

05 May 2026

Petronas Gas

Secures Lumut RGT

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We view the confirmation of PETGAS as the operator for the Lumut RGT positively, a move that was widely anticipated given its existing track record with the Melaka and Pengerang RGTs. This project anchors its long-term outlook by providing a steady recurring income stream of c.RM300m p.a. starting from 2QCY29. We maintain our FY26-FY27 forecasts while our SoP-derived TP of RM18.80 already incorporates a RM2.00 valuation for this new asset. We maintain our MARKET PERFORM call, supported by a decent dividend yield of 4%.

Confirmed Lumut RGT is a go. PETGAS has officially received the green light from the Ministry of Economy to develop Malaysia's third regasification terminal in Lumut, Perak. This project marks a milestone as the country's first deployment of a Floating Storage & Regasification Unit (FSRU). The facility will have an LNG storage capacity of 170,000 m³ and a send-out capacity of 500 MMscfd. Slated for commissioning in 2QCY29, the Lumut RGT is positioned to power c.3.5 GW of power plant capacity in Peninsular Malaysia. In tandem with this, PETGAS has awarded a 20-year FSRU charter contract to **MISC (OP; TP: RM8.69)**. While PETGAS is currently scouting for a joint-venture partner, they are expected to retain a lead role in the project.

Third regas assets for the group. This award is not a surprise as the government had previously signalled that the third RGT would be awarded to Petronas, given PETGAS's track record with the first two units, it was the natural choice for this mandate. While specific capex details and JV partners remain under wraps, we maintain our existing assumptions - including a 70% equity stake, USD700m capex at 80:20 debt to equity ratio, 10% project IRR, capacity of 488.2 MMscfd - which are already baked into our SoP-based TP via a RM2.00 valuation for the Lumut RGT. Overall, we view the development positively as it anchors the group's long-term outlook, providing a steady recurring income stream of c.RM300m p.a. once operational.

Forecasts. We maintain our FY26-FY27 earnings forecasts as the Lumut RGT is only slated for commissioning in FY29, which falls outside our current valuation horizon. Consequently, our NDPS projections for FY26-FY27 remain unchanged at 72.0 sen.

Valuations. Our SoP-driven TP is maintained at RM18.80, having already priced in a RM2.00 contribution from the Lumut project. Pending the finalisation of equity participation and its details, there should be an increase of RM0.15 to our TP due to us leaving unchanged for now our initial expectation of 488.2 MMscfd send-out capacity, versus the announced 500 MMscfd. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

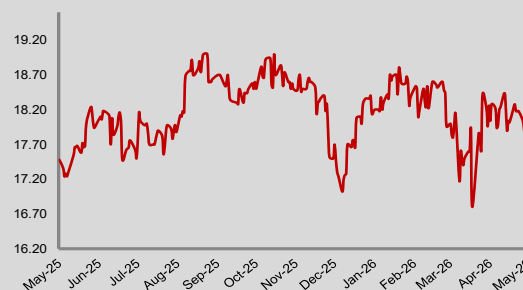
Investment case. We continue to like PETGAS for its earnings stability of which >90% is safeguarded by the IBR framework, and the RP3 has reinforced its earnings stability, anchoring a decent dividend yield of 4%. Maintain **MARKET PERFORM** call on PETGAS.

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

MARKET PERFORM ↔

Price : **RM18.00**
Target Price : **RM18.80** ↔

Share Price Performance



KLCI 1,739.77
YTD KLCI chg 3.6%
YTD stock price chg -0.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PTG MK Equity
Market Cap (RM m)	35,617.2
Shares Outstanding	1,978.7
52-week range (H)	19.30
52-week range (L)	16.80
3-mth avg. daily vol.	595,039
Free Float	39%
Beta	0.8

Major Shareholders

Petroleum Nasional Bhd	51.0%
Employees Provident Fund	13.9%
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
Net Profit (NP)	1727	1897	1923
Core Net Profit	1692	1897	1923
Consensus (NP)	-	1883	1934
Earnings Revision (%)	-	-	-
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	18.8	18.5
PBV (x)	2.52	2.42	2.35
Price/NTA (x)	2.52	2.35	2.25
Gearing (%)	N Cash	N Cash	N Cash
Dividend Yield (%)	4.0	4.0	4.0

PETGAS's Valuation			
	RM m	RM/Share	Basis
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 rd 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
	37,197.5	18.80	

