Dialog Group Berhad

(7277 | DLG MK) Energy | Energy Infrastructure, Equipment & Services

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Maintain BUY

Revised Target Price **RM2.55**

(from RM2.17)

Pengerang Deepwater Terminal

Commencement of Phase 3 PDT. Dialog Group Berhad has announced the commencement of Phase 3 expansion of its Pengerang Deepwater Terminals (PDT) following the fulfillment of all condition's precedent. The expansion is scheduled for completion by mid-2028 and will add approximately 614,000 m^3 of storage capacity for refined petroleum products and biofuels where BP Singapore Pte Ltd has been secured as the dedicated long-term customer for this additional capacity.

Earnings contribution from the Pengerang Deepwater Terminals (PDT) Phase 3 expansion is expected to commence from FY2028 onwards. Upon completion, the expansion is projected to increase Dialog's total storage capacity by approximately 11–12% from current levels. While biofuel storage typically commands higher storage rates compared to crude oil, we adopt a prudent stance by maintaining our existing margin assumptions. Overall, we estimate that the expansion could contribute an incremental earnings uplift of approximately 4 – 7% in FY2028, driven by additional capacity and long-term contracted revenue streams.

Risk of fuel shortage. Amid the ongoing conflict, the risk of fuel shortages within the region has increased, driven primarily by disruptions to supply chains and key transit routes. This has heightened concerns over energy security, particularly among major consuming nations.

Strategic national asset. In our view, storage infrastructure is increasingly being repositioned from a commercial necessity to a strategic national asset. Tank terminals are no longer treated as discretionary capacity, but rather as a critical pillar in safeguarding energy security and supply continuity.

Expansion of SPR. This shift is further reinforced by the proactive stance taken by large economies such as China and India, which have been accelerating the expansion of their Strategic Petroleum Reserves (SPR) to mitigate potential supply shocks and enhance long-term resilience.

Given the sustained demand for tank terminal infrastructure, underpinned by increasing emphasis on energy security and storage capacity expansion, we maintain our BUY recommendation on the stock. We have revised our target price upwards to RM2.55 from RM2.17, reflecting improved earnings visibility following the completion of the PDT Phase 3 expansion. Our valuation is based on a 5-year historical forward P/E multiple of +1 standard deviation at 23.9x, applied to FY2028 earnings, which incorporates the full contribution from the additional capacity coming on-stream.

RETURN STATISTICS	
Price @ 15th April 2026(RM)	2.17
Expected share price return (%)	+17.5
Expected dividend yield (%)	+1.6
Expected total return (%)	+19.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	+18.0	+19.4
3months	+28.5	+24.0
12 months	+81.6	+67.3

INVESTMENT STATISTICS

FYE Dec	2025A	2026E	2027F
Revenue	2502	2751	2875
Operating Profit	132	369	418
Profit Before Tax	376	620	575
Core PATAMI	185	550	594
Core EPS	5.4	9.8	10.7
DPS	3.1	3.9	4.2
Dividend Yield	1.4	1.6	1.8

KEY STATISTICS	
FBM KLCI	1,683.42
Issue shares (m)	5,642.69
Estimated free float (%)	75.60
Market Capitalisation (RM'm)	12,807.98
52-wk price range	RM1.58–RM2.31
3-mth average daily volume (m)	7.13
3-mth average daily value (RM'm)	11.58
Top Shareholders (%)	
Employees Provident Fund Board	16.68
Kumpulan Wang Persaraan Diperbadan	10.63
Wide Synergy Sdn Bhd	8.09

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK) : GUIDE TO RECOMMENDATIONS

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