

NEWS CLIPPING

EVENT:	7-ELEVEN MALAYSIA HOLDINGS BHD
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7-Eleven Malaysia Holdings Bhd

Target price: RM1.36 **HOLD**



RHB RESEARCH INSTITUTE (SEPT 7): 7-Eleven has booked a Goods and Services Tax (GST) adjusted same-store sales growth (SSSG) of -1.5% y-o-y in 2Q15. While SSSG remains respectable post-GST implementation, we are cautious of its outlook due to a limited margin recovery. This is due to the GST-driven amendments to the Price Control Anti-Profiteering Act 2011, which prohibit prices from being raised until June 2016. If it results in higher margins and macroeconomic headwinds.

7-Eleven added 52 net new stores in 2Q15, bringing its total number of outlets to 1,854. On the refurbishment of its stores, 102 had been renovated as at 2Q15. Hence, we believe the company is on track to deliver its target of 200 net new store openings and 200 store refurbishments for FY15.

While the expansion bodes well, limited margin expansion may cap earnings growth. Risks include expenses outpacing revenue driven by new expansions and a further slowdown in consumer spending amid macroeconomic headwinds.