

29 November 2021

# Petronas Dagangan Bhd

## 9MFY21 Deemed Below Expectations

By Steven Chan / [steven.chan@kenanga.com.my](mailto:steven.chan@kenanga.com.my)

Despite the sequential improvement, 9MFY21 results were deemed below expectations amidst slower sales volumes. Nonetheless, as borders gradually reopen, we expect sales volumes to recover in the coming quarter and accelerate in FY22. Maintain MP and TP of RM18.90.

**9MFY21 deemed below expectations.** 9MFY21 recorded core net profit of RM385m, making up 63%/67% of our/consensus full-year earnings forecast. We deem this to be below expectation due to the slower sales volumes affected by the nationwide movement restriction orders throughout the year. However, announced interim dividend of 20.0 sen per share – bringing YTD dividends to 44.0 sen, is deemed to still be broadly within expectations amidst the higher pay out.

**Sequential improvement.** QoQ, 3QFY21 core net profit of RM119m improved 47%, helped by higher sales volumes and margin mix from its commercial segment, coupled with lower opex by RM45m for its retail segment compared to the previous quarter from lower dealer commission. YoY, however, earnings were down by 43% amidst overall poorer sales volumes across both sectors.

Cumulatively, 9MFY21 CNP saw a YoY jump of 72% given higher product margin spreads on the back of the rising trend of oil prices, especially in the 1H of the year.

**Sales volumes to improve going forward.** As borders gradually reopen under the “National Recovery Plan”, together with the resurgence of interstate and international travels, coupled with resumption of economic activities, we believe PETDAG should see higher overall sales volumes in 4QFY22 and even more so in FY22.

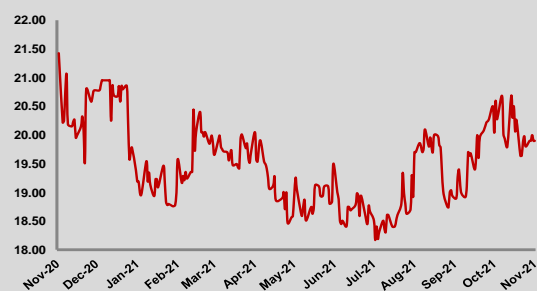
**Maintain MARKET PERFORM**, with unchanged TP of RM18.90 at FY22E PER of 26x. Post results, we trimmed our FY21E earnings by 10% to account for lower sales volume and product margin assumptions.

**Risks to our call include:** (i) better-than-expected ASPs, and (ii) higher-than-expected sales volumes.

## MARKET PERFORM ↔

**Price:** RM19.90  
**Target Price:** RM18.90 ↔

### Share Price Performance



KLCI 1,512.22  
YTD KLCI chg -7.1%  
YTD stock price chg -7.0%

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker PETD MK Equity  
Market Cap (RM m) 19,769.7  
Shares outstanding 993.5  
52-week range (H) 21.88  
52-week range (L) 18.26  
3-mth avg daily vol: 219,046  
Free Float 16%  
Beta 0.8

### Major Shareholders

Petroleum Nasional Bhd 63.9%  
Employees Provident Fund 11.2%  
Amanah Saham Bumiputera 8.5%

### Summary Earnings Table

FY Dec (RM m)	2020A	2021E	2022E
Revenue	18,711	20,616	22,729
EBIT	403	742	977
PBT	386	726	961
<b>Net Profit</b>	<b>276</b>	<b>546</b>	<b>723</b>
<b>Core Net Profit (CNP)</b>	<b>285</b>	<b>546</b>	<b>723</b>
Consensus (CNP)		573	724
Earning Revision (%)		-10.2	-
EPS (sen)	28.6	55.0	72.8
EPS growth (%)	-65.4	92.0	32.4
DPS (sen)	38.0	55.0	72.8
BV/Share (RM)	5.68	5.68	5.68
PER (x)	69.5	36.2	27.3
PBV (x)	3.5	3.5	3.5
Net-Gearing (x)	N.Cash	N.Cash	N.Cash
Div. Yield (%)	1.9	2.8	3.7

29 November 2021

<b>Results Highlights</b>								
Y/E : Dec (RM m)	3Q FY21	2Q FY21	Q-o-Q Chg	3Q FY20	Y-o-Y Chg	9M FY21	9M FY20	Y-o-Y Chg
Revenue	5,200.7	5,144.0	1.1%	4,830.5	7.7%	15,448.0	14,316.1	7.9%
<b>Operating profit</b>	<b>167.6</b>	<b>92.4</b>	<b>81.4%</b>	<b>292.1</b>	<b>-42.6%</b>	<b>547.7</b>	<b>283.5</b>	<b>93.2%</b>
Finance cost	(2.3)	(2.4)	-6.0%	(3.5)	-34.6%	(7.4)	(12.0)	-38.5%
Associates and JV	0.3	0.0	732.4%	(0.3)	-206.8%	0.6	(0.4)	-259.3%
<b>Profit before taxation</b>	<b>165.5</b>	<b>90.0</b>	<b>84.0%</b>	<b>288.3</b>	<b>-42.6%</b>	<b>541.0</b>	<b>271.0</b>	<b>99.6%</b>
Taxation	(45.9)	(7.6)	504.2%	(77.5)	-40.7%	(147.8)	(86.3)	71.4%
Non-controlling interests	(0.3)	(0.2)	37.5%	1.9	-116.5%	(0.6)	2.0	-129.5%
<b>Net profit</b>	<b>119.3</b>	<b>82.1</b>	<b>45.3%</b>	<b>212.7</b>	<b>-43.9%</b>	<b>392.6</b>	<b>186.8</b>	<b>110.2%</b>
<b>Core Net profit</b>	<b>119.1</b>	<b>81.2</b>	<b>46.6%</b>	<b>209.4</b>	<b>-43.1%</b>	<b>384.6</b>	<b>223.8</b>	<b>71.9%</b>
Operating margin	3.2%	1.8%		6.0%		3.5%	2.0%	
PBT margin	3.2%	1.7%		6.0%		3.5%	1.9%	
Net margin	2.3%	1.6%		4.4%		2.5%	1.3%	
Core net margin	2.3%	1.6%		4.3%		2.5%	1.6%	
Effective tax rate	27.7%	8.4%		26.9%		27.3%	31.8%	

Source: Company

<b>Segmental Breakdown</b>								
Y/E : Dec (RM m)	3Q FY21	2Q FY21	Q-o-Q Chg	3Q FY20	Y-o-Y Chg	9M FY21	9M FY20	Y-o-Y Chg
<b>Revenue</b>								
Retail	2,779.5	2,880.1	-3.5%	3,166.4	-12.2%	8,722.5	8,392.6	3.9%
Commercial	2,415.4	2,258.2	7.0%	1,662.1	45.3%	6,708.9	5,914.4	13.4%
<b>PBT</b>								
Retail	103.1	64.7	59.4%	200.5	-48.6%	347.9	136.9	154.1%
Commercial	72.2	36.6	97.3%	106.7	-32.3%	224.0	177.2	26.4%
<b>PBT margins</b>								
Retail	3.7%	2.2%		6.3%		4.0%	1.6%	
Commercial	3.0%	1.6%		6.4%		3.3%	3.0%	

Source: Company

29 November 2021

Peer Comparison

Name	Last Price	Market	Shariah	Current	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)	Net Div. Yld. (%)	Target	Rating
	(RM)	Cap (RM'm)	Compliant	FYE	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	Price (RM)	
BUMI ARMADA BHD	0.455	2,687.7	N	12/2021	4.7%	-0.4%	35.9%	-13.2%	5.6	4.1	4.8	0.8	0.7	18.6%	0.0%	0.570	OP
DAYANG ENTERPRISE HLDGS BHD	0.850	984.1	Y	12/2021	-14.5%	12.0%	-98.5%	4844.4%	14.7	1,002.3	20.3	0.6	0.6	0.1%	1.8%	1.00	MP
DIALOG GROUP BHD	2.56	14,445.0	Y	06/2022	-38.1%	28.1%	-7.9%	15.4%	24.0	26.1	22.6	3.5	3.2	12.8%	1.2%	3.50	OP
MISC BHD	6.62	29,550.0	Y	12/2021	7.8%	14.2%	-10.0%	1.4%	13.7	15.2	15.0	0.9	0.8	5.7%	5.0%	8.05	OP
PETRONAS CHEMICALS GROUP BHD	8.43	67,440.0	Y	12/2021	48.1%	-8.1%	247.1%	-34.4%	35.1	10.1	15.4	2.2	2.0	20.7%	4.9%	8.75	MP
PETRONAS DAGANGAN BHD	19.90	19,769.7	Y	12/2021	10.2%	10.2%	91.6%	32.4%	69.4	36.2	27.3	3.5	3.5	9.7%	3.1%	18.90	MP
SAPURA ENERGY BHD	0.090	1,438.1	Y	01/2022	11.9%	-40.6%	-879.6%	-118.9%	N.A.	N.A.	N.A.	0.2	0.2	-30.4%	0.0%	0.070	UP
SERBA DINAMIK HOLDINGS	0.350	1,298.4	Y	06/2022	-31.6%	10.0%	-38.2%	6.2%	1.7	2.7	2.6	0.3	0.3	11.5%	0.0%	UR	UR
UZMA BHD	0.435	153.1	Y	06/2022	15.2%	10.0%	4.6%	11.9%	6.4	6.1	5.5	0.3	0.3	4.9%	0.0%	0.670	OP
VELESTO ENERGY BHD	0.130	1,068.0	Y	12/2021	-38.2%	33.9%	-304.1%	-118.9%	N.A.	N.A.	N.A.	0.5	0.5	-3.8%	0.0%	0.130	UP
WAH SEONG CORP BHD	0.720	557.5	Y	12/2021	-14.8%	41.7%	-132.8%	-20.6%	N.A.	N.A.	39.0	0.8	0.8	-2.6%	0.0%	0.630	UP
YINSON HOLDINGS BHD	5.65	6,017.2	Y	01/2022	-6.6%	-15.5%	-20.3%	-18.1%	9.7	12.2	14.8	3.4	2.7	24.7%	1.1%	7.35	OP
<b>Simple Average</b>					<b>-3.8%</b>	<b>8.0%</b>	<b>-92.7%</b>	<b>382.3%</b>	<b>20.0</b>	<b>123.9</b>	<b>16.7</b>	<b>1.4</b>	<b>1.3</b>	<b>6.0%</b>	<b>1.4%</b>		

Source: Bloomberg, Kenanga Research

29 November 2021

**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

---

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

---

Published and printed by:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