Source: Kenanga Research

Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	FY Dec	2023A	2024A	2025A	2026F	2027F
Revenue	6445	6538	6374	6701	6779	Growth (%)					
EBITDA	3446	3499	3437	3717	3781	Revenue	4.6	1.4	-2.5	5.1	1.2
Depreciation	-1141	-1173	-1223	-1301	-1343	EBITDA	2.7	1.5	-1.8	8.2	1.7
EBIT	2304	2325	2214	2416	2438	Operating Income	-0.7	0.9	-4.8	9.2	0.9
Interest Expense	-127	-90	-83	-81	-71	Pre-tax Income	5.1	-1.1	-0.6	5.9	1.4
Associate	239	147	178	147	149	Net Income	10.6	0.9	-5.9	9.8	1.4
Exceptional/FV	-31	-22	36	0	0	Core Net Income	7.2	0.5	-9.0	12.1	1.4
PBT	2386	2360	2345	2483	2516						
Taxation	-485	-437	-509	-497	-503	Profitability (%)					
Minority Interest	-81	-87	-109	-89	-91	EBITDA Margin	53.5	53.5	53.9	55.5	55.8
Net Profit	1820	1836	1727	1897	1923	Operating Margin	35.8	35.6	34.7	36.1	36.0
Core Net Profit	1850	1859	1692	1897	1923	PBT Margin	37.0	36.1	36.8	37.1	37.1
						Net Margin	28.2	28.1	27.1	28.3	28.4
						Core Net Margin	28.7	28.4	26.5	28.3	28.4
						Effective Tax Rate	20.3	18.5	21.7	20.0	20.0
						ROA	8.3	9.0	7.8	10.1	9.8
						ROE	13.6	13.4	12.3	13.0	12.9
						DuPont Analysis					
						Net margin (%)	28.7	28.4	26.5	28.3	28.4
						Assets Turnover (x)	0.3	0.3	0.3	0.3	0.3
						Leverage Factor (x)	1.4	1.3	1.4	1.4	1.4
						ROE (%)	13.7	13.3	11.9	12.9	12.7
						Leverage					
						Debt/Asset (x)	0.16	0.10	0.08	0.06	0.05
						Debt/Equity (x)	0.23	0.13	0.11	0.09	0.07
						Net Debt/(Cash)	-125	748	414	1036	1650
						Net Debt/Equity (x)	0.01	-0.05	-0.03	-0.07	-0.10
						Valuations					
						Core EPS (sen)	93.5	93.9	85.5	95.9	97.2
						NDPS (sen)	72.0	72.0	72.0	72.0	72.0
						BV/share (RM)	6.85	7.05	7.18	7.42	7.67
						NTA/share (RM)	6.85	7.05	7.18	7.42	7.67
						Core PER (x)	18.6	18.8	21.2	18.8	18.5
						Net Div. Yield (%)	4.1	4.1	4.0	4.0	4.0
						PBV (x)	2.54	2.51	2.52	2.42	2.35
						P/NTA (x)	2.54	2.51	2.52	2.35	2.25
						EV/EBITDA (x)	9.7	9.0	8.2	9.3	9.0

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.
Stocks Under Coverage																	
GAS MALAYSIA BHD	MP	5.49	5.23	-4.7%	7,049.2	Y	12/2026	31.7	32.1	5.6%	1.3%	17.3	17.1	4.3	25.4%	25.3	4.6%
MALAKOFF CORP BHD	OP	0.885	1.00	13.0%	4,325.0	Y	12/2026	3.6	4.8	58.2%	32.9%	24.7	18.6	1.0	3.9%	2.9	3.2%
PETRONAS GAS BHD	MP	18.00	18.80	4.4%	35,617.2	Y	12/2026	95.9	97.2	12.1%	1.4%	18.8	18.5	2.4	13.1%	72.0	4.0%
SAMAIDEN GROUP BHD	OP	1.27	1.94	52.8%	643.8	Y	06/2026	6.3	7.5	21.3%	18.8%	20.1	16.9	3.1	17.4%	1.1	0.9%
SOLARVEST HOLDINGS BHD	OP	2.76	3.45	25.0%	2,631.4	Y	03/2026	10.3	13.3	51.9%	29.5%	26.8	20.7	5.4	22.7%	0.0	0.0%
TENAGA NASIONAL BHD	OP	14.80	17.00	14.9%	86,271.3	Y	12/2026	85.6	88.1	2.9%	2.8%	17.3	16.8	1.3	7.8%	50.8	3.4%
YTL POWER INTERNATIONAL BHD	OP	3.95	4.30	8.9%	34,136.0	N	06/2026	24.5	22.6	-27.1%	-7.5%	16.1	17.4	1.5	9.6%	8.0	2.0%
Sector Aggregate					173,219.8					-3.1%	1.3%	17.8	17.6	3.1	18.0%		1.8%

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 Renewables	★	★	★	
	Reliable Energy & Fair Tariff	★	★	★	
	Effluent/Waste Management	★	★	★	
	Ethical Practices	★	★	★	
	Supply Chain Management	★	★	★	
	Customer Satisfaction	★	★	★	
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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