Petronas Dagangan Berhad

(5861 | PETD MK) Consumer Products & Services | Retailers

SHARIAH Compliant | 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price: **RM23.64**

Corporate Update

Earning Came within Consensus

Maintain BUY. Petronas Dagangan Berhad's (PDB) FY25 earnings came in at 94% of our estimates and 98% of consensus expectations. The variance was largely within our forecast range and does not alter our view on the stock. As such, we maintain our **BUY** recommendation on PDB with a **target price of RM23.64**, reflecting stable and resilient cashflows from its operations.

FY25 PATANCI increased marginally to RM1.10bn from RM1.09bn in FY24, representing a modest +1%yoy. Earnings resilience was underpinned by stronger commercial volumes, particularly from Jet A1 and diesel, which helped offset margin pressures from less favourable MOPS price movements and higher operating expenditure within the Retail segment. Despite a challenging pricing environment, the group's ability to sustain earnings at elevated levels continues to reflect the defensiveness of its business model and strong cash-generating capacity.

The retail segment continued to face margin pressure amid a less favourable MOPS price environment. FY25 retail revenue increased marginally to RM20.5bn (+1%yoy), supported by higher average selling prices of +6%, which more than offset a 4% decline in sales volume, mainly from weaker Diesel demand. However, FY25 Retail PBT declined to RM645.5m (–21%yoy), attributable to lower gross profit from adverse MOPS price trends and softer market conditions, coupled with reduced demand for Diesel.

The commercial segment delivered a strong performance in FY25, supported by higher sales volumes despite a weaker pricing environment. Commercial revenue increased marginally to RM17.5bn (+0.6%yoy), driven by a rise in sales volume, mainly from stronger demand for Jet A1 and Commercial Diesel, which more than offset a 10% decline in average selling prices. Consequently, FY25 Commercial PBT rose to RM751.2m (+24%yoy), underpinned by higher gross profit in line with improved aviation fuel demand and lower operating expenditure, reinforcing the segment's role as the key earnings driver for the group.

Moving forward. PDB is expected to navigate a challenging global environment leveraging the resilience of the domestic Malaysian economy. Despite persistent global headwinds, we noted that PDB is actively implementing proactive strategies to mitigate these risks. Retail may face some pressure due to evolving consumer behavior, but this is being offset by the strong performance of Commercial, which is benefiting from higher demand for Diesel and Jet A1 fuel. We anticipate that the group will continue to focus on cost vigilance across all segments, subsequently supporting its long-term operational excellence. Hence since earnings are intact while is in line with our numbers as well as consensus, we maintain a **BUY** on this stock with a **target Price of RM23.64**.

RETURN STATISTICS	
Price @ 24th Feb 2026 (RM)	21.40
Expected share price return (%)	+10.5
Expected dividend yield (%)	+6.0
Expected total return (%)	+16.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.2	-2.3
3months	5.1	-8.1
12 months	3.5	-6.3

INVESTMENT STATISTICS

FYE Dec (RM m)	2025E	2026F	2027F
Revenue	38,851	39,755	40,764
Operating Profit	1,687	1,758	1,886
Profit Before Tax	1,675	1,741	1,868
Core PATAMI	1,123	1,177	1,267
Core EPS	117.4	122.5	131.5
DPS	109.1	118.6	125.3
Dividend Yield	6.0	6.5	6.8

KEY STATISTICS

FBM KLCI	1,754.01
Issue shares (m)	993.45
Estimated free float (%)	24.91
Market Capitalisation (RM'm)	20842.66
52-wk price range	RM16.1 - RM23.8
3-mth average daily volume (m)	0.65
3-mth average daily value (RM'm)	13.06
Top Shareholders (%)	
Petroliam Nasional Bhd	63.92
Employees Provident Fund Board	13.28
Amanah Saham Nasional Bhd	8.07

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Table 1: Petronas Dagangan's 4QFY25 earnings review

