future policy allocations and the extent to which SARA contributes to the Group's same-store sales growth (SSSG), we remain cautious about extrapolating recent SSSG growth into our forecasts.

Figure 6: Government Cash Aid Allocation



Source: Ministry of Finance, Apex Securities

Competitive Landscape and Cost Environment

Malaysia's mini-market segment remains fragmented, with competition from organised chains, independent provision shops, supermarkets and hypermarkets. 99SMART's extensive outlet network, centralised procurement and 22 distribution centres provide purchasing and logistics scale, supporting its everyday-low-price positioning. However, continued expansion also increases staffing, depreciation and distribution costs. Operating expenses rose 13.3% in 1H26, with staff costs and depreciation among the key drivers, while management has identified manpower shortages, supply-chain disruptions and policy changes as key risks. Although demand for essential goods provides some resilience, cautious consumer spending and price competition may constrain margin expansion, making sustained cost discipline important to our earnings outlook.

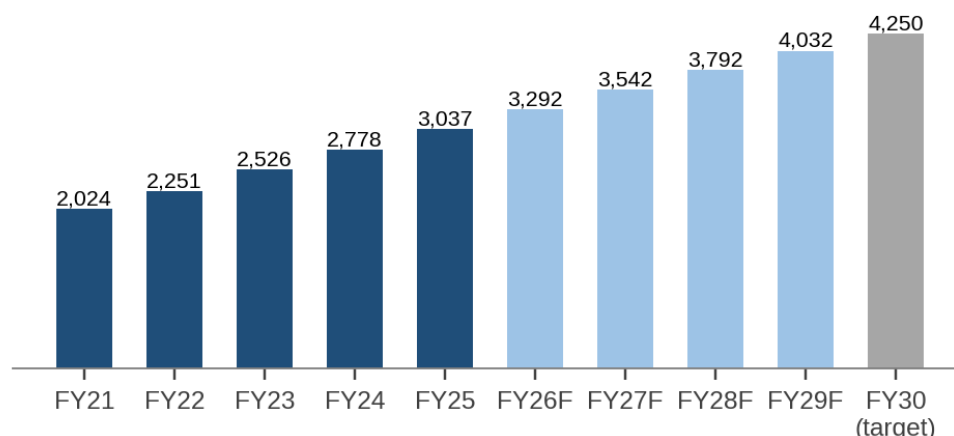
Growth Vectors - Roll-out, Same-Store Growth and Operating Leverage

1. Outlet roll-out

We forecast net additions of 255/250/250/240 outlets in FY26F-FY29F, bringing the network to 4,032 outlets by FY29F, broadly in line with management's guidance of opening c.250 outlets annually. Expansion into under-penetrated markets, particularly Sabah, Sarawak and the East Coast, provides room to broaden the Group's geographic footprint beyond its core Klang Valley market. This rollout puts the Group within reach of its target of 4,250 outlets by 2030, assuming continued execution of its expansion plan.

Figure 7: Outlet Network, FY21-FY30

Outlets at year-end (actual: dark blue; Apex forecast: light blue; mgmt target: grey)

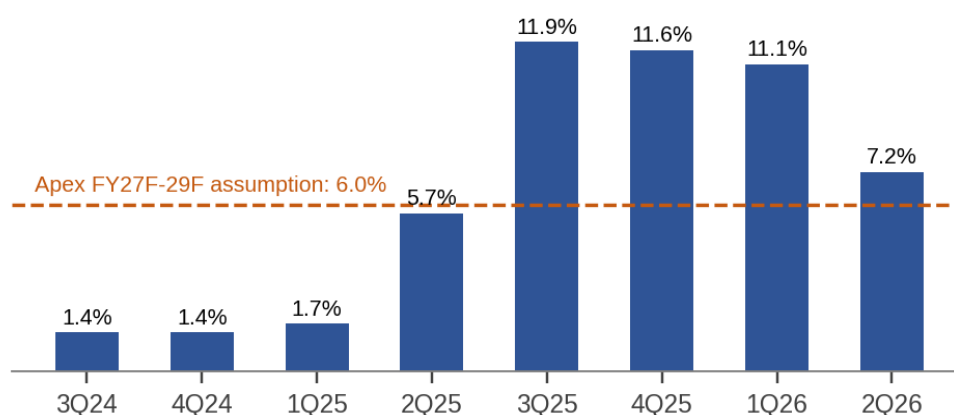


Source: Company, Apex Securities

2. Same-store growth and new-store maturation

Revenue per average outlet grew 4.5% in FY25A, below the Group's reported SSSG of 7.7%, reflecting a potential dilution effect from newer outlets that have yet to reach mature sales levels. We forecast SSSG of 6.8% in FY26F before normalising to 6.0% in FY27F–FY29F, amid tougher comparables and uncertainty over the sustainability of government cash-aid support. We also assume a maturation drag of 3.0 percentage points in FY26F, gradually narrowing to 2.5 percentage points by FY29F, resulting in revenue-per-outlet growth of 3.8%–3.5% over FY26F–FY29F. Combined with network expansion to 4,032 outlets by FY29F, this supports projected revenue growth of 13.0%/11.4%/11.0%/10.4% in FY26F–FY29F. Average basket size is forecast to remain broadly stable in FY26F before increasing by 1% annually from FY27F, reaching RM22.08 by FY29F.

Figure 8: Same-Store Sales Growth by Quarter



Source: Company, Apex Securities

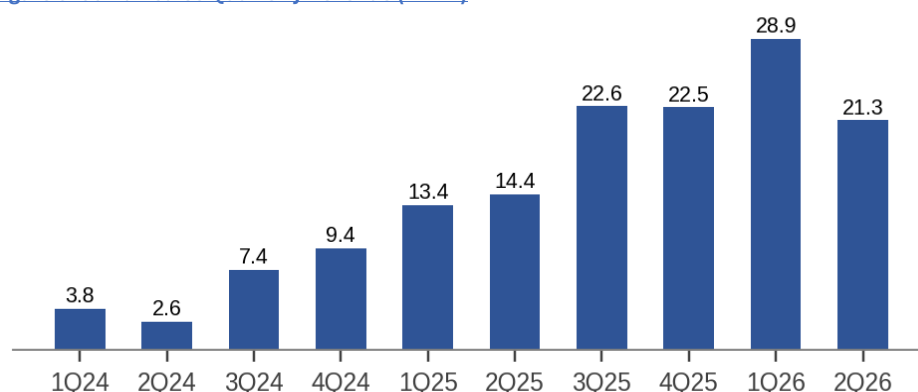
3. Operating leverage

We forecast gross margin to improve from 19.65% in FY26F to 19.85% in FY29F, supported by purchasing scale, product-mix optimisation and continued energy-efficiency initiatives. We assume personnel cost per outlet grows by 4.5% in FY26F and 3.5% annually thereafter, while other operating expenses remain at 2.45% of revenue, resulting in PBT margin expanding from 7.3% in FY26F to 7.6% in FY29F. However, the planned minimum-wage increase from June 2027 poses a key risk to margin expansion, particularly if wage costs rise faster than revenue per outlet. Our forecast therefore depends on continued gross-margin improvement and effective cost control to offset higher labour and operating expenses.

4. 99 Bulksales and China (optionality, not valued)

99 Bulksales, the Group's e-commerce bulk-sales platform serving retail and enterprise customers, recorded revenue of RM23.2m in FY24 and RM72.9m in FY25, followed by RM50.2m in 1H26. Quarterly revenue moderated to RM21.3m in 2Q26 from RM28.9m in 1Q26, although the platform remains a small contributor to Group revenue. We incorporate its revenue into our group forecasts but assign no separate valuation, given its limited scale and the uncertainty surrounding its longer-term profitability. Meanwhile, China's five-outlet pilot in Fuzhou remains experimental. We therefore treat both initiatives as potential upside optionality rather than key drivers of our base-case valuation.

Figure 9: 99 Bulksales Quarterly Revenue (RM m)



Source: Company, Apex Securities

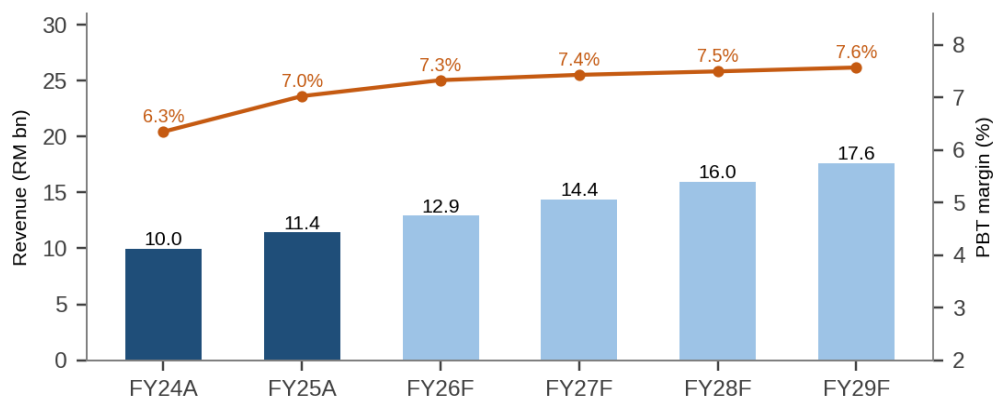
Financial Highlights

FY25 - a step-up in scale and margin. Revenue rose 14.5% to RM11,433.2m, driven by 259 net new outlets and SSSG of 7.7%. Gross margin expanded to 19.5% from 19.0% in FY24 (restated basis), while PATAMI increased 30.5% to RM607.3m, or 24.6% against FY24's Core PATAMI of RM487.5m. The Group generated RM903m in operating cash flow and ended FY25 with RM807m in net cash, excluding RM974m of lease liabilities, supporting its continued store expansion and dividend payments.

1H26 - momentum intact. Revenue grew 15.5% YoY to RM6,144.3m, with gross margin holding at 20.0%. PBT and PAT rose 20.8% and 21.8% YoY to RM466.8m and RM352.5m, respectively, supported by network expansion, higher sales transactions and utility cost savings. 2Q26 PAT eased slightly QoQ as supplier rebates normalised following stronger double-festive promotional activity in 1Q26. 1H26 reported PAT accounted for 49% of our FY26F PATAMI forecast of RM719.5m, implying 2H26F earnings growth of 15.5%, compared with 21.8% growth in 1H26, as we prudently factor in tougher comparables following the SARA-driven uplift in 2H25.

Earnings outlook. We forecast core PATAMI of RM719.5m / RM815.0m / RM914.4m / RM1,021.8m for FY26F-FY29F, representing YoY growth of 18.5%/13.3%/12.2%/11.7%, respectively. Core EPS is projected to rise from 8.6 sen in FY26F to 12.2 sen in FY29F, supported by continued store expansion, positive SSSG and gradual margin improvement. Our forecasts assume SSSG normalises to 6.0% from FY27F onwards, while disciplined cost management offsets wage and operating-cost pressures. We expect net cash, excluding lease liabilities, to increase from RM900m in FY26F to RM1,566m in FY29F, assuming a 50% earnings payout ratio.

Figure 10: Revenue and PBT Margin



Source: Company, Apex Securities

Figure 11: Financial Summary (FY24A-FY29F)

Financial Summary (RM'm)	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F
Revenue	9,982	11,433	12,917	14,394	15,972	17,635
growth (%)	8.3%	14.5%	13.0%	11.4%	11.0%	10.4%
EBITDA (MFRS 16)	916	1,099	1,261	1,417	1,577	1,749
EBIT (incl. interest income)	679	851	995	1,118	1,249	1,391
Finance costs	(45)	(48)	(48)	(46)	(46)	(47)
Pre-tax profit	634	803	947	1,072	1,203	1,345
Core net profit	488	607	720	815	914	1,022
EPS - core (sen)	5.91	7.23	8.57	9.70	10.89	12.16
DPS (sen)	1.25	4.50	4.28	4.85	5.44	6.08
Gross margin	19.0%	19.5%	19.7%	19.8%	19.8%	19.9%
EBITDA margin	9.2%	9.6%	9.8%	9.8%	9.9%	9.9%
PBT margin	6.3%	7.0%	7.3%	7.4%	7.5%	7.6%
P/E (x)	53.6	43.0	36.3	32.1	28.6	25.6
EV/EBITDA (x)	35.7	29.0	30.6	24.7	21.0	18.2
ROE	n.a.	38.8%	38.7%	36.3%	34.2%	32.3%

Source: Company, Apex Securities. FY24A core net profit is the company-normalised figure; EV includes lease liabilities at the current market cap.

Valuation and Recommendation

We **initiate coverage** on 99SMART with a **BUY** recommendation and a target price of **RM3.70**, based on a DCF valuation (WACC: 6.55%, TG: 3.5%), implying a forward FY27F P/E of 38.1x. Our positive view is underpinned by the Group's potential to unlock further earnings growth through three strategic initiatives: (i) broadening its product range through more diversified sourcing, including electrical appliances at selected outlets; (ii) scaling up its bulk sales platform to capture additional demand; and (iii) expanding beyond Malaysia to access new growth markets.

Figure 12: DCF Valuation

Component (RM'm unless stated)	Value
PV of FCFF, FY27F-FY36F	6,672
PV of terminal value	23,469
Enterprise value (excluding lease liabilities)	30,141
Add: net cash at FYE26F (liquid funds + investment less borrowings)	900
Equity value	31,042
Shares in issue (m)	8,400
DCF value per share (RM)	3.695
ESG premium/discount	0%
Target price (RM, rounded)	3.70

Source: Apex Securities

Figure 13: Peers Comparison

Company	FYE	Market Cap (RM'mil)	Price (RM) as at 19Oct26	P/E (x)		P/B (x)		Dividend Yield (%)		ROE (%)		ESG Rating
				2027F	2028F	2027F	2028F	2027F	2028F	2027F	2028F	
99 speed mart Retail Holdings Bhd	Dec	26,124	3.110	36.2	32.0	12.8	10.7	1.4%	1.6%	38.7%	36.3%	★★★
Eco-Shop Marketing Bhd*	May	8,236	1.430	28.2	23.9	6.7	5.9	1.9	2.6	28.0	25.1	N/R
7-Eleven Malaysia Holdings Bhd*	Dec	2,218	2.000	87.0	62.5	N/A	N/A	0.6	0.8	9.0	9.6	N/R
MR. D.I.Y. Group (M) Bhd*	Dec	11,089	1.170	16.7	15.4	6.0	6.1	7.0	6.6	32.0	34.6	N/R
Mynews Holdings Bhd*	Oct	285	0.380	20.9	15.0	1.1	1.0	1.8	3.2	7.1	5.5	N/R
AEON Co. (M) Bhd*	Dec	1,313	0.935	8.5	7.8	0.6	0.6	4.9	5.7	6.8	7.5	N/R
Average-ex. 99SMART				32.3	24.9	3.6	3.4					

* Based on Bloomberg consensus
 Source: Apex Securities

Investment Risk

1. Government cash-aid dependence. SSSG accelerated to 11%-12% following the expansion of SARA and has since eased to 7.2%. Although Budget 2027 provides for higher combined STR and SARA allocations, the programme's contribution to 99SMART's SSSG remains undisclosed. Any reduction in assistance, changes in eligibility or increased competition from participating merchants could weaken sales growth and cause SSSG to fall below our 6.0% assumption.

2. Wage and cost inflation. Personnel expenses amounted to RM862.6m in FY25, equivalent to 7.5% of revenue, and grew 18% YoY. Management has also identified manpower shortages as a key operating risk. Higher minimum wages, staff shortages and utility costs could put pressure on margins if cost increases outpace revenue per outlet.

3. Execution and competition. Sustaining annual additions of c.250 outlets require timely investment in distribution centres, fleet capacity and manpower. New outlets typically take three to five years to mature, while increasing store density may raise cannibalisation risk. In addition, competitive pricing and fluctuations in supplier rebates could constrain gross-margin improvement. Although 99 Bulksales and the China pilot offer potential growth opportunities, their small scale and uncertain profitability may also require management attention without materially contributing to near-term earnings

4. Governance, ownership and liquidity. The founder family controls c.79.7% of 99SMART, while family members sit on the Board and firms associated with the Chairman provide advisory services to the Group. Although these relationships are disclosed, independent oversight and transparent approval processes remain important for minority shareholders. In addition, our estimated free float of c.17% may constrain trading liquidity, while the Group's non-Shariah-compliant status limits its eligibility for investment by certain Shariah-mandated funds.

Initiation Coverage

Tuesday, 20 Oct, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	9,981.6	11,433.2	12,916.7	14,393.7	15,971.9
Gross Profit	1,893.2	2,226.5	2,538.1	2,842.7	3,162.4
EBIT	678.7	851.3	995.0	1,118.1	1,248.8
Administrative and other operating expenses	-1,245.9	-1,430.7	-1,599.3	-1,782.3	-1,978.2
Finance costs	-45.0	-47.9	-48.2	-45.8	-45.6
Pre-tax Profit	633.7	803.4	946.7	1,072.3	1,203.2
Tax	-168.3	-196.1	-227.2	-257.4	-288.8
Profit After Tax	465.4	607.3	719.5	815.0	914.4
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	465.4	607.3	719.5	815.0	914.4
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	487.5	607.3	719.5	815.0	914.4

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	5.8	7.2	8.6	9.7	10.9
P/E (x)	53.6	43.0	36.3	32.1	28.6
P/B (x)	18.0	15.5	12.8	10.7	9.0
EV/EBITDA (x)	35.7	29.0	30.6	24.7	21.0
DPS (sen)	1.3	4.5	4.3	4.9	5.4
Dividend Yield (%)	0.4%	1.4%	1.4%	1.6%	1.8%
EBITDA margin (%)	7.1%	7.6%	6.4%	7.0%	7.4%
EBIT margin (%)	6.8%	7.4%	7.7%	7.8%	7.8%
PBT margin (%)	6.3%	7.0%	7.3%	7.4%	7.5%
PAT margin (%)	4.7%	5.3%	5.6%	5.7%	5.7%
NP margin (%)	4.7%	5.3%	5.6%	5.7%	5.7%
CNP margin (%)	4.9%	5.3%	5.6%	5.7%	5.7%
ROE (%)	0.0%	38.8%	38.7%	36.3%	34.2%
ROA (%)	13.5%	14.6%	15.6%	15.8%	15.7%
Gearing (%)	66.2%	63.3%	48.4%	39.5%	33.7%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Assumption	FY24	FY25	FY26F	FY27F	FY28F
Outlets	2778	3037	3292	3542	3792
Net new outlets	252	259	255	250	250
SSSG(%)	0.0%	7.7%	6.8%	6.0%	6.0%
Revenue per avg. outlet (RM m)	3.8	3.9	4.1	4.2	4.4
Average basket size (RM)	21.4	21.5	21.4	21.6	21.9

Valuations (DCF)

Equity value	31,038
Shares issued (m)	8,400.0
Fair Value (RM)	3.70
ESG premium/discount	0.0%
Implied Fair Value (RM)	3.70

