

20 May 2026

Petronas Gas

1QFY26 In Line as Earnings Normalised

By Teh Kian Yeong | tehky@kenanga.com.my

PETGAS delivered satisfactory 1QFY26 results, with core profit normalizing (+32% QoQ) to RM443.3m after 4QFY25 earnings were dragged down by intensified preventive maintenance. Looking ahead, regulated assets will continue to underpin resilient earnings visibility under the IBR framework, supporting a decent dividend yield of c.4%. Meanwhile, the new Lumut RGT project, slated for completion by 2QFY29, will anchor its long-term recurring income stream. We maintain our **MARKET PERFORM** call with an unchanged TP of RM18.80.

1QFY26 results met expectations. Core profit of RM443.3m came in within expectations, making up 23% and 24% of our and consensus full-year estimates, respectively. A first interim NDPS of 16.0 sen was declared (ex-date: 10 Jun; payment date: 23 Jun), matching the payout from 1QFY25.

Sequential earnings normalised. Following a weak 4QFY25, where gas transportation (GT) earnings were hit by high operating expenses for preventive maintenance after the Putra Heights fire, 1QFY26 core profit normalised to RM443.3m from RM336.9m. Consequently, GT operating profit jumped 271% QoQ to RM131.4m from RM35.4m. Additionally, utilities earnings rose 45% to RM71.0m from RM48.8m on lower fuel gas costs. However, gas processing (GP) operating profit fell 11% to RM198.1m due to elevated repair and maintenance activities.

YoY earnings impacted negatively by higher opex. 1QFY26 core profit fell 5% YoY from RM466.2m, on the back of a 1% dip in revenue. The lower revenue was primarily due to lower utilities contribution attributable to weaker product prices. GP earnings declined 10% YoY due to the high level of repair and maintenance activities, while GT earnings dropped 8% YoY, dragged down by higher operating expenses from increased internal gas consumption (IGC) costs. This was partially mitigated by stronger earnings from RGT (+9%) on higher revenue, and utilities (+2%) on lower fuel gas costs.

Outlook. FY26 is expected to be a better year as PETGAS recovers from the Putra Heights fire that dragged down FY25 earnings. With >90% of its earnings safeguarded by Regulatory Period 3 (RP3) under the IBR framework, PETGAS' earnings are expected to remain resilient over FY26-FY28. Meanwhile, the new Lumut RGT project, slated for COD in 2QFY29, is expected to anchor its long-term outlook, providing a steady recurring income stream of c.RM300m per annum when fully operational.

Forecasts. We maintain our FY26-FY27 earnings forecasts.

Valuations. We maintain our SoP-driven TP of RM18.80. 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 : RM17.72
Target Price : RM18.80 ↔

Share Price Performance



KLCI 1,727.27
YTD KLCI chg 2.8%
YTD stock price chg -2.3%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker PTG MK
Market Cap (RM m) 35,063.1
Shares Outstanding 1,978.7
52-week range (H) 19.00
52-week range (L) 16.80
3-mth avg. daily vol. 567,970
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)	-	1884	1941
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	18.5	18.2
PBV (x)	2.52	2.39	2.31
Price/NTA (x)	2.52	2.31	2.22
Gearing (%)	N Cash	N Cash	N Cash
Dividend Yield (%)	4.0	4.1	4.1

20 May 2026

Income Statement								
FY Dec (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Turnover	1,585.1	1,570.7	1%	1,594.5	-1%	1,585.1	1,594.5	-1%
EBITDA	877.9	813.8	8%	874.4	0%	877.9	874.4	0%
Depreciation	-331.6	-328.5	1%	-300.9	10%	-331.6	-300.9	10%
EBIT	546.4	485.3	13%	573.5	-5%	546.4	573.5	-5%
Interest expense	-13.9	-21.5	-35%	-20.2	-31%	-13.9	-20.2	-31%
Associates	49.6	39.0	27%	56.0	-11%	49.6	56.0	-11%
Exceptional items	-4.6	27.0	-117%	2.6	-274%	-4.6	2.6	-274%
Pretax profit	577.4	529.7	9%	611.9	-6%	577.4	611.9	-6%
Taxation	-111.4	-132.5	-16%	-119.8	-7%	-111.4	-119.8	-7%
Profit after tax	466.0	397.2	17%	492.1	-5%	466.0	492.1	-5%
Minority interest	-27.4	-33.3	-18%	-23.3	18%	-27.4	-23.3	18%
Net profit	438.7	363.9	21%	468.8	-6%	438.7	468.8	-6%
Core net profit	443.3	336.9	32%	466.2	-5%	443.3	466.2	-5%
EPS (sen)	22.4	17.0	32%	23.6	-5%	22.4	23.6	-5%
DPS (sen)	16.0	22.0	-27%	16.0	0%	16.0	16.0	0%
NTA/share (RM)	7.19	7.18	0%	7.07	2%	7.19	7.07	2%
EBITDA margin	55.4%	51.8%		54.8%		55.4%	54.8%	
EBIT margin	34.5%	30.9%		36.0%		34.5%	36.0%	
Pretax margin	36.4%	33.7%		38.4%		36.4%	38.4%	
Effective tax rate	19.3%	25.0%		19.6%		19.3%	19.6%	

Source: Company

Segmental Breakdown								
FY Dec (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Turnover								
Gas Processing	466.0	464.8	0%	466.3	0%	466.0	466.3	0%
Gas Transportation	318.4	277.2	15%	281.1	13%	318.4	281.1	13%
RGT	353.5	362.5	-2%	332.3	6%	353.5	332.3	6%
Utilities	447.2	466.2	-4%	514.8	-13%	447.2	514.8	-13%
Others	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Group Turnover	1,585.1	1,570.7	1%	1,594.5	-1%	1,585.1	1,594.5	-1%
Segment Results								
Gas Processing	198.1	222.5	-11%	219.3	-10%	198.1	219.3	-10%
Gas Transportation	131.4	35.4	271%	142.5	-8%	131.4	142.5	-8%
RGT	157.6	154.7	2%	144.3	9%	157.6	144.3	9%
Utilities	71.0	48.8	45%	69.5	2%	71.0	69.5	2%
Others	-16.3	50.8	N/M	0.5	N/M	-16.3	0.5	N/M
Group EBIT	541.8	512.3	6%	576.1	-6%	541.8	576.1	-6%
EBIT Margin								
Gas Processing	42.5%	47.9%		47.0%		42.5%	47.0%	
Gas Transportation	41.3%	12.8%		50.7%		41.3%	50.7%	
RGT	44.6%	42.7%		43.4%		44.6%	43.4%	
Utilities	15.9%	10.5%		13.5%		15.9%	13.5%	
Others	N/A	N/A		N/A		N/A	N/A	
Group EBIT Margin	34.2%	32.6%		36.1%		34.2%	36.1%	

Source: Company

20 May 2026

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

This section is intentionally left blank

20 May 2026

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																	
CHEEDING HOLDINGS BHD	OP	0.640	0.700	9.4%	510.2	Y	03/2026	4.3	5.3	30.8%	23.5%	15.0	12.1	5.7	48.6%	1.1	1.7%
GAS MALAYSIA BHD	MP	5.43	5.23	-3.7%	6,972.1	Y	12/2026	31.7	32.1	5.6%	1.3%	17.1	16.9	4.2	25.4%	25.3	4.7%
KAWAN RENERGY BHD	OP	0.515	0.730	41.7%	283.3	Y	10/2026	4.8	6.1	11.9%	27.8%	10.8	8.4	2.0	20.7%	1.4	2.7%
KJTS GROUP BHD	OP	0.765	1.34	75.2%	528.3	Y	12/2026	3.0	3.7	17.0%	21.6%	25.2	20.7	2.3	11.8%	0.6	0.8%
MALAKOFF CORP BHD	OP	0.930	1.00	7.5%	4,544.9	Y	12/2026	3.6	4.8	58.2%	32.9%	26.0	19.5	1.0	3.9%	2.9	3.1%
PEKAT GROUP BHD	OP	1.53	1.72	12.4%	1,083.7	Y	12/2026	8.5	9.2	22.4%	7.3%	17.9	16.7	2.7	18.2%	0.0	0.0%
PETRONAS GAS BHD	MP	17.72	18.80	6.1%	35,063.1	Y	12/2026	95.9	97.2	12.1%	1.4%	18.5	18.2	2.4	13.1%	72.0	4.1%
SAMAIDEN GROUP BHD	OP	1.21	1.94	60.3%	636.2	Y	06/2026	6.3	7.5	21.3%	18.8%	19.1	16.1	3.0	17.4%	1.1	0.9%
SOLARVEST HOLDINGS BHD	OP	2.59	3.45	33.2%	2,470.2	Y	03/2026	10.3	13.3	51.9%	29.5%	25.1	19.4	5.1	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.170	0.470	176.5%	170.1	Y	09/2026	1.3	2.0	-29.3%	53.8%	13.1	8.5	2.2	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	14.52	17.00	17.1%	84,639.1	Y	12/2026	85.6	88.1	2.9%	2.8%	17.0	16.5	1.3	7.8%	50.8	3.5%
YTL POWER INTERNATIONAL BHD	OP	4.11	4.30	4.6%	35,523.3	N	06/2026	24.5	22.6	-27.1%	-7.5%	16.8	18.2	1.6	9.6%	8.0	1.9%
SECTOR AGGREGATE					172,424.7					-3.0%	1.3%	17.7	17.4	2.8	18.2%		1.9%

Source: Kenanga Research

20 May 2026

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.**

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. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

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 E-mail: research@kenanga.com.my

