Corporate Update

Petronas Dagangan Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price: **RM23.64**

RON 95 Subsidy Adjustments

The government has announced a series of adjustments to the fuel subsidy mechanism, specifically under the BUDI 95 programme, as part of a broader response to the ongoing energy crisis and the recent surge in global crude oil prices, which have risen to approximately USD100 per barrel. These measures reflect an effort to manage the growing fiscal burden associated with fuel subsidies while maintaining targeted support for key user groups.

Reduction in Monthly Quota - Effective 1 April 2026, the monthly subsidised fuel quota under the BUDI 95 programme will be reduced from 300 litres to 200 litres per individual. This adjustment comes against the backdrop of a significant escalation in the national subsidy bill, which is estimated to have reached approximately RM4b per month. The revision is aimed at improving subsidy efficiency by aligning allocations more closely with actual consumption patterns, while containing fiscal leakages.

Prices Maintained for Subsidised Fuel - The subsidised retail price for RON95 under the BUDI 95 programme will remain unchanged at RM1.99 per litre. In contrast, the price for unsubsidised RON95 has increased sharply to RM3.87 per litre, representing an increase of 60 sen. The widening price gap underscores the government's intent to preserve affordability for eligible users while allowing market-based pricing to reflect prevailing global oil conditions.

Protection for Essential Sectors - To mitigate the potential pass-through impact on the cost of living and transportation services, the government will maintain a higher monthly quota of 800 litres for registered e-hailing drivers and delivery riders. This measure is intended to safeguard income stability within the gig economy segment, which remains highly sensitive to fuel cost fluctuations.

Stricter Enforcement Measures - Effective 1 April 2026, the government will implement stricter enforcement mechanisms, including a ban on the sale of subsidised RON95 to foreign-registered vehicles. This move is aimed at curbing subsidy leakage and ensuring that fuel subsidies are channelled exclusively to eligible domestic users.

Our View - Post implementation, we do not expect a material impact on earnings for Petronas Dagangan, given the relatively inelastic nature of petrol demand. Additionally, current data indicates that the average monthly consumption under the BUDI 95 programme stands at approximately 100 litres per user, with nearly 90% of users consuming below 200 litres per month. As such, the reduction in quota is unlikely to significantly alter aggregate demand dynamics. **We, therefore, maintain our BUY recommendation and target price of RM23.64 on Petronas Dagangan.**

RETURN STATISTICS	
Price @ 26th Mar 2026 (RM)	21.92
Expected share price return (%)	+7.8
Expected dividend yield (%)	+4.9
Expected total return (%)	+12.7

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)	2026E	2027F	2028F
Revenue	39,755	40,764	41,987
Operating Profit	1,758	1,886	1,942
Profit Before Tax	1,741	1,868	1,924
Core PATAMI	1,177	1,267	1,305
Core EPS	122.5	131.5	135.4
DPS	118.6	125.3	129.1
Dividend Yield	4.9	5.3	5.5

KEY STATISTICS

FBM KLCI	1,710.89
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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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