

25 February 2026

Petronas Dagangan

At Equilibrium

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PETDAG's FY25 results were within our and street's estimates with DPS coming above expectations due to a special dividend. YoY, net profit was flattish as weaker retail margins were offset by stronger commercial margins. We maintain our forecast, DCF-derived TP of RM21.20 and MARKET PERFORM call. At FY26F PER of 18x, we believe that the stock is fairly valued (close to 2-year mean of 19x which excludes lumpy COVID-19 impact) given the fact that overall volume growth is expected to be moderate in the medium-to-long term as retail margins remain tepid at best while being offset by the strength in commercial margins.

Within expectations. Its FY25 core profit of RM1.1b was within our (101%) and consensus (100%) expectations. An interim DPS of RM0.26/share and special dividend of RM0.20/share was declared, bringing 9MFY25 DPS to RM0.66, bringing full-year DPS to RM1.12/share, above our earlier expectations of RM0.88/share. We reckon the special dividend could potentially be funded by the 57% YoY increase in the group's trade receivables (RM2.7b cash improvement).

Commercial continued to anchor. YoY, FY25 revenue was largely flattish as both retail (sales volume up 2% but ASP down 1%) and commercial topline were largely flat YoY (sales volume 12% higher but ASP down by 10%). Core profit were also largely flattish as weaker retail margins due to lower diesel sales and lower product spreads) were largely offset by stronger commercial division margins (due to better product spreads and lower opex)

QoQ, revenue improved 11% largely driven by retail sales boost while commercial division appears to be flattish. Core profit was slightly lower by 6% QoQ due to higher opex (seasonally driven by marketing expenses.)

Commercial still the engine of growth. The commercial division is expected to still maintain its volume growth due to increasing demand for jet fuels which is expected to continue in the foreseeable future due to sustained travel demand. The retail division is expected to remain flattish but the potential open market value calculation on CKD vehicles in 2026 could dampen retail volume growths.

Forecasts. Maintained.

We maintain our DCF-based TP at RM21.20 with a WACC of 11% and a terminal growth rate of 0%. There is no change to our valuation based on ESG given a 3-star ESG rating as appraised by us (see Page 5).

We like PETDAG for its: (i) highly cash generative business that translates to high capacity to pay dividends, (ii) still growing commercial volumes, and (iii) growing convenience division's revenue on stronger demand for Café Mesra. Nevertheless, we do not expect the group to chart higher growth rates in its sales volumes especially in the retail division due to the open market value calculation on CKD vehicles while the commercial division's business may be cyclical at times.

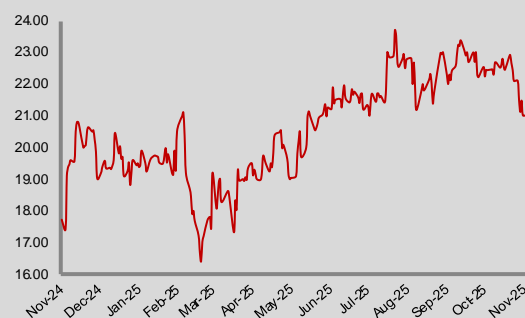
Maintain **MARKET PERFORM**.

Risks to our call include: (i) worse-than-expected subsidy rationalisation impact, (ii) the global economy slips into a recession and derails recovery of international air travel, and (iii) faster-than-expected EV adoption in the domestic market which could hurt its gasoline sales.

MARKET PERFORM ↔

Price: **RM21.40**
Target Price: **RM21.20** ↔

Share Price Performance



KLCI 1,624.50
YTD KLCI chg -1.1%
YTD stock price chg 9.0%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker PETD MK Equity
Market Cap (RM m) 20,683.7
Shares outstanding 993.5
52-week range (H) 23.80
52-week range (L) 16.10
3-mth avg. daily vol. 472,388
Free Float 25%
Beta 0.9

Major Shareholders

Petroleum Nasional Bhd 63.9%
Employees Provident Fund 12.3%
Amanah Saham Nasional 7.7%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	38269	34386	34412
EBIT	1534	1367	1361
PBT	1531	1578	1572
Net Profit (NP)	1099	1162	1157
Core NP (CNP)	1099	1162	1157
Consensus (CNP)	-	1140	1126
Earnings Revision (%)	-	-	-
Core EPS (sen)	110.6	116.9	116.5
EPS Growth (%)	-0.6	5.7	-0.4
DPS (sen)	112.0	93.5	93.2
BV/Share (RM)	6.01	6.24	6.47
PER (x)	19.3	18.3	18.4
PBV (x)	3.6	3.4	3.3
Net Gearing (x)	-0.8	-0.7	-0.7
Div. Yield (%)	5.2	4.4	4.4



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Result Highlights

FYE Dec (RM m)	4Q	3Q	Q-o-Q	4Q	Y-o-Y	FY25	FY24	Y-o-Y
	FY25	FY25	Chg	FY25	Chg			Chg
Revenue	10,578.5	9,532.3	11.0%	8,992.7	17.6%	38,269.3	37,950.8	0.8%
Operating profit	365.9	385.1	-5.0%	359.6	1.8%	1,534.2	1,548.1	-0.9%
Finance cost	(5.9)	(3.1)	86.1%	(6.1)	-3.3%	(15.9)	(13.1)	21.5%
Associates and joint ventures	1.3	4.6	-71.3%	8.3	-84.1%	12.7	(4.4)	-387.2%
Profit before taxation	361.4	386.6	-6.5%	361.8	-0.1%	1,531.0	1,530.7	0.0%
Taxation	(88.1)	(97.4)	-9.5%	(101.4)	-13.2%	(394.5)	(414.0)	-4.7%
Non-controlling interests	(14.4)	(8.0)	80.4%	(11.3)	27.5%	(37.3)	(30.0)	24.4%
Net profit	258.9	281.2	-8.0%	249.1	3.9%	1,099.2	1,086.6	1.2%
EI	3.5	(1.4)	-348.2%	(1.7)	-307.7%	9.9	19.2	-48.6%
Core Net profit	262.4	279.8	-6.2%	247.4	6.1%	1,109.1	1,105.9	0.3%
Core EPS (sen)	26.4	28.2	-6.2%	24.9	-100.2%	111.6	111.3	0.3%
DPS (sen)	46.0	24.0	91.7%	25.0	-96.3%	112.0	87.0	28.7%
Operating margin	3.5%	4.0%		4.0%		4.0%	4.1%	
PBT margin	3.4%	4.1%		4.0%		4.0%	4.0%	
Net margin	2.4%	3.0%		2.8%		2.9%	2.9%	
Core net margin	2.5%	2.9%		2.8%		2.9%	2.9%	
Effective tax rate	24.4%	25.2%		28.0%		25.8%	27.0%	

Source: Company, Kenanga Research

Segmental Breakdown

FYE Dec (RM m)	4Q	3Q	Q-o-Q	4Q	Y-o-Y	FY25	FY24	Y-o-Y
	FY25	FY25	Chg	FY25	Chg			Chg
Revenue								
Retail	5,986.8	4,945.1	21.1%	4,862.5	23.1%	20,482.6	20,208.7	1.4%
Commercial	4,527.0	4,526.6	0.0%	4,043.5	12.0%	17,532.9	17,434.7	0.6%
Convenience	64.7	60.6	6.8%	86.7	-25.4%	253.8	307.2	-17.4%
EBIT								
Retail	114.0	178.1	-36.0%	214.1	-46.8%	645.5	879.5	-26.6%
Commercial	220.4	174.7	26.2%	118.7	86%	751.2	606.2	23.9%
Convenience	25.7	29.2	-12.0%	20.7	24.2%	121.6	51.6	135.7%
EBIT margins								
Retail	1.9%	3.6%		4.4%		3.2%	4.4%	
Commercial	4.9%	3.9%		2.9%		4.3%	3.5%	
Convenience	39.7%	48.2%		23.9%		47.9%	16.8%	

Source: Company, Kenanga Research

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. (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.
Stocks Under Coverage																	
BUMI ARMADA BHD	OP	0.320	0.450	40.6%	1,896.9	Y	12/2025	6.1	5.4	-45.7%	-10.9%	5.3	5.9	0.4	7.6%	0.0	0.0%
DAYANG ENTERPRISE HLDGS BHD	OP	1.92	1.90	-1.0%	2,222.9	Y	12/2026	13.6	16.0	-42.3%	17.4%	14.1	12.0	1.2	8.3%	10.0	5.2%
DIALOG GROUP BHD	OP	1.79	2.28	27.4%	10,100.4	Y	06/2026	10.4	11.4	31.4%	9.7%	17.2	15.7	1.6	9.9%	5.0	2.8%
LIANSON FLEET GROUP BHG	OP	2.02	2.40	18.8%	2,354.7	Y	12/2025	8.7	10.3	0.0%	18.7%	23.3	19.7	2.2	11.9%	0.0	0.0%
KEYFIELD INTERNATIONAL	MP	1.53	1.57	2.6%	1,235.0	Y	12/2025	14.0	17.5	-49.6%	24.3%	10.9	8.8	1.6	15.6%	6.0	3.9%
MISC BHD	OP	8.26	8.60	4.7%	36,870.5	Y	12/2026	50.1	53.1	2.9%	4.0%	16.2	15.3	1.0	5.9%	36.0	4.4%
PETRONAS CHEMICALS GROUP	OP	3.29	4.10	24.6%	26,320.0	Y	12/2026	(6.1)	10.3	-	70.4%	N.A.	31.9	0.7	-1.3%	5.0	1.5%
PETRONAS DAGANGAN BHD	MP	20.98	21.20	1.0%	20,842.7	Y	12/2026	110.4	113.0	-0.8%	2.3%	19.0	18.6	3.4	18.0%	88.0	4.2%
VELESTO ENERGY BHD	MP	0.310	0.320	3.2%	2,546.8	Y	12/2025	2.0	2.1	-21.5%	7.3%	15.6	14.6	0.9	6.1%	3.0	9.7%
WASCO BHD	OP	0.955	1.17	22.5%	739.5	Y	12/2025	1.5	1.7	-41.5%	9.4%	62.6	57.2	6.0	10.1%	5.0	5.2%
YINSON HOLDINGS BHD	OP	2.36	2.84	20.3%	6,896.8	N	01/2026	16.6	20.4	20.3%	22.3%	14.2	11.6	1.4	10.1%	6.0	2.5%
SECTOR AGGREGATE					112,264.4					-29.4%	32.2%	22.1	16.7	1.7	9.3%		3.3%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★			
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★	★	
	Corporate Governance	★	★			
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Transition to Low-Carbon Future	★	★			
	Conservation & Biodiversity	★	★	★		
	Effluent/Waste Management	★	★	★	★	
	Water Management	★	★	★		
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	★		
OVERALL		★	★	★		

☆ 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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