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & short-term investments	498.1	897.9	912.6	1,067.1	1,291.9
Receivables	236.4	313.2	316.2	352.3	391.0
Inventories	1,211.6	1,312.5	1,492.8	1,661.4	1,842.5
Other current assets	200.0	0.3	0.3	0.3	0.3
Total Current Assets	2,146.2	2,523.8	2,721.9	3,081.2	3,525.6
PPE & right-of-use assets	1,441.9	1,615.2	1,794.1	1,996.8	2,211.5
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	12.7	8.2	86.4	86.4	86.4
Total Non-Current Assets	1,454.7	1,623.4	1,880.6	2,083.2	2,298.0
Borrowings & current lease liabilities	248.8	286.3	270.1	265.8	268.5
Payables	1,105.1	1,319.8	1,477.9	1,644.9	1,824.2
Other current liabilities	24.9	18.4	27.3	30.9	34.7
Total Current Liabilities	1,378.7	1,624.6	1,775.3	1,941.6	2,127.4
Long-term lease liabilities	711.8	778.3	717.8	700.6	711.5
Other non-current liabilities	58.7	63.5	68.8	74.1	79.3
Total Non-Current Liabilities	770.5	841.8	786.6	774.6	790.8
Shareholder's equity	1,451.6	1,680.8	2,040.6	2,448.1	2,905.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	1451.6	1680.8	2040.6	2448.1	2905.3

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	633.7	803.4	946.7	1,072.3	1,203.2
Depreciation & amortisation	246.0	277.1	299.7	333.3	369.1
Changes in working capital	-226.3	41.1	-25.3	-37.7	-40.4
Others	-165.0	-218.2	-249.5	-287.4	-324.5
Operating cash flow	488.4	903.3	971.7	1,080.5	1,207.4
Capex	-170.7	-173.3	-161.5	-194.3	-215.6
Others	-473.9	-245.9	-144.2	-63.0	-63.8
Investing cash flow	-644.6	-419.2	-305.7	-257.3	-279.4
Dividends paid	-200.0	-378.0	-359.8	-407.5	-457.2
Others	437.7	-183.3	-389.6	-358.9	-350.3
Financing cash flow	237.7	-561.3	-749.4	-766.4	-807.5
Net cash flow	81.5	-77.2	-83.3	56.8	120.4
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	137.6	219.1	141.9	58.6	115.3
Ending cash	219.1	141.9	58.6	115.3	235.8

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★★	Targets a 15% reduction in Scope 1 and 2 emissions by 2030, with a 10.62% improvement in carbon intensity per outlet in FY2025.
Waste & Effluent	★★★	Diverted 28,566 tonnes of waste from landfills, achieving a 68% waste diversion rate through recycling and circular economy initiatives.
Energy	★★★	Invested RM52.0m in energy efficiency and expanded solar PV installations across 317 outlets and 16 distribution centres.
Water	★★★	Implements water efficiency practices and monitors consumption across outlets, distribution centres, and headquarters.
Compliance	★★★	Achieved zero environmental non-compliance cases, with GreenRE certifications across selected facilities.

Social

Parameters	Rating	Comments
Diversity	★★★	Women represent 48.04% of the workforce and 44.44% of Board members, with employment opportunities for persons with disabilities.
Human Rights	★★★	Enforces zero-tolerance policies against forced labour, child labour, discrimination, and harassment, with zero reported cases in FY2025.
Occupational Safety and Health	★★★	Conducts workplace risk assessments and safety training, with an FY2025 LTIFR of 0.93.
Labour Practices	★★★	Prioritises local hiring, offers wages above the statutory minimum to most employees, and invests in staff training and development.

Governance

Parameters	Rating	Comments
CSR Strategy	★★★	Invested RM6.0m in community initiatives, conducting 254 CSR events benefiting over 60,000 people in FY2025.
Management	★★★	Maintains Board-led sustainability oversight, mandatory anti-bribery training, and zero confirmed corruption cases.
Stakeholders	★★★	Engages seven key stakeholder groups and achieved a 92% customer satisfaction rate.

Overall ESG Scoring: ★★★**Recommendation Framework:**

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Tuesday, 20 Oct, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
 nil.