Financial year ending 31st Dec (in RM'm unless stated otherwise)	Quarterly results					Cumulative results		
	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	8,992.74	9,532.29	10,578.5	11.0	11.0	37,950.8	38,269.3	0.8
Operating profit	359.55	385.13	365.9	-5.0	-5.0	1,548.1	1,534.2	-0.9
Finance cost	-6.1	-3.1	-5.9	86.1	86.1	-13.1	-15.9	21.6
Assc. & JV	8.3	4.6	1.3	-71.3	-71.3	-4.4	12.7	-387.2
Profit Before Tax	361.8	386.6	361.4	-6.5	-6.5	1,530.7	1,531.0	0.0
Tax expense	-101.4	-97.4	-88.1	-9.5	-9.5	-414.0	-394.5	-4.7
PAT from continuing operations	260.3	289.2	273.3	-5.5	-5.5	1,116.6	1,136.5	1.8
Non-controlling interest	11.3	8.0	14.4	80.4	80.4	30.0	37.3	24.4
PATANCI	249.1	281.2	258.9	-8.0	-8.0	1,086.6	1,099.2	1.2
Normalised PATANCI	247.1	276.2	239.8	-13.2	-13.2	1,040.3	1,064.7	2.3
Basic EPS (sen)	24.9	28.3	26.1	-7.8	-7.8	1.1	1.1	1.5
DPS (sen)	45.0	24.0	46.0	91.7	91.7	1.1	1.1	4.7
				+/(-) ppts	*+/(-) ppts*			*+/(-) ppts*
Operating profit margin (%)	4.0	4.0	3.5	-0.6	-0.5	4.1	4.0	-0.1
PBT margin (%)	4.0	4.1	3.4	-0.6	-0.6	4.0	4.0	0.0
PATANCI margin (%)	2.9	3.0	2.6	-0.5	-0.3	2.9	3.0	0.0
Normalised PATANCI margin (%)	2.7	2.9	2.3	-0.6	-0.5	2.7	2.8	0.0
Tax rate (%)	28.0	25.2	24.4	-0.8	-3.7	27.0	25.8	-1.3
SEGMENTAL								
Revenue:								
Retail	4,862.5	4,945.1	5,986.8	21.1	23.1	20,208.7	20,482.62	1.4
Commercial	4,043.5	4,526.6	4,527.1	0.0	12.0	17,434.8	17,532.93	0.6
Convenience	86.7	60.6	64.6	6.5	-25.5	307.3	253.78	-17.4
EBIT:								
Retail	217.9	179.4	117.5	-34.5	-46.1	884.6	653.214	-26.2
Commercial	120.9	176.5	214.6	21.6	77.5	611.8	751.21	22.8
Convenience	20.7	29.2	25.8	-11.7	24.2	51.7	121.743	135.3
EBIT margins (%):								
Retail	4.5	3.6	2.0	-1.7	-2.5	4.4	3.2	-1.2
Commercial	3.0	3.9	4.7	0.8	1.8	3.5	4.3	0.8
Convenience	23.9	48.1	39.9	-8.2	16.0	16.8	48.0	31.1

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	37,549	37,951	38,851	39,755	40,764
EBIT	1,351	1,548	1,687	1,758	1,886
PBT	1,332	1,531	1,675	1,741	1,868
Taxation	-365	-414	-478	-494	-530
PAT	967	1,117	1,196	1,247	1,337
MI	24	30	30	30	30
PATAMI	943	1,087	1,166	1,217	1,307
Core PATAMI	905	1,040	1,123	1,177	1,267
EPS (sen)	94.9	109.4	117.4	122.5	131.5
PER (x)	23.4	20.3	19.0	18.2	16.9
DPS (sen)	80.0	107.0	109.1	118.6	125.3
Dividend yield (%)	4.4	5.8	6.0	6.5	6.8

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	1332	1531	1675	1741	1868
Depreciation	463	475	489	494	505
OP pre-WC changes	1693	1889	2072	2127	2242
Change in NWC	-1780	-120	-311	-261	-277
Operating cash flow	-87	1769	1761	1866	1965
Capital expenditure	-467	-376	-442	-474	-505
Investing cash flow	-310	-212	-292	-315	-328
Debt raised/(repaid)	-50	-58	-62	-55	-52
Dividends paid	-924	-884	-836	-850	-891
Financing cash flow	-985	-951	-1007	-1089	-1203
Net cash flow	-1382	607	462	462	435
Beginning cash flow	2851	1479	1989	2411	2833
Ending cash flow	1479	1989	2411	2833	3228

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	2.1	1.1	2.4	2.3	2.5
PBT growth	17.3	14.9	9.4	3.9	7.3
PATAMI growth	19.7	15.2	7.3	4.3	7.4
Core PATAMI growth	16.6	14.9	8.0	4.8	7.7

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	3.6	4.1	4.3	4.4	4.6
PBT margin	3.5	4.0	4.3	4.4	4.6
PATAMI margin	2.5	2.9	3.0	3.1	3.2
Core PATAMI margin	2.4	2.7	2.9	3.0	3.1
ROA	7.9	9.4	9.3	8.8	9.0
ROE	15.5	17.1	17.1	16.9	17.4

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	4,117	3,995	4,016	4,024	4,032
ROU assets	62	56	67	84	110
Non-current assets	4,181	4,053	4,085	4,111	4,145
Trade receivables	5,634	4,764	5,305	6,185	6,468
Cash & bank balances	1,507	2,114	2,411	2,833	3,228
Current assets	7,307	7,063	8,001	9,236	9,901
Long-term debt	100	95	97	101	104
Non-current liabilities	210	213	218	222	224
Short-term debt	52	13	27	29	32
Trade payables	5,357	4,732	5,153	5,981	6,347
Current liabilities	5,440	4,833	5,289	6,157	6,550
Share capital	994	994	994	994	994
Reserves	4,775	4,977	5,308	5,674	6,090
Equity	5,837	6,069	6,577	6,968	7,272

Liquidity Ratios (x)	2023A	2024A	2025E	2026F	2027F
Current ratio	1.3	1.5	1.5	1.5	1.5
Quick ratio	0.3	0.5	0.5	0.5	0.5

Leverage Ratios (x)	2023A	2024A	2025E	2026F	2027F
Debt-to-equity	1.0	0.8	0.8	0.9	0.9
Interest coverage	92.7	118.5	114.6	111.0	108.2

Efficiency Ratios (days)	2023A	2024A	2025E	2026F	2027F
Cash conversion cycle	4	2	4	4	3
DIO	1	2	3	2	2
DSO	55	46	50	57	58
DPO	52	46	48	55	57

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