
Gas Malaysