

25 February 2026

# Petronas Gas

## Resilience Beyond One-Offs

By Teh Kian Yeong | [tehky@kenanga.com.my](mailto:tehky@kenanga.com.my)

PETGAS's FY25 earnings fell short of expectations, with a core profit of RM1.69b coming in 9% below our forecast. The underperformance was primarily driven by lower gas transportation earnings, which were weighed down by an intensified level of preventive maintenance in 4QFY25. However, we view this as a one-off event; its regulated business model should continue to underpin resilient earnings visibility and support a decent dividend yield moving forward. We maintain our MARKET PERFORM call with a slightly higher TP of RM18.80.

**FY25 results missed expectations**, with core profit of RM1.69b coming in 9% and 7% below our and consensus FY25 estimates, respectively. This was attributed to lower gas transportation (GT) earnings with EBIT plunging 70% QoQ (or -RM82m) in 4QFY25 due to higher operating expenses for preventive maintenance following the Putra Heights fire. A 4<sup>th</sup> interim NDPS of 22.0 sen (ex-date: 09 Mar; payment date: 24 Mar) was declared in 4QFY25, totalling FY25 NDPS to 72.0 sen, consistent with FY24 levels and our FY25 projections

**Unusually weak sequential earnings.** From its typical resilience, 4QFY25 core profit contracted 24% QoQ to RM336.9m, marking the lowest quarterly results since 1QFY20. The decline was driven by the aforementioned weakness in GT earnings (EBIT: -70%) due to elevated maintenance costs. Additionally, utilities EBIT declined 9% following a downwards revision in electricity tariffs. These were partially offset by improved performance in gas processing (GP; EBIT: +4%), while regasification terminal (RGT; EBIT: -1%) earnings remained flattish.

**FY25 impacted by Putra Heights Fire.** FY25 core profit declined 9% YoY to RM1.69b as revenue fell 3% to RM6.37b. The contraction was led by a 30% drop in GT earnings, weighed down by gas supply restoration works and intensified preventive maintenance following the Putra Heights incident. Utilities earnings were also 9% lower due to tighter margins from lower product prices. On a positive note, GP earnings rose 8% on lower operating expenses, while RGT performance remained stable.

**Forecasts.** We have fine-tuned our FY26 forecasts by -2% on housekeeping. We also introduce our new FY27 earnings forecast, projecting profit growth of 1.4% YoY. Our NDPS projections for FY26–FY27 remain unchanged at 72.0 sen.

**Valuations.** Following our earnings revision, on valuation base roll over to FY26, and an upgrade to GASMSIA's TP, we have raised our SoP-driven TP slightly to RM18.80 (see Page 3) from RM18.70. 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 continue to like PETGAS for its earnings stability of which >90% is safeguarded by the IBR framework, and the RP3 has reinforced its earnings stability, anchoring a decent dividend yield of c.4%. Maintain **MARKET PERFORM** call on PETGAS.

**Risks to our recommendation include:** (i) regulatory risks, and (ii) a global recession hurting demand for power, steam and industrial gases.

## MARKET PERFORM ↔

Price : **RM18.60**  
Target Price : **RM18.80** ↑

### Share Price Performance



KLCI 1,754.01  
YTD KLCI chg 4.4%  
YTD stock price chg 2.5%

### Stock Information

Shariah Compliant Yes  
Bloomberg Ticker PTG MK  
Market Cap (RM m) 36,804.4  
Shares Outstanding 1,978.7  
52-week range (H) 19.30  
52-week range (L) 15.20  
3-mth avg. daily vol. 578,302  
Free Float 39%  
Beta 0.8

### Major Shareholders

Petroleum Nasional Bhd 51.0%  
Employees Provident Fund 13.5%  
Kumpulan Wang Persaraan 9.9%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	6374	6701	6779
EBIT	2214	2416	2438
PBT	2345	2483	2516
<b>Net Profit (NP)</b>	<b>1727</b>	<b>1897</b>	<b>1923</b>
<b>Core Net Profit</b>	<b>1692</b>	<b>1897</b>	<b>1923</b>
Consensus (NP)	-	1915	1963
Earnings Revision (%)	-	-1.7	NEW
Core EPS (sen)	85.5	95.9	97.2
CNP Growth (%)	-9.0	12.1	1.4
NDPS (sen)	72.0	72.0	72.0
BV/Share (RM)	7.18	7.42	7.67
NTA/Share (RM)	7.18	7.42	7.67
Core PER (x)	21.2	19.4	19.1
PBV (x)	2.52	2.51	2.42
Price/NTA (x)	2.52	2.42	2.33
Gearing (%)	N Cash	N Cash	N Cash
Dividend Yield (%)	4.0	3.9	3.9

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Income Statement								
FY Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover	1,570.7	1,618.3	-3%	1,615.4	-3%	6,373.8	6,538.2	-3%
EBITDA	813.8	886.6	-8%	845.6	-4%	3,437.1	3,498.7	-2%
Depreciation	-328.5	-300.6	9%	-306.1	7%	-1,223.5	-1,173.2	4%
EBIT	485.3	585.9	-17%	539.5	-10%	2,213.6	2,325.4	-5%
Interest expense	-21.5	-20.9	3%	-21.4	1%	-82.6	-89.9	-8%
Associates	39.0	40.7	-4%	14.2	174%	178.4	147.3	21%
Exceptional items	27.0	2.4	1047%	-58.9	N/A	35.6	-22.5	N/A
Pretax profit	529.7	608.2	-13%	473.5	12%	2,345.0	2,360.3	-1%
Taxation	-132.5	-140.5	-6%	-54.3	144%	-508.5	-436.7	16%
Profit after tax	397.2	467.7	-15%	419.2	-5%	1,836.5	1,923.6	-5%
Minority interest	-33.3	-23.5	42%	-2.2	1426%	-109.3	-87.3	25%
Net profit	363.9	444.2	-18%	417.0	-13%	1,727.1	1,836.3	-6%
Core net profit	336.9	441.9	-24%	475.9	-29%	1,691.6	1,858.8	-9%
EPS (sen)	17.0	22.3	-24%	24.1	-29%	85.5	93.9	-9%
DPS (sen)	22.0	18.0	22%	22.0	0%	72.0	72.0	0%
NTA/share (RM)	7.18	7.19	0%	7.05	2%	7.18	7.05	2%
EBITDA margin	51.8%	54.8%		52.3%		53.9%	53.5%	
EBIT margin	30.9%	36.2%		33.4%		34.7%	35.6%	
Pretax margin	33.7%	37.6%		29.3%		36.8%	36.1%	
Effective tax rate	25.0%	23.1%		11.5%		21.7%	18.5%	

Source: Company

Segmental Breakdown								
FY Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
<b>Turnover</b>								
Gas Processing	464.8	470.1	-1%	466.2	0%	1,866.6	1,872.5	0%
Gas Transportation	277.2	287.8	-4%	302.5	-8%	1,130.3	1,199.6	-6%
RGT	362.5	348.7	4%	341.2	6%	1,378.5	1,355.2	2%
Utilities	466.2	511.8	-9%	505.5	-8%	1,998.3	2,110.9	-5%
Others	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
<b>Group Turnover</b>	<b>1,570.7</b>	<b>1,618.3</b>	<b>-3%</b>	<b>1,615.4</b>	<b>-3%</b>	<b>6,373.8</b>	<b>6,538.2</b>	<b>-3%</b>
<b>Segment Results</b>								
Gas Processing	222.5	214.2	4%	185.6	20%	867.9	801.1	8%
Gas Transportation	35.4	117.3	-70%	121.9	-71%	414.5	592.7	-30%
RGT	154.7	155.8	-1%	127.7	21%	607.5	599.8	1%
Utilities	48.8	54.0	-9%	47.0	4%	257.6	283.8	-9%
Others	50.8	47.1	8%	-1.6	N/A	101.6	25.6	297%
<b>Group EBIT</b>	<b>512.3</b>	<b>588.3</b>	<b>-13%</b>	<b>480.7</b>	<b>7%</b>	<b>2,249.2</b>	<b>2,303.0</b>	<b>-2%</b>
<b>EBIT Margin</b>								
Gas Processing	47.9%	45.6%		39.8%		46.5%	42.8%	
Gas Transportation	12.8%	40.8%		40.3%		36.7%	49.4%	
RGT	42.7%	44.7%		37.4%		44.1%	44.3%	
Utilities	10.5%	10.5%		9.3%		12.9%	13.4%	
Others	N/A	N/A		N/A		N/A	N/A	
<b>Group EBIT Margin</b>	<b>32.6%</b>	<b>36.4%</b>		<b>29.8%</b>		<b>35.3%</b>	<b>35.2%</b>	

Source: Company

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<b>PETGAS's Valuation</b>			
	<b>RM m</b>	<b>RM/Share</b>	<b>Basis</b>
Gas Business	28,586.3	14.45	DCF @ 8.1% WACC, g = 2%
Melaka RGT	715.4	0.36	DCF @ 8.1% WACC
Pengerang RGT	1,520.7	0.77	DCF @ 6.1% WACC
3 <sup>rd</sup> RGT	3,956.4	2.00	DCF @ 6.1% WACC
Kimanis IPP	373.4	0.19	DCF @ 5.7% WACC
Sipitang IPP	81.4	0.04	DCF @ 6.0% WACC
Gas Malaysia	748.1	0.38	14.8% equity stake @ TP: RM4.50 and a 10% holding company discount
Net Cash/(Debt)	1,215.8	0.61	Adjusted FY26F at group level
	<b>37,197.5</b>	<b>18.80</b>	

Source: Kenanga Research

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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. (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	4.75	4.50	-5.3%	6,099.0	Y	12/2026	31.7	32.1	5.6%	1.3%	15.0	14.8	3.7	25.4%	25.3	5.3%
KJTS GROUP BHD	OP	0.830	2.12	155.4%	573.0	Y	12/2025	2.3	4.0	20.8%	71.1%	35.4	20.7	6.1	16.4%	0.5	0.6%
MALAKOFF CORP BHD	OP	0.835	1.09	30.5%	4,080.6	Y	12/2025	2.8	4.3	-37.8%	51.1%	29.4	19.5	0.9	3.1%	2.3	2.8%
PEKAT GROUP BHD	OP	1.25	1.68	34.4%	882.8	Y	12/2025	7.2	8.5	109.0%	17.5%	17.4	14.8	3.1	24.0%	0.0	0.0%
PETRONAS GAS BHD	MP	18.60	18.80	1.1%	36,804.4	Y	12/2026	95.9	97.2	12.1%	1.4%	19.4	19.1	2.5	13.1%	72.0	3.9%
SAMAIDEN GROUP BHD	OP	1.08	2.08	92.6%	542.4	Y	06/2026	6.9	8.4	24.0%	21.6%	15.6	12.8	4.3	29.8%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	2.24	3.45	54.0%	2,122.7	Y	03/2026	10.3	14.3	51.9%	39.2%	21.7	15.6	4.4	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.195	0.470	141.0%	195.2	Y	09/2026	1.3	2.0	-29.3%	53.8%	15.0	9.8	2.5	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	14.10	16.80	19.1%	82,190.9	Y	12/2025	78.8	85.9	-4.1%	9.0%	17.9	16.4	1.3	7.4%	39.0	2.8%
YTL POWER INTERNATIONAL BHD	OP	2.91	4.40	51.2%	25,119.6	N	06/2026	30.3	31.6	-14.2%	4.3%	9.6	9.2	1.0	10.8%	8.0	2.7%
<b>Sector Aggregate</b>					<b>158,610.6</b>					<b>-4.1%</b>	<b>7.1%</b>	<b>16.5</b>	<b>15.4</b>	<b>3.0</b>	<b>17.2%</b>		<b>1.8%</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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Published 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)

