

22 August 2025

# Gas Malaysia

## Stable Earnings, Solid Yield

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**GASMSIA** posted resilient 2QFY25 results, with core profit easing 1% QoQ on lower sales volume. Earnings are expected to recover from 3QFY25 as gas supply normalises following a temporary curtailment in 2QFY25. We maintain our forecasts, TP of RM3.93, and MARKET PERFORM rating, supported by its attractive >5% dividend yield.

**1HFY25 results were in line**, with core profit of RM199.2m making up 50% and 49% of our and consensus full-year FY25 estimates, respectively. It declared a first interim NDPS of 6.0 sen in 2QFY25 (ex-date 16 Oct 2025; payment date 31 Oct 2025) which is slightly lower than the 6.3 sen paid in 2QFY24.

**A flattish sequential quarter.** 2QFY25 core profit slipped slightly by 1% QoQ to RM99.1m from RM100.1m in 1QFY25 while revenue eased 2% over the quarter to RM1.80b. The softer earnings were partly due to lower sales volume following a temporary gas curtailment after the Putra Heights fire. Meanwhile, revenue was weighed down by both the lower sales volume and a RM2 decline in Malaysia Reference Price (MRP) to RM39.69/mmbtu.

**Weaker YoY earnings on margin squeeze.** YTD, 1HFY25 core profit declined 6% to RM199.2m from RM212.3m in 1HFY24 with revenue falling 5% to RM3.65b. The softer earnings were mainly due to weaker margin following contract renewal effective January, while the decreased revenue was attributable to lower MRP by 8% to RM40.02/mmbtu in 1HFY25.

**Outlook.** Following a slight dip in sales volume in 2QFY25 due to a temporary gas curtailment following the Putra Heights fire, sales volume is expected to recover in 2HFY25. That said, narrower margin spreads from contract renewals in Jan 2025 could weigh on profitability. Nonetheless, normalised gas volumes in 2HFY25 should support its attractive dividend yield.

**Forecasts.** Maintained.

**Valuations.** We maintain our DCF-derived TP of RM3.93 based on WACC of 6.5% and a TG of 2%. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 5).

**Investment case.** We like GASMSIA for its: (i) strong market position, being a key natural gas retailer in Malaysia, (ii) strong earnings visibility underpinned by its ability to retain customers, typically via a 3-year contract, and (iii) strong free cash flows generation, anchoring a dividend yield of >5%. However, we believe the positives are already reflected in the price. Thus, we maintain our **MARKET PERFORM** rating.

**Risks to our recommendation include:** (i) regulatory risk, (ii) volatility in margin spread of non-regulated business, and (ii) economic slowdown hurting demand for gas.

# MARKET PERFORM ↔

**Price:** RM4.30  
**Target Price:** RM3.93 ↔

### Share Price Performance



KLCI 1,592.87  
YTD KLCI chg -3.0%  
YTD stock price chg 0.2%

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker GMB MK Equity  
Market Cap (RM m) 5,521.2  
Shares Outstanding 1,284.0  
52-week range (H) 4.55  
52-week range (L) 3.60  
3-mth avg daily vol: 858,962  
Free Float 20%  
Beta 0.6

### Major Shareholders

Anglo Oriental Annuity 30.9%  
Tokyo Gas Mitsui 18.5%  
Petronas Gas Bhd 14.8%

### Summary Earnings Table

FY Dec (RM m)	2024	2025F	2026F
Turnover	8044.9	7551.7	8018.8
EBIT	581.0	504.1	525.9
PBT	593.3	524.8	543.1
<b>Net Profit (NP)</b>	<b>441.4</b>	<b>398.9</b>	<b>412.7</b>
<b>Core Net Profit</b>	<b>441.8</b>	<b>398.9</b>	<b>412.7</b>
Consensus (NP)		406.7	417.1
Earnings Revision (%)		0.0	0.0
Core EPS (sen)	34.4	31.1	32.1
Core EPS Growth (%)	15.3	-9.7	3.5
NDPS (sen)	26.2	24.9	25.7
NTA/Share (RM)	1.17	1.24	1.30
BV/Share (RM)	1.17	1.24	1.30
Core PER (x)	12.5	13.8	13.4
Price/NTA (x)	3.7	3.5	3.3
PBV (x)	3.7	3.5	3.3
Gearing (x)	N Cash	N Cash	N Cash
Dividend Yield (%)	6.1	5.8	6.0

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Income Statement

FYE Dec (RM m)	2Q FY25	1Q FY25	Q-o-Q Chg	2Q FY24	Y-o-Y Chg	1H FY25	1H FY24	Y-o-Y Chg
Turnover	1802.4	1844.7	-2%	1984.8	-9%	3647.1	3857.4	-5%
EBITDA	155.6	158.5	-2%	176.1	-12%	314.2	335.9	-6%
Depreciation	-24.9	-29.5	-15%	-26.8	-7%	-54.4	-54.1	1%
EBIT	130.7	129.0	1%	149.2	-12%	259.7	281.8	-8%
Interest income	3.4	6.6	-48%	4.2	-20%	9.9	9.6	3%
Interest expense	-4.4	-5.0	-11%	-3.4	29%	-9.4	-6.8	38%
Share of JV results	2.8	2.2	26%	0.1	2632%	5.0	1.5	225%
Exceptional items	0.0	0.1	-80%	0.0	N/A	0.1	0.5	-86%
Pre-tax profit	132.5	132.9	0%	150.1	-12%	265.3	286.7	-7%
Zakat expenses	-0.9	-0.9	0%	-0.9	0%	-1.8	-1.8	0%
Taxation	-32.5	-31.9	2%	-39.2	-17%	-64.3	-72.2	-11%
Profit after tax	99.1	100.1	-1%	110.1	-10%	199.3	212.7	-6%
Minority interest	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Net profit	99.1	100.1	-1%	110.1	-10%	199.3	212.7	-6%
Core net profit	99.1	100.1	-1%	110.1	-10%	199.2	212.3	-6%
EPS (sen)	7.7	7.8	-1%	8.6	-10%	15.5	16.5	-6%
NDPS (sen)	6.0	0.0	N/A	6.3	-5%	6.0	6.3	-5%
NTA/share (RM)	1.13	1.05	8%	1.06	7%	1.13	1.06	7%
EBITDA margin	8.6%	8.6%		8.9%		8.6%	8.7%	
EBIT margin	7.3%	7.0%		7.5%		7.1%	7.3%	
Pre-tax margin	7.3%	7.2%		7.6%		7.3%	7.4%	
Effective tax rate	25.2%	24.6%		26.7%		24.9%	25.8%	
Total Sales Volume (m GJ)	38.3	38.8	-1%	38.5	0%	77.1	76.8	0%
MRP	39.69	40.34	-2%	45.90	-14%	40.02	43.71	-8%

Source: Company

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## Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
GAS MALAYSIA BHD	MP	4.30	3.93	-8.6%	5,521.2	Y	12/2025	31.1	32.1	-9.7%	3.5%	13.8	13.4	3.5	25.8%	24.9	5.8%
KJTS GROUP BHD	OP	1.68	2.12	26.2%	1,157.2	Y	12/2025	2.3	4.0	20.8%	71.1%	71.6	41.8	12.3	16.4%	0.5	0.3%
MALAKOFF CORP BHD	MP	0.950	0.770	-18.9%	4,642.6	Y	12/2025	4.5	4.3	-2.2%	-3.9%	21.3	22.1	1.0	4.9%	3.6	3.8%
PEKAT GROUP BHD	OP	1.58	1.68	6.3%	1,019.1	Y	12/2025	7.2	8.5	109.0%	17.5%	22.0	18.7	3.9	24.0%	0.0	0.0%
PETRONAS GAS BHD	MP	18.90	16.80	-11.1%	37,398.0	Y	12/2025	93.8	97.5	-0.1%	3.9%	20.1	19.4	2.6	13.1%	72.0	3.8%
SAMAIDEN GROUP BHD	OP	1.17	1.43	22.2%	526.9	Y	06/2025	4.9	5.9	12.7%	21.6%	23.9	19.7	4.7	21.0%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	2.40	2.71	12.9%	1,950.2	Y	03/2026	9.2	10.9	35.8%	18.7%	26.1	22.0	4.7	20.2%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.305	0.600	96.7%	305.2	Y	09/2025	1.9	2.4	3.3%	26.3%	16.1	12.7	3.9	27.9%	0.0	0.0%
TENAGA NASIONAL BHD	OP	13.64	17.20	26.1%	79,509.5	Y	12/2025	87.3	89.9	3.1%	3.0%	15.6	15.2	1.2	8.1%	43.2	3.2%
YTL POWER INTERNATIONAL BHD	OP	4.32	4.66	7.9%	36,987.5	N	06/2026	32.8	31.8	-7.1%	-3.2%	13.2	13.6	1.5	11.6%	8.0	1.9%
<b>Sector Aggregate</b>					<b>169,017.4</b>					<b>-0.5%</b>	<b>1.8%</b>	<b>16.3</b>	<b>16.1</b>	<b>3.9</b>	<b>17.3%</b>		<b>1.9%</b>

Source: Kenanga Research

**Stock ESG Ratings:**

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	★	
<b>SPECIFIC</b>	Transition to Renewables	★	★	★	
	Reliable Energy & Fair Tariff	★	★	★	
	Effluent/Waste Management	★	★	★	
	Ethical Practices	★	★	★	
	Supply Chain Management	★	★	★	
	Customer Satisfaction	★	★	★	
<b>OVERALL</b>		★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**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.**

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