Corporate Update

Gas Malaysia Berhad

(5209 | GMB MK) Main | Utilities

SHARIAH Compliant | ESG 1 Star | FTSE4Good

Maintain **NEUTRAL**

Revised Target Price **RM5.44**
(from RM5.21)

3Q26: Within Expectations

Within expectations, Maintain NEUTRAL @ TP: RM5.44

GMB's 3QFY26 results came in within expectations. We expect bumper quarters in 4QFY26 and 1QFY27 (with normalisation after) as the MRP follows Brent with a 6–9-month lag. **We maintain our NEUTRAL recommendation on GMB with a slightly higher TP of RM5.44 – pegged to a PER of 17x on FY27E EPS.**

Earnings revision

After a major housekeeping on our earnings model, we tweak our FY26-28E EPS by -3%/0%/-3%.

Investment Highlights

1. **Within expectations.** GMB recorded a 3Q26 core net profit of RM104.7m (+44%qoq, +10%yoy), bringing 9MFY26 core earnings to RM270.1m (-8%yoy). The results came in **within expectations** at 70% of both ours/consensus full-year FY26E estimates.

2. **QoQ.** Revenue and core net profit was up +9%/+44%, due to: i) higher reversals of prior-year accruals, ii) a rise in gas volume sold; and iii) slightly lower admin expenses but partially offset by: i) higher finance costs; and ii) a smaller share of JV profits.

3. **YoY.** Revenue declined -7% due to lower gas selling prices. However, core net profit was up +10% due to: i) higher reversals of prior-year accruals; ii) higher share of JV profits; and iii) lower tax rates.

4. **Bumper quarters likely in 4QFY26 and 1QFY27.** We expect 4QFY26 and 1QFY27 to be the strongest quarters of this cycle, driven by a 6-9 month delayed pass-through of higher oil prices (MRP follows Brent crude with a 6–9-month lag).

5. **Maintain NEUTRAL.** Our revised **TP of RM5.44** is based on 17x FY27E EPS – justified by about 40% of profit coming from the regulated business, an 80% dividend payout. We would turn more positive if 4QFY26 results show the retail margin widening on the higher MRP. Downside is supported by a decent 4.5% dividend yield (based on our assumptions of a 80% DPR).

RETURN STATISTICS	
Price @ 24 November 2026 (RM)	5.44
Expected share price return (%)	1.7%
Expected dividend yield (%)	4.8%
Expected total return (%)	**6.5%**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.9	4.6
3 months	9.1	20.4
12 months	27.1	31.0

INVESTMENT STATISTICS

FYE Dec	FY26E	FY27E	FY28E
Revenue	6,718.9	7,231.2	7,189.6
Operating Profit	527.6	566.2	563.3
PBT	523.6	556.3	552.8
Core Net Profit	386.0	411.0	408.4
Core EPS (MYR)	0.30	0.32	0.32
DPS (MYR)	0.24	0.26	0.25
Dividend Yield	4.5%	4.8%	4.8%

KEY STATISTICS	
FBM KLCI	1,561.68
Issue shares (m)	1284.00
Estimated free float (%)	19.34
Market Capitalisation (RM'm)	6,933.60
52-wk price range	RM4.08 - RM6.04
3-mth average daily volume (m)	0.90
3-mth average daily value (RM'm)	4.66
Top Shareholders (%)	
Anglo-Oriental Annuities	30.9%
Tokyo Gas-Mitsuit & Co	18.5%
Petronas Gas	14.8%

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FIG 1: RESULTS REVIEW

FYE December	3Q26	3Q25	YoY	2Q26	QoQ	9M26	9M25	YTD-YoY
Revenue	**1,734.5**	**1,874.7**	***-7%***	**1,584.8**	***9%***	**4,911.1**	**5,521.8**	***-11%***
Cost of Sales	-1,556.9	-1,703.7	*-9%*	-1,444.7	*8%*	-4,434.7	-5,024.5	*-12%*
Gross Profit	**177.6**	**171.0**	***4%***	**140.1**	***27%***	**476.4**	**497.3**	***-4%***
Finance income	3.6	4.2	*-14%*	3.4	*7%*	10.2	14.2	*-28%*
Other operating income	0.7	0.5	*45%*	0.7	*10%*	2.3	1.7	*40%*
Admin expenses	-38.3	-37.5	*2%*	-39.0	*-2%*	-107.9	-104.3	*3%*
Selling and distribution expenses	-0.4	-0.4	*12%*	-0.4	*7%*	-1.3	-1.3	*1%*
Finance costs	-6.3	-4.9	*29%*	-5.8	*8%*	-18.9	-14.3	*32%*
Share of JV	1.9	-1.1	*-273%*	3.0	*-35%*	5.7	3.9	*47%*
Profit before zakat and tax	**138.8**	**131.9**	***5%***	**101.9**	***36%***	**366.6**	**397.2**	***-8%***
Zakat expenses	-0.9	-0.9	*0%*	-0.9	*0%*	-2.6	-2.6	*0%*
Tax expenses	-33.2	-35.9	*-7%*	-28.5	*17%*	-93.9	-100.2	*-6%*
Profit After Tax (PAT)	**104.7**	**95.1**	***10%***	**72.5**	***44%***	**270.1**	**294.3**	***-8%***
Exceptional Items	0.0	0.0	*NA*	0.0	*NA*	0.0	0.0	*NA*
Core Net Profit	**104.7**	**95.1**	***10%***	**72.5**	***44%***	**270.1**	**294.3**	***-8%***

FYE December	3Q26	3Q25	YoY	2Q26	QoQ	9M26	9M25	YTD-YoY
Margins			*+/- ppts*		*+/- ppts*			*+/- ppts*
Gross Profit	10.2%	9.1%	*1.1*	8.8%	*1.4*	9.7%	9.0%	*0.7*
Profit before zakat and tax	8.0%	7.0%	*1.0*	6.4%	*1.6*	7.5%	7.2%	*0.3*
Profit After Tax	6.0%	5.1%	*1.0*	4.6%	*1.5*	5.5%	5.3%	*0.2*
Core Net Profit	6.0%	5.1%	*1.0*	4.6%	*1.5*	5.5%	5.3%	*0.2*
Tax Rate	23.9%	27.2%	*(3.3)*	28.0%	*(4.0)*	25.6%	25.2%	*0.4*

Source: Company, MBSBR

FIG 2: SEGMENTAL BREAKDOWN

Segmental Breakdown	3Q26	3Q25	YoY	2Q26	QoQ	9M26	9M25	YTD-YoY
Revenue: Natural Gas & LPG	1,734.5	1,874.7	*-7%*	1,584.8	*9%*	4,911.1	5,521.8	*-11%*
EBITDA: Natural Gas & LPG	172.9	177.8	*-3%*	142.8	*21%*	477.7	503.8	*-5%*
PBT: Natural Gas & LPG	146.7	148.6	*-1%*	114.5	*28%*	394.0	420.7	*-6%*
EBITDA margins	10.0%	9.5%	*0.5*	9.0%	*1.0*	9.7%	9.1%	*0.6*
PBT margins	8.5%	7.9%	*0.5*	7.2%	*1.2*	8.0%	7.6%	*0.4*

Source: Company, MBSBR

FINANCIAL SUMMARY

FYE DECEMBER (MYR m)

INCOME STATEMENT	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**8,044.9**	**7,336.7**	**6,718.9**	**7,231.2**	**7,189.6**
Gross Profit	**690.3**	**657.4**	**672.7**	**717.1**	**720.3**
Operating Profit (EBIT)	**582.5**	**517.0**	**527.6**	**566.2**	**563.3**
Finance Costs	-13.6	-19.2	-25.4	-26.8	-26.8
Share of JV/associate	4.2	6.0	8.7	8.7	9.2
Finance Income	20.1	17.5	12.7	8.2	7.1
Profit Before Tax (PBT)	**593.3**	**521.4**	**523.6**	**556.3**	**552.8**
Zakat	-3.5	-3.5	-3.5	-3.5	-3.5
Taxation	-148.4	-136.1	-134.1	-141.9	-141.0
Profit After Tax (PAT)	**441.4**	**381.7**	**386.0**	**411.0**	**408.4**
Core Net Profit	**441.4**	**381.7**	**386.0**	**411.0**	**408.4**
Core EPS (MYR)	**0.34**	**0.30**	**0.30**	**0.32**	**0.32**
PER (x)	**15.56**	**18.00**	**17.80**	**16.71**	**16.82**
DPS (MYR)	**0.26**	**0.24**	**0.24**	**0.26**	**0.25**
Dividend Yield			**4.5%**	**4.8%**	**4.8%**

BALANCE SHEET	FY24A	FY25A	FY26E	FY27E	FY28E
PPE	1,888.8	2,166.4	2,332.1	2,487.5	2,633.2
Total Non-Current Assets	**2,108.7**	**2,439.7**	**2,611.1**	**2,772.2**	**2,923.9**
Receivables	794.3	762.9	699.5	752.8	748.5
Cash and cash equivalents	744.0	496.6	357.2	310.9	236.9
Total Current Assets	**1,565.7**	**1,268.0**	**1,065.2**	**1,072.2**	**993.9**
Borrowings	280.0	530.0	530.0	530.0	530.0
Total Non-Current Liabilities	**534.8**	**811.4**	**811.4**	**811.4**	**811.4**
Payables	1,444.8	1,218.5	1,109.8	1,195.7	1,187.5
Borrowings	151.5	105.5	105.5	105.5	105.5
Total Current Liabilities	**1,633.3**	**1,336.8**	**1,228.1**	**1,314.0**	**1,305.8**
Total Equity	**1,506.2**	**1,559.6**	**1,636.8**	**1,719.0**	**1,800.6**

CASH FLOW STATEMENT	FY24A	FY25A	FY26E	FY27E	FY28E
Profit Before Tax (PBT)	**593.3**	**521.4**	**523.6**	**556.3**	**552.8**
Depreciation & Amortisation	109.8	118.0	134.3	144.6	154.2
Operating profit before WC	**692.7**	**640.0**	**661.9**	**710.8**	**717.6**
Cash generated from operations	**625.4**	**376.6**	**616.6**	**743.3**	**713.7**
Net cash from operating activities	**483.2**	**240.3**	**479.0**	**598.0**	**569.2**
Capex	-200.1	-370.9	-300.0	-300.0	-300.0
Net cash used in investing activities	**-216.8**	**-337.0**	**-284.3**	**-288.7**	**-289.6**
Net cash used in financing activities	**-214.1**	**-150.7**	**-334.2**	**-355.6**	**-353.5**
Net change in cash and cash equivalents	**52.2**	**-247.4**	**-139.4**	**-46.3**	**-74.0**
Cash at beginning of year	**691.8**	**744.0**	**496.6**	**357.2**	**310.9**
Cash at end of year	**744.0**	**496.6**	**357.2**	**310.9**	**236.9**
Free Cash Flow (FCF)	**283.0**	**-130.6**	**179.0**	**298.0**	**269.2**

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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