99 Speed Mart Retail Holdings (99SMART MK)

9M26: Within Expectations; SSSG Remains Robust

Highlights

- Results fell within expectations. SSSG decelerated in 3Q26 as the stronger base from 2H25's MySARA implementation kicked in.
- Margins were up slightly qoq, led by improved product mix and better cost optimisations.
- Maintain BUY with an unchanged target price of RM4.00. 99SM is also set to benefit from measures announced in Budget 2027.

9M26 Results

Year to 31 Dec	3Q26 (RMm)	qoq % chg	yoy % chg	9M26 (RMm)	yoy % chg	Comments
Revenue	**3300.9**	**7.3**	**8.7**	**9445.2**	**13.0**	Growth momentum sustained into 3Q26 as revenue benefitted from higher store count (8.5%) and SSSG of 6.8%
GP	659.4	8.9	100.8	1890.2	35.9	
EBITDA	344.1	12.6	16.9	984.4	17.6	
PBT	252.3	16.1	19.3	719.1	20.3	
Profit	189.8	15.8	18.1	542.3	20.5	
Core Profit	**189.8**	**15.8**	**18.1**	**542.3**	**20.5**	Within expectations at 78% and 75% of ours and consensus estimates respectively.
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**	
Gross Profit	20.0	0.3	9.2	20.0	3.4	Improved product mix.
EBITDA	10.4	0.5	0.7	10.4	0.4	
Eff. Tax Rate	-24.8	-0.2	-0.7	-24.6	0.1	
Core Profit	5.7	0.4	0.5	5.7	0.4	

Source: 99SM, UOB Kay Hian

Analysis

- **Within expectations.** 99 Speed Mart Retail Holdings (99SM) posted a 9M26 core profit of RM542.3m (+20.5% yoy). This met expectations, representing 78% and 75% of our and consensus full-year forecasts respectively. A dividend of 2.25 sen was announced, bringing the total for 9M26 to 4.5 sen (9M25: 4.5 sen). Overall, SSSG remained robust, underpinned by Sumbangan Asas Rahmah (SARA) subsidy spending, and extended operating hours amid stable margins.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	9,981.6	11,433.3	12,705.5	14,161.1	15,768.7
EBITDA	104.4	1,138.6	1,252.6	1,415.5	1,542.6
Operating profit	(141.6)	861.5	979.4	1,112.8	1,192.5
Net profit (rep./act.)	490.3	614.2	700.1	797.4	850.8
Net profit (adj.)	498.6	614.2	700.1	797.4	850.8
EPS	5.9	7.3	8.3	9.5	10.1
PE (x)	62.3	50.6	44.4	39.0	36.5
P/B (x)	19.7	17.1	15.1	13.4	12.1
EV/EBITDA (x)	291.0	207.9	207.7	167.3	181.1
Dividend yield (%)	0.9	1.2	1.5	1.7	1.9
Net margin (%)	4.9	5.4	5.5	5.6	5.4
Net debt/(cash) to equity (%)	(44.0)	10.7	9.2	10.3	12.6
Interest cover (x)	2.3	17.0	17.8	18.7	17.2
ROE (%)	28.9	33.9	35.7	34.6	33.1
Consensus net profit	n.a.	n.a	727.2	814.5	882.417
UOBKH/Consensus (x)	n.a.	n.a	0.96	0.98	0.96

Source: 99SM, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM2.96
Target Price	RM4.00
Upside	35.1%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	99SMART MK
Shares issued (m)	8,400.0
Market cap (RMm)	24,864.0
Market cap (US$m)	6,074.8
3-mth avg daily t'over (US$m)	2.3

Price Performance (%)

52-week high/low				RM4.15/RM2.89
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(4.5)	(17.5)	(10.8)	(8.9)	(22.3)

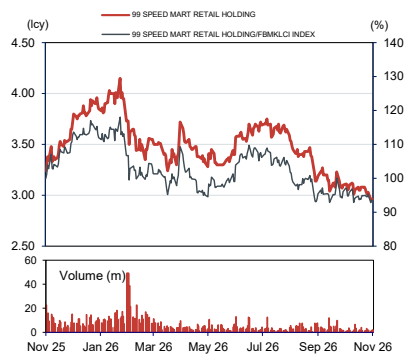
Major Shareholders (%)

Lee Thiam Wah & family	83.0

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.2
FY26 Net Debt/Share (RM)	(0.1)

Price Chart



Source: Bloomberg

Company Description

Homegrown 99 Speed Mart Retail Holdings is the largest mini-market player and the leading grocery retailer in Malaysia. Apart from groceries, the chain is involved in the retailing off daily necessities.

- **Resilient growth from new and existing stores.** 3Q26 saw 99SM report earnings of RM189.8m (+15.9% qoq, +18.1% yoy) on revenue of RM3.3b (+7.3% qoq, +8.7% yoy). Growth was driven by the increased ytd store count of 8.5% or 251 new stores with 99SM already hitting its 250-store opening target for 2026. SSSG remained resilient, expanding by 6.8% yoy in 9M26. We note that SSSG did somewhat moderate sequentially from 7.3% in 2Q26, mainly due to the stronger base of 2H25 where the SARA programme was first introduced. Basket size also fell marginally to RM21.10 (from RM21.40) but otherwise, operational matrices were largely improved in 9M26.
- **Prospects intact going into 2027…** 99SM reiterated its around 250 annual target for store openings, commenting that the pipeline of new locations is intact for the next three years. The group has still yet to fully penetrate certain regions (eg East coast and the northern states) and the robust SSSG signals that 99SM is still far from saturation.
- **…but SSSG likely to moderate.** Going into 2027, management is targeting a more conservative SSSG of 2-3%. 99SM is still looking to deliver positive SSSG but has set expectations that 2025 and 2026 were exceptionally strong due to the SARA effect.
- **Budget 2027 beneficiary.** 99SM is especially well positioned to capture the increased cash handouts announced as part of Budget 2027. Its broad essential goods offering and comprehensive store network allowed it to capture an estimated 15% of one-off SARA allocations. Impact from the minimum wage hike also appears manageable. While 50% of their current workforce earns below RM2,000, the average of those at that level is around RM1,800 and impact is only a 0.5%-1.0% increase to overall costs.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM4.00.** Our target price is based on 42.0x 2027F PE, or Nestlé's seven-year historical mean PE.

Earnings Revision/Risk

- No changes to earnings.

Environment, Social, Governance (ESG) Updates

Environmental

- **Energy efficiency.** Enhancing energy efficiency in outlets and properties helps achieve significant savings and emissions reductions; for example, installing solar panels at 15 out of its 17 distribution centres.
- **Waste management.** Since May 23, the company's "Say No to Plastic Bags" campaign in Peninsular Malaysia has been promoting a zero plastic bag policy, with plans to expand it to East Malaysia. Some 21,500 tonnes of packaging waste were recycled in 2023, generating RM42m in proceeds.

Social

- **Community contribution.** 99SM's presence spans across the country, extending to small towns and rural areas, where employment opportunities may be limited. As such, 99SM aims to prioritise employment of the locals. 99SM employs over 21,000 Malaysians, who make up more than 95% of its workforce.
- **Diversity and inclusion.** Approximately 49.7% of 99SM's workforce are female and the remaining 50.3% are male.

Governance

- **Transparency and accountability**. 99SM has put in place practices in accordance with the principles provided in the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission.
- **Board independence.** 99SM meets MCCG's recommendations to have at least 30% female directors and a majority of independent directors

Assumption Drivers

	2026F	2027F	2028F
Revenue Growth (%)	**11.1**	**11.5**	**11.4**
Store Count Average	3167	3427	3687
Net Addition	260	260	260
Growth yoy (%)	8.9	8.2	7.6
Revenue Per Store (%)	2.0	3.0	3.5
Core Profit (RMm)	**700.1**	**797.4**	**850.8**
Core Proft Growth (%)	14.0	13.9	6.7
Core Proft Margin (%)	5.5	5.6	5.4

Source: UOB Kay Hian

Store Penetration Remains Low In Certain Regions

Region	Outlets/ Million Population
Peninsular Malaysia	**89.3**
Central	109.5
East Coast	25.2
Northern	87.1
Southern	109.3
East Malaysia	**40.2**

Source: 99SM

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**12,706**	**14,161**	**15,769**	**12,706**
EBITDA	1,253	1,415	1,543	1,253
Deprec. & amort.	273	303	350	273
EBIT	979	1,113	1,192	979
Total other non-operating income	-	-	-	-
Associate contributions	-	-	-	-
Net interest income/(expense)	(52)	(57)	(66)	(52)
Pre-tax profit	927	1,056	1,127	927
Tax	(227)	(259)	(276)	(227)
Minorities	-	-	-	-
Net profit	**700**	**797**	**851**	**700**
Net profit (adj.)	700	797	851	700

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,615	1,355	1,396	1,306
Other LT assets	8	100	192	319
Cash/ST investment	898	776	859	1,035
Other current assets	1,555	1,929	2,144	2,380
Total assets	**4,076**	**4,161**	**4,589**	**5,041**
ST debt	0	3	3	3
Other current liabilities	1,419	1,662	1,918	2,229
LT debt	0	-	-	-
Other LT liabilities	842	432	346	236
Shareholders' equity	1,815	2,063	2,322	2,573
Total liabilities & equity	**4,076**	**4,161**	**4,589**	**5,041**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**900**	**682**	**1,009**	**1,100**
Pre-tax profit	814	927	1,056	1,127
Tax	(198)	(227)	(259)	(276)
Deprec. & amort.	260	273	303	350
Associates	0	0	0	0
Working capital changes	28	(279)	(77)	(83)
Other operating cashflows	(2)	(12)	(14)	(18)
Investing	**(142)**	**(178)**	**(196)**	**(100)**
Capex (growth)	(173)	(190)	(210)	(118)
Investments	0	0	0	0
Proceeds from sale of assets	0	12	14	18
Others	31	**(626)**	**(731)**	**(823)**
Financing	**(559)**	(452)	(539)	(600)
Dividend payments	(378)	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	(174)	(192)	(223)
Others/interest paid	(181)	**(122)**	**82**	**177**
Net cash inflow (outflow)	**200**	**898**	**776**	**859**
Beginning cash & cash equivalent	**698**	0	0	0
Changes due to forex impact	0	**776**	**859**	**1,035**
Ending cash & cash equivalent	**898**	**682**	**1,009**	**1,100**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	1.3	1.1	1.3	1.1
Pre-tax margin	7.1	7.3	7.5	7.1
Net margin	5.4	5.5	5.6	5.4
ROA	14.9	17.0	18.2	18.7
ROE	31.7	36.1	36.4	38.8
Growth				
Turnover	(10.0)	11.1	11.5	11.4
EBITDA	(0.5)	10.0	13.0	9.0
Pre-tax profit	(12.3)	14.0	13.9	6.7
Net profit	(12.3)	14.0	13.9	6.7
Net profit (adj.)	23.2	14.0	13.9	6.7
EPS	(12.3)	14.0	13.9	6.7
Leverage				
Debt to total capital	0.0	16.6	14.8	13.3
Debt to equity	0.0	0.2	0.1	0.1
Net debt/(cash) to equity	(49.5)	(37.5)	(36.8)	(40.1)
Interest cover	3.0	17.8	18.7	17.2

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