# Dialog Group Berhad

(7277 | DLG MK) Main | Energy

SHARIAH Compliant

ESG 3 Stars

Upgrade to **BUY**

(from NEUTRAL)

*Unchanged* Target Price **RM2.23**

Corporate Update

# 1QFY27: Within Expectations

**1QFY27 results in line. Value emerges; U/G to BUY with SOP-TP of MYR2.23**

Dialog's 1QFY27 results came in ***within expectations***. Since our recent downgrade on 3rd Nov 2026 (*report link*), the group's share price has retreated by -12.6% to RM1.87 (from RM2.14). In view of emerging value and favourable risk-reward on Dialog, we ***re-upgrade the stock to BUY with an unchanged SOP-TP of RM2.23*** - which implies a 19% upside, supported by a yield of 2.4%. Beyond the near term, we believe that Dialog's growth outlook is structural. A pipeline of upstream assets and new midstream tank capacity is due to come online over the next few years, and it should steadily lift the share of recurring earnings and support a multi-year growth runway.

**Earnings revision**

No changes to FY27-29E EPS.

**Investment Highlights**

1. **A strong 1QFY27, within expectations.** Dialog posted a commendable 1QFY27 core net profit of RM160.2m (-18%qoq, +16%yoy). We deem the results to be ***within expectations*** – at 26%/25% of ours/consensus full-year FY27E forecasts respectively.

2. **QoQ.** 1QFY27 core net profit declined -18%qoq – mainly due to the absence of a one-off dividend income from an undisclosed associate/JV in 4QFY26 of RM35.0m.

3. **YoY.** 1QFY27 core net profit increased +16%yoy and we believe that this was due to **4 key reasons**: **i)** significantly higher crude oil prices in 1QFY27 (Brent averaged at USD91/bbl in 1QFY27 vs. USD68/bbl in 1QFY26), boosting its upstream producing assets; **ii)** contribution from its in-house EPCC on its tank terminal project billings in the quarter; **iii)** commencement of the 150k cbm renewable product storage facility at DTL3 on 1st September 2026; and **iv)** stronger JV/associate contribution (+17% QoQ, +32% YoY) – likely from increased contribution from POES.

4. **Stable operating metrics in 1QFY27.** Based on our findings, Dialog's tank terminal operational metrics remained stable in 1QFY27: i) independent tank utilisation rates at >90% with rates of SGD6.0-6.5/cbm/month (unchanged QoQ). We estimate the profit split in 1QFY27 between upstream/midstream/downstream at about 20%/50%/30%.

5. **On track for another record high in FY27E.** We believe that the stars are aligned for Dialog, underpinned by: i) its upstream-producing assets are well positioned to benefit from the current elevated crude oil price environment; ii) earnings recognition of its 25%-owned Cendramas PSC beginning 23 Sep 2026; iii) first gas from Baram Junior Cluster in 2QFY27; iv) stable midstream earnings contribution from its take-or-pay tank terminal leases; and v) an upcycle in EPCC progress billings for the 272k m³ storage facility serving the Petronas-Eni-Euglena biorefinery. ***In view of emerging value and favourable risk-reward, we upgrade Dialog to BUY with an unchanged SOP-TP of RM2.23.***

**RETURN STATISTICS**

| | |
|---|---|
| Price @ 17th Nov 2026 (RM) | 1.87 |
| Expected share price return (%) | +19.3 |
| Expected dividend yield (%) | +2.4 |
| Expected total return (%) | +21.7 |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 0.0 | 2.1 |
| 3months | -3.6 | 5.1 |
| 12 months | -1.1 | 2.2 |

**INVESTMENT STATISTICS**

| FYE Jun | FY27E | FY28E | FY29E |
|---|---|---|---|
| Revenue | 3,037 | 3,232 | 3,227 |
| Operating Profit | 363.3 | 376.1 | 413.3 |
| Profit Before Tax | 693.8 | 728.5 | 773.6 |
| Core PATAMI | 625.3 | 657.0 | 698.0 |
| Core EPS (sen) | 11.1 | 11.6 | 12.4 |
| DPS (sen) | 4.4 | 4.7 | 4.9 |
| Dividend Yield | 2.4% | 2.5% | 2.6% |

**KEY STATISTICS**

| | |
|---|---|
| FBM KLCI | 1,575.1 |
| Syariah compliant | Yes |
| Issue shares (m) | 5,646.0 |
| Estimated free float (%) | 77.6 |
| Market Capitalisation (RM'm) | 10,552.7 |
| 52-wk price range | RM1.54 - RM2.36 |
| Beta vs FBM KLCI (x) | 1.1 |
| 3-mth average daily volume (m) | 7.0 |
| 3-mth average daily value (RM'm) | 13.8 |
| **Top Shareholders (%)** | |
| Employees Provident Fund Board | 24.4 |
| Kumpulan Wang Persaraan Diperbadan | 9.7 |
| Wide Synergy Sdn Bhd | 8.2 |

**Analyst**

**MBSB Research**

research@mbsb.com

03-2173 8396

## FIG 1: 1QFY27 RESULTS REVIEW

| FYE June | 1QFY27 | 1QFY26 | YoY | 4QFY26 | QoQ | 3MFY27 | 3MFY26 | YTD-YoY |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **787.0** | **657.0** | ***20%*** | **774.6** | ***2%*** | **787.0** | **657.0** | ***20%*** |
| Operating expenses | (681.7) | (561.0) | *22%* | (679.5) | *0%* | (681.7) | (561.0) | *22%* |
| Other operating income | 19.2 | 17.2 | *12%* | 52.9 | *-64%* | 19.2 | 17.2 | *12%* |
| **Operating Profit (EBIT)** | **124.6** | **113.1** | ***10%*** | **147.9** | ***-16%*** | **124.6** | **113.1** | ***10%*** |
| Share of profit of JV / associates | 81.0 | 61.2 | *32%* | 69.2 | *17%* | 81.0 | 61.2 | *32%* |
| Finance Costs | (13.7) | (13.3) | *3%* | (12.9) | *6%* | (13.7) | (13.3) | *3%* |
| **Profit Before Tax (PBT)** | **191.8** | **161.0** | ***19%*** | **204.1** | ***-6%*** | **191.8** | **161.0** | ***19%*** |
| Taxation | (21.7) | (14.8) | *46%* | (36.5) | *-41%* | (21.7) | (14.8) | *46%* |
| **Profit After Tax (PAT)** | **170.2** | **146.2** | ***16%*** | **167.6** | ***2%*** | **170.2** | **146.2** | ***16%*** |
| Minority Interest | (5.1) | (6.2) | *-17%* | (0.2) | *3099%* | (5.1) | (6.2) | *-17%* |
| **PATAMI** | **165.1** | **140.0** | ***18%*** | **167.5** | ***-1%*** | **165.1** | **140.0** | ***18%*** |
| Exceptional items* | (4.8) | (2.0) | *140%* | 28.4 | *-117%* | (4.8) | (2.0) | *140%* |
| **Core PATAMI** | **160.2** | **138.0** | ***16%*** | **195.9** | ***-18%*** | **160.2** | **138.0** | ***16%*** |

*Source: Company, MBSBR*

## FIG 2: SUM-OF-PARTS VALUATION MATRIX

| Assets | | Equity value | Value/share (MYR) | Basis |
|---|---|---|---|---|
| Downstream business (EPCC) | | 144.0 | 0.03 | 7x on FY27E |
| Upstream business (Bayan, D35/D21/J4, POEC, Cendramas) | | 1,957.9 | 0.35 | Equity Value: WACC @ 10.0% |
| Midstream Business (Tank Terminals) | | | | |
| *Kertih Terminal (30% stake)* | *525.7* | | | Equity Value: WACC @ 6.5% |
| *Tanjung Langsat Terminals 1, 2 and 3* | *1,470.7* | | | Equity Value: WACC @ 6.5% |
| *SPV1 - PITSB (46% stake)* | *2,174.1* | | | Equity Value: WACC @ 6.5% |
| *SPV2 - PT2SB (25% stake)* | *1,879.2* | | | Equity Value: WACC @ 6.5% |
| *SPV3 - PLNG (25% stake)* | *1,678.3* | | | Equity Value: WACC @ 6.5% |
| *SPV5 - BP Singapore terminal* | *1,390.4* | | | Equity Value: WACC @ 6.5% |
| *Sub-total (Midstream)* | | 9,118.4 | 1.62 | |
| 660 acres of industrial land in Pengerang | | 1,980.0 | 0.35 | Valued @ MYR3.0m/acre |
| FY26 net cash / (debt) | | (602.9) | (0.11) | |
| **Total** | | **12,597.5** | | |
| Number of shares | | 5,642.6 | | |
| **Target Price (MYR/share)** | | **2.23** | | |

*Source: MBSBR*

## FIG 3: DIALOG'S MIDSTREAM ASSETS

**Terminals & LNG Facilities**




| Terminals | Current Capacity ($m^3$) | Type | Expansions | Future Capacity ($m^3$) |
|---|---|---|---|---|
| Kertih Terminals | 400,000 | Dedicated | - | 400,000 |
| DIALOG Terminals Langsat | 879,000 | Independent | 150,000 $m^3$ for renewable fuels | 1,029,000 |
| Pengerang Independent Terminals | 1,730,000 | Independent | - | 1,730,000 |
| Pengerang Terminals (Two) | 1,300,000 | Dedicated | 272,000 $m^3$ for renewable fuels | 1,572,000 |
| Pengerang LNG (Two) | 400,000 | Dedicated | Investment into an LNG ASU Facility | 400,000 |
| DIALOG Terminals Pengerang (5) | 430,000 | Dedicated | 614,000 $m^3$ for petroleum / biofuels | 1,044,000 |
| TOTAL | 5,139,000 | | | 6,175,000 |

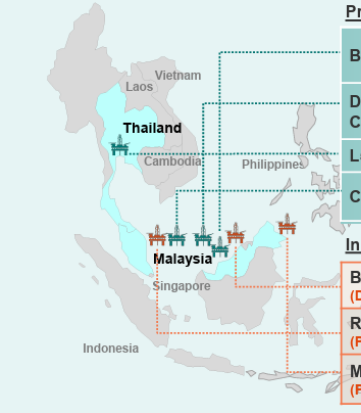
Today, we are the 2nd largest terminal owner cum operator in the region with current operating capacity of ~5.1 million $m^3$

>20% increase in Total Capacity

Upon completion of expansions, operating capacity is set to increase to ~6.2 million $m^3$

*Source: Company, MBSBR*

## FIG 4: DIALOG'S UPSTREAM ASSETS




**Producing Fields:**

| | |
|---|---|
| Bayan Oilfield Services Contract | Services Contractor |
| D35, D21 and J4 Production Sharing Contract | Equity Interest |
| L53/48 Concessionaire and Operator | Operator |
| Cendramas PSC | Equity Interest |

**In Progress:**

| | |
|---|---|
| Baram Junior Cluster SFA PSC (Development Phase) | Operator |
| RAJA Cluster SFA PSC (Pre-Development Phase – Feasibility Studies) | Operator |
| Mutiara Cluster SFA PSC (Pre-Development Phase – Feasibility Studies) | Operator |

**Key Long-term Strategies**

- Long-term Recurring Income
- Opportunities to Participate in Value Chain
  - Engineering Services
  - Specialist Technical Services

*Source: Company, MBSBR*

## FINANCIAL SUMMARY

**FINANCIAL SUMMARY**

**FYE JUNE (MYR m)**

| INCOME STATEMENT | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Revenue** | **2,501.6** | **2,884.7** | **3,037.5** | **3,232.5** | **3,227.5** |
| **EBIT** | **131.5** | **491.7** | **363.3** | **376.1** | **413.3** |
| Finance Costs | -48.8 | -54.7 | -57.8 | -54.7 | -51.5 |
| Share of JV/associates | 293.2 | 280.7 | 388.3 | 407.0 | 411.9 |
| **Profit Before Tax (PBT)** | **375.9** | **717.7** | **693.8** | **728.5** | **773.6** |
| Taxation | -66.2 | -92.9 | -62.4 | -65.6 | -69.6 |
| **Profit After Tax (PAT)** | **309.7** | **624.8** | **631.3** | **663.0** | **704.0** |
| Minority Interests | -5.9 | -31.3 | -6.0 | -6.0 | -6.0 |
| **PATAMI** | **303.8** | **593.6** | **625.3** | **657.0** | **698.0** |
| Exceptional Items | -116.8 | -24.0 | 0.0 | 0.0 | 0.0 |
| **Core Net Profit** | **420.6** | **617.6** | **625.3** | **657.0** | **698.0** |
| | | | | | |
| **Core EPS (sen)** | **7.5** | **10.9** | **11.1** | **11.6** | **12.4** |
| **PER (x)** | **25.1** | **17.1** | **16.9** | **16.1** | **15.1** |
| **DPS (sen)** | **3.1** | **4.7** | **4.4** | **4.7** | **4.9** |
| **Dividend Yield** | | | **2.4%** | **2.5%** | **2.6%** |

| BALANCE SHEET | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| PPE | 2,644.0 | 2,713.5 | 2,750.4 | 2,783.7 | 2,813.3 |
| Development of tanks | 727.3 | 745.5 | 763.8 | 782.0 | 800.2 |
| Investment in JV/associates | 926.9 | 1,290.6 | 1,290.6 | 1,290.6 | 1,290.6 |
| **Total Non-Current Assets** | **6,439.7** | **6,778.5** | **7,221.9** | **7,680.4** | **8,140.1** |
| | | | | | |
| Inventories | 73.7 | 128.9 | 130.0 | 131.0 | 132.0 |
| Receivables | 483.4 | 751.2 | 752.2 | 753.3 | 754.3 |
| Cash and bank balances | 1,669.9 | 1,837.3 | 1,647.1 | 1,460.6 | 1,297.8 |
| **Total Current Assets** | **2,247.3** | **2,723.6** | **2,535.5** | **2,351.2** | **2,190.3** |
| | | | | | |
| Borrowings | 361.1 | 818.2 | 691.2 | 564.2 | 437.2 |
| Senior Sukuk | 0.5 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| **Total Non-Current Liabilities** | **882.0** | **1,845.1** | **1,718.1** | **1,591.1** | **1,464.1** |
| | | | | | |
| Payables | 809.0 | 999.3 | 1,000.3 | 1,001.4 | 1,002.4 |
| Borrowings | 724.1 | 123.1 | 123.1 | 123.1 | 123.1 |
| **Total Current Liabilities** | **1,561.3** | **1,154.3** | **1,155.4** | **1,156.4** | **1,157.4** |
| | | | | | |
| **Total Equity** | **6,243.7** | **6,502.7** | **6,883.9** | **7,284.1** | **7,708.9** |

| CASH FLOW STATEMENT | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Profit Before Tax (PBT) | 375.9 | 717.7 | 693.8 | 728.5 | 773.6 |
| Depreciation | 329.3 | 345.8 | 363.1 | 366.7 | 370.4 |
| **OCF before WC changes** | **549.5** | **828.7** | **726.4** | **742.9** | **783.7** |
| **Cash from Operations** | **822.2** | **651.2** | **725.3** | **741.8** | **782.7** |
| **Operating Cash Flows** | **1,016.3** | **1,036.3** | **662.9** | **676.2** | **713.0** |
| | | | | | |
| Capex | -344.5 | -859.4 | -400.0 | -400.0 | -400.0 |
| Development of tanks | -14.5 | -18.2 | -18.2 | -18.2 | -18.2 |
| **Investing Cash Flows** | **-478.9** | **-939.1** | **-418.2** | **-418.2** | **-418.2** |
| | | | | | |
| Equity fundraising | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | -231.4 | -197.5 | -250.1 | -262.8 | -279.2 |
| Drawdown/repayment of loans | -75.8 | -127.0 | -127.0 | -127.0 | -127.0 |
| **Financing Cash Flows** | **-417.6** | **87.9** | **-435.0** | **-444.4** | **-457.7** |
| | | | | | |
| **Net Cash Flow** | **119.8** | **185.1** | **-190.3** | **-186.4** | **-162.9** |
| **Cash at beginning of FY** | **1,572.0** | **1,668.9** | **1,836.3** | **1,646.0** | **1,459.6** |
| **Cash at end of FY** | **1,668.9** | **1,836.3** | **1,646.0** | **1,459.6** | **1,296.7** |
| | | | | | |
| Net Debt | Net Cash | 602.9 | 666.1 | 725.6 | 761.4 |
| Net Gearing (x) | Net Cash | 0.10 | 0.10 | 0.11 | 0.11 |

*Source: MBSBR*

**MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)**

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

## DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

### MBSB 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