Gas Malaysia Berhad

(5209 | GMB MK) Utilities | Gas, Water & Multi-Utilities

SHARIAH Compliant | ESG 1 Star | FTSE4Good

Maintain **NEUTRAL**
Unchanged Target Price **RM4.48**

Corporate Update

Limited Catalysts in the Near Term

Maintain NEUTRAL. Gas Malaysia Bhd's (GMB) 3QFY25 earnings came in within our expectations at 70% of our yearly earnings forecast, and at 73% of consensus'. While there is a downside risk to the selling price (MRP), we believe there will be recovery on the 4QFY25 as sales volume normalized. We maintain **NEUTRAL** on GMB with an unchanged **target price of RM4.48**, given the limited upside for the group.

Lower 9MFY25 due to lower MRP and volume sold The Group's revenue for the first nine months of FY25 was RM5,521.8m, down -7.8% from RM5,988.9m in 2024. This decline was mainly due to a lower Malaysia Reference Price (MRP) and reduced natural gas sales. Core earnings fell to RM298.3m, an -8.3% decrease from RM325.4m in 9MFY24, impacted by lower selling prices, reduced sales volumes, higher administrative expenses, and increased finance cost.

Better revenue QoQ but profit declined. In 3QFY25, revenue increased modestly to RM1,874.7m, up +4% from RM1,802.4m in the second quarter. However, core earnings fell to RM97.4m, down from RM101.7m, due to a lower average contribution margin from natural gas and reduced contributions from joint venture companies.

Weak YoY performance. Compared to 3QFY24, revenue was down -12.0% to RM2,131.6m. The decline was mainly due to lower average natural gas prices and fewer natural gas sales. Core earnings also decreased, falling by -15% versus RM114.2m recorded in 3QFY24. This decline happened because of less natural gas sold, lower profit margins from natural gas, higher administrative costs, increased finance costs, and a smaller share of profits from joint ventures

Limited catalysts in the near term. We believe the stock has limited near-term catalysts. Continued weakness in crude oil prices may put additional pressure on the MRP, and this trend could persist into FY26, as oil prices are not expected to recover until the end of 2026. However, in the medium to long term, the demand for gas is projected to increase significantly, driven by economic recovery, particularly in power generation and industrial processes.

No changes to earnings forecast. Considering GMB's prospects and challenges, we maintain our earnings forecast for FY25-27, pending the group's result briefing. Likewise, we maintain our **NEUTRAL** call for GMB on the back of limited upside, with an **unchanged target price of RM4.48**, pegging on a PER of 12.9x to an EPS25 of 34.6sen.

RETURN STATISTICS	
Price @ 20st November 2025 (RM)	4.44
Expected share price return (%)	+0.0
Expected dividend yield (%)	+3.6
Expected total return (%)	+3.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.8	-3.0
3months	3.0	0.7
12 months	14.1	12.0

INVESTMENT STATISTICS

FYE Dec (RM m)	2025E	2026F	2027F
Revenue	8,159	8,378	8,450
Operating Profit	547	577	625
Profit Before Tax	556	585	634
Core PATAMI	442	482	516
Core EPS	34.6	37.8	40.4
DPS	15.9	17.4	18.6
Dividend Yield	3.6	3.9	4.1

KEY STATISTICS	
FBM KLCI	1,619.96
Issue shares (m)	1284.00
Estimated free float (%)	26.69
Market Capitalisation (RM'm)	5700.96
52-wk price range	RM3.66 - RM4.88
3-mth average daily volume (m)	1.52
3-mth average daily value (RM'm)	6.72
Top Shareholders (%)	
ANGLO ORIENTAL ANNUITIES SDN BHD	30.93
Tokyo Gas-Mitsuit & Co Holdings Sd	18.50
Petronas Gas Bhd	14.80

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Table 1: Gas Malaysia's 3QFY25 earnings review

Financial year ending 31st Dec (in RM'm unless stated otherwise)	Quarterly Results					Cumulative results		
	3QFY24	2QFY25	3QFY25	QoQ (%)	YoY (%)	9MFY24	9MFY25	YoY (%)
Revenue	**2,131.6**	**1,802.4**	**1,874.7**	4.0	(12.0)	**5,988.9**	**5,521.8**	(7.8)
Cost of Sales	(1,950.8)	(1,632.6)	(1,703.7)	4.4	(12.7)	(5,483.2)	(5,028.7)	(8.3)
Gross Profit	**180.8**	**169.8**	**171.0**	0.7	(5.4)	**505.8**	**493.1**	(2.5)
Finance income	5.0	3.4	4.2	25.0	(15.6)	14.6	14.2	(3.2)
Other operating income	0.4	0.7	0.5	(30.3)	39.7	2.0	1.7	(17.8)
Admin. expenses	(29.6)	(39.4)	(37.5)	(4.9)	26.6	(73.1)	(100.1)	36.9
Selling & distribution expenses	(0.1)	(0.4)	(0.4)	2.3	175.2	(0.9)	(1.3)	33.8
Finance costs	(3.4)	(4.4)	(4.9)	10.5	45.1	(10.2)	(14.3)	40.6
Share of results in JV	2.4	2.8	(1.1)	(139.7)	(146.0)	3.9	3.9	(1.3)
Profit before zakat & taxation	**155.4**	**132.5**	**131.9**	(0.5)	(15.2)	**442.1**	**397.2**	(10.2)
Zakat expenses	(0.9)	(0.9)	(0.9)	-	-	(2.6)	(2.6)	-
Tax expenses	(38.6)	(32.5)	(35.9)	10.6	(6.9)	(110.8)	(100.2)	(9.5)
PATANCI	**116.0**	**99.1**	**95.1**	(4.1)	(18.0)	**328.7**	**294.3**	(10.4)
Exceptional Items	**(1.8)**	**2.6**	2.4	(8.1)	(234.3)	**(3.3)**	4.0	(220.7)
PATANCI Ex-EI	**114.2**	**101.7**	**97.4**	(4.2)	(14.7)	**325.4**	**298.3**	(8.3)
Basic EPS (sen)	9.0	7.7	7.4	(4.0)	(17.9)	25.6	22.9	(10.4)
DPS (sen)	6.3	6.0	0	(100.0)	(100.0)	6.3	6.0	(4.9)
				+/(-) ppts				*+/(-) ppts*
Gross Profit Margin (%)	8.5	9.4	9.1	(0.3)	0.6	8.4	8.9	0.5
Pretax Profit Margin (%)	7.3	7.3	7.0	(0.3)	(0.3)	7.4	7.2	(0.2)
Net Margin (%)	5.4	5.5	5.1	(0.4)	(0.4)	5.5	5.3	(0.2)
Tax rate (%)	24.8	24.5	27.2	2.7	2.4	25.1	25.2	0.2

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	8,079	8,045	8,159	8,378	8,450
EBIT	507	581	547	577	625
PBT	519	593	556	585	634
Taxation	-132	-148	-107	-97	-112
PAT	383	441	445	485	519
MI	0	0	0	0	0
PATAMI	383	441	445	485	519
Core PATAMI	380	438	442	482	516
EPS (sen)	29.9	34.4	34.6	37.8	40.4
PER (x)	15.3	13.3	12.9	11.9	11.1
DPS (sen)	14.1	15.9	15.9	17.4	18.6
Dividend yield (%)	3.1	3.5	3.6	3.9	4.1

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	5.6	-0.4	1.4	2.7	0.9
PBT growth	5.1	14.4	-6.4	5.4	8.4
PATAMI growth	1.6	15.1	0.8	9.0	6.9
Core PATAMI growth	-2.5	15.4	0.9	9.1	7.0

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	1,732	1,889	1,949	2,058	1,954
ROU assets	17	34	27	25	25
Non-current assets	**1,839**	**2,109**	**2,053**	**2,161**	**2,164**
Trade receivables	673	794	920	1,023	994
Cash & bank balances	692	744	781	820	860
Current assets	**1,368**	**1,566**	**1,702**	**1,843**	**1,855**
Long-term debt	80	280	231	220	199
Non-current liabilities	**315**	**531**	**475**	**465**	**445**
Short-term debt	250	152	206	229	214
Trade payables	1,246	1,450	1,533	1,694	1,725
Current liabilities	**1,524**	**1,637**	**1,739**	**1,922**	**1,939**
Share capital	642	642	642	642	642
Reserves	727	868	899	973	990
Equity	**1,368**	**1,506**	**1,541**	**1,616**	**1,634**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	519	593	556	585	634
Depreciation	104	110	107	109	110
OP pre-WC changes	**614**	**661**	**601**	**702**	**769**
Change in NWC	-139	-142	-152	-167	-184
Operating cash flow	**475**	**519**	**449**	**534**	**585**
Capital expenditure	-178	-249	-294	-317	-327
Investing cash flow	**-161**	**-255**	**-245**	**-256**	**-261**
Debt raised/(repaid)	89	100	150	108	-60
Dividends paid	-290	-300	-317	-348	-224
Financing cash flow	**-214**	**-212**	**-167**	**-240**	**-284**
Net cash flow	**101**	**52**	**37**	**39**	**40**
Beginning cash flow	**591**	**692**	**744**	**781**	**820**
Ending cash flow	**692**	**744**	**781**	**820**	**860**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	6.3	7.2	6.7	6.9	7.4
PBT margin	6.4	7.4	6.8	7.0	7.5
PATAMI margin	4.7	5.5	5.5	5.8	6.1
Core PATAMI margin	4.7	5.4	5.4	5.8	6.1
ROA	11.8	11.9	11.8	12.0	12.8
ROE	27.7	29.1	28.7	29.8	31.6

Liquidity Ratios (x)	2023A	2024A	2025E	2026F	2027F
Current ratio	0.9	1.0	1.0	1.0	1.0
Quick ratio	0.5	0.5	0.4	0.4	0.4

Leverage Ratios (x)	2023A	2024A	2025E	2026F	2027F
Debt-to-equity	1.3	1.4	1.4	1.5	1.5
Interest coverage	0.0	0.0	0.0	0.0	0.0

Efficiency Ratios (days)	2023A	2024A	2025E	2026F	2027F
Cash conversion cycle	92	106	116	125	125
DIO	0	0	0	0	0
DSO	30	36	41	45	43
DPO	-62	-70	-75	-80	-82

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology