Petronas Gas Berhad

(6033 | PTG MK) Utilities | Gas, Water & Multi-Utilities

SHARIAH Compliant | 4 Stars | FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price: **RM19.25**

Corporate Update

Earnings Broadly Inline

Maintain NEUTRAL. Petronas Gas Berhad's (PTG) FY25 earnings came in broadly within our expectations at 90% and 94% of consensus forecasts. The outcome was largely in line with our assumptions and does not alter our near-term view on the stock. As such, we **maintain our NEUTRAL recommendation on PTG while we maintain our target price at RM19.25**, reflecting the company's earnings coming broadly in line with our numbers.

PTG FY25 PATAMI declined by -6%yoy to RM1.73bn, largely due to weaker contributions from the Gas Transportation and Utilities segments. The decline was driven by lower product prices in Utilities, coupled with a downward tariff adjustment under the IBR framework and higher costs incurred for gas supply restoration works following the Putra Heights pipeline incident within Gas Transportation. These pressures were partially cushioned by lower fuel gas costs in Utilities in line with the softer Malaysia Reference Price, as well as higher share of profit from joint ventures.

PTG Gas Processing segment delivered a resilient performance in FY25 despite marginally lower revenue. Segment revenue edged down by 0.3% YoY to RM1.87bn, mainly due to a lower Internal Gas Consumption (IGC) incentive following a softer applicable IGC price. Nevertheless, segment results improved to RM867.9m (+8.4%yoy), underpinned by lower operating expenses and sustained high operational reliability, with plants achieving close to 100% Overall Equipment Effectiveness (OEE) during the year. The improvement in profitability reflects effective cost management and operational efficiency, allowing the segment to offset the modest revenue decline and remain a key stabilising contributor to group earnings.

PTG Gas Transportation segment recorded a weaker performance in FY25 amid regulatory and cost headwinds. Segment revenue declined by 5.8%yoy to RM1.13bn, primarily due to a downward tariff adjustment arising from the sharing factor for prior year's lower Internal Gas Consumption. Cost pressures were driven by gas supply restoration works following the Putra Heights pipeline fire incident, a higher level of preventive maintenance to address emerging operational risks, as well as increased depreciation expenses in line with higher capital expenditure during the year.

As PTG's earnings came in broadly in line with our expectations as well as consensus forecasts. As such, we **maintain our NEUTRAL recommendation on the stock and keep our target price unchanged at RM19,25**, reflecting a slight drop for PTG's earning numbers for the FY25, offset by the group's resilient operations and stable cash flow generation.

RETURN STATISTICS	
Price @ 24th Feb 2026 (RM)	18.60
Expected share price return (%)	+3.5
Expected dividend yield (%)	+4.0
Expected total return (%)	+7.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.3	-1.9
3months	2.8	-6.6
12 months	6.5	-3.7

INVESTMENT STATISTICS

FYE Dec (RM m)	2025E	2026F	2027F
Revenue	6,630	6,772	6,963
Operating Profit	2,395	2,448	2,553
Profit Before Tax	2,450	2,514	2,630
Core PATAMI	1,938	2,012	2,139
Core EPS	98.0	101.7	108.2
DPS	72.0	72.0	75.0
Dividend Yield	4.0	4.0	4.2

KEY STATISTICS

FBM KLCI	1,754.01
Issue shares (m)	1978.73
Estimated free float (%)	38.65
Market Capitalisation (RM'm)	36883.56
52-wk price range	RM15.2 - RM19.3
3-mth average daily volume (m)	0.59
3-mth average daily value (RM'm)	10.78
Top Shareholders (%)	
Petroliam Nasional Bhd	51.00
Employees Provident Fund Board	13.53
Kumpulan Wang Persaraan Diperbadan	9.93

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Table 1: Petronas Gas'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	1,615.4	1,618.3	1,570.7	-2.9	-2.8	6,538.2	6,373.8	-2.5
Cost of revenue	-1,133.2	-1,077.0	-1,109.2	3.0	-2.1	-4,260.9	-4,226.2	-0.8
Gross Profit	482.3	541.2	461.5	-14.7	-4.3	2,277.3	2,147.6	-5.7
Admin expenses	-37.1	-30.9	-37.4	21.1	0.9	-145.9	-160.5	9.9
Other expenses	-41.7	-5.5	-8.0	44.5	-80.8	-3.0	-20.2	582.7
Other income	77.1	83.5	96.2	15.2	24.7	174.5	282.2	61.7
Operating Profit	480.7	588.3	512.3	-12.9	6.6	2,303.0	2,249.2	-2.3
Financing Costs	-21.4	-20.9	-21.5	3.3	0.9	-89.9	-82.6	-8.2
JCE	14.2	40.7	39.0	-4.3	173.7	147.3	178.4	21.1
Profit Before Tax	473.5	608.2	529.7	-12.9	11.9	2,360.3	2,345.0	-0.6
Tax expense	-54.3	-140.5	-132.5	-5.7	143.9	-436,698.0	-508.5	-99.9
Profit After Tax	419.2	467.7	397.2	-15.1	-5.3	1,923.6	1,836.5	-4.5
Minority interest	2.2	23.5	33.3	41.7	1,425.6	87.3	109.3	25.2
PATAMI	417.0	444.2	363.9	-18.1	-12.7	1,836.3	1,727.1	-5.9
Exceptional Items (EI)	1.0	2.4	5.4	122.8	440.7	3.2	1.4	-56.7
PATAMI ex-EI	417.0	441.8	358.5	-18.9	-14.0	1,839.5	1,725.7	-6.2
Basic EPS (sen)	21.1	22.5	18.4	-18.1	-12.8	92.8	87.3	-5.9
DPS (sen)	22.0	18.0	22.0	22.2	0.0	72.0	72.0	0.0
				+/(-) ppts	*+/(-) ppts*			*+/(-) ppts*
Gross Profit margin (%)	35.8	33.4	29.4	-12.2	-17.9	35.9	33.7	-6.1
Operating Profit margin (%)	36.0	36.4	32.6	-10.3	-9.4	36.1	35.3	-2.2
PBT margin (%)	37.4	37.6	33.7	-10.3	-9.8	37.9	36.8	-2.9
PATAMI margin (%)	28.3	27.5	23.2	-15.6	-18.1	28.9	27.1	-6.2
Tax rate (%)	19.4	23.1	25.0	8.3	29.0	19.5	21.7	11.2
SEGMENTAL								
Revenue:								
Gas Processing	465.5	470.1	464.8	-1.1	-0.2	931.8	1866.6	100.3
Gas Transportation	284.3	287.8	277.2	-3.7	-2.5	565.4	1130.3	99.9
Utilities	505.5	511.8	466.2	-8.9	-7.8	1020.3	1998.3	95.9
Regasification	335.1	348.7	362.5	4.0	8.2	667.4	1378.5	106.6
EBIT:								
Gas Processing	211.9	214.2	222.5	3.9	5.0	431.3	867.9	101.2
Gas Transportation	119.3	117.3	35.4	-69.8	-70.3	261.8	414.5	58.3
Utilities	85.3	54.0	48.8	-9.5	-42.8	154.8	257.6	66.4
Regasification	152.8	155.8	154.7	-0.7	1.3	297.0	607.5	104.6

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	6,445	6,538	6,630	6,7712	6,963
EBIT	2,274	2,303	2,395	2,448	2553
PBT	2,386	2,360	2,451	2,514	2630
Taxation	-485	-437	-412	-396	-389
PAT	1,901	1,924	2,039	2,117	2,242
MI	81	73	77	78	69
PATAMI	1,820	1,836	1,940	2,012	2,140
Core PATAMI	1,813	1,840	1,938	2,012	2,139
EPS (sen)	92.0	92.8	98.0	101.7	108.2
PER (x)	20.3	20.1	19.0	18.4	17.3
DPS (sen)	72.0	72.0	72.0	72.0	75.0
Dividend yield (%)	3.9	3.9	3.9	3.9	4.0

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	4.6	1.4	1.4	2.1	2.8
PBT growth	5.1	-1.1	3.8	2.6	4.6
PATAMI growth	10.6	0.9	5.6	3.7	6.4
Core PATAMI growth	13.1	1.5	5.4	3.8	6.3

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	13,631	13,916	14,443	14,580	14,603
ROU assets	256	212	259	261	255
Non-current assets	**14,806**	**15,099**	**15,687**	**15,835**	**15,866**
Trade receivables	927	962	988	1008	1036
Cash & bank balances	3028	2596	2212	2299	2649
Current assets	**4513**	**3656**	**3256**	**3367**	**3752**
Long-term debt	1859	1713	1822	1899	1917
Non-current liabilities	**3,114**	**2,996**	**3,096**	**3,168**	**3,183**
Short-term debt	1293	135	212	253	291
Trade payables	1097	1386	1325	1361	1391
Current liabilities	**2391**	**1520**	**1537**	**1613**	**1682**
Share capital	3,165	3,165	3,165	3,165	3,165
Reserves	10,390	10,783	10,585	11,167	11,493
Equity	**13,815**	**14,239**	**14,310**	**14,421**	**14,753**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	2,386	2,360	2,451	2,514	2,630
Depreciation	1,141	1,173	1,227	1,289	1,360
OP pre-WC changes	3,300	3,457	3,595	3,702	3,873
Change in NWC	-3	79	103	121	143
Operating cash flow	**3,005**	**3,146**	**3,374**	**3,520**	**3,731**
Capital expenditure	-1,167	-1,269	-1,216	-1,233	-1,261
Investing cash flow	**-930**	**-1,199**	**-1,064**	**-1,008**	**-1,028**
Debt raised/(repaid)	-1,148	-1,454	-1,069	-917	-848
Dividends paid	-1,425	-1,425	-1,624	-1,509	-1,505
Financing cash flow	**-2,573**	**-2,879**	**-2,694**	**-2,426**	**-2,353**
Net cash flow	**-498**	**-932**	**-384**	**86**	**351**
Beginning cash flow	**4,026**	**3,028**	**2,596**	**2,212**	**2,299**
Ending cash flow	**3,028**	**2,596**	**2,212**	**2,299**	**2,649**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	35.3	35.2	36.1	36.2	36.7
PBT margin	37.0	36.1	37.0	37.1	37.8
PATAMI margin	28.2	28.1	29.3	29.7	30.7
Core PATAMI margin	28.1	28.1	29.2	29.7	30.7
ROA	9.4	9.8	10.2	10.5	10.9
ROE	20.5	21.5	22.5	23.5	24.5

Liquidity Ratios (x)	2023A	2024A	2025E	2026F	2027F
Current ratio	1.9	2.4	2.1	2.1	2.2
Quick ratio	1.5	1.8	1.5	1.5	1.6

Leverage Ratios (x)	2023A	2024A	2025E	2026F	2027F
Debt-to-equity	0.4	0.3	0.3	0.3	0.3
Interest coverage	17.9	25.6	22.2	23.0	25.1

Efficiency Ratios (days)	2023A	2024A	2025E	2026F	2027F
Cash conversion cycle	12	12	12	12	12
DIO	56	56	56	56	56
DSO	3	3	3	3	3
DPO	72	72	72	72	72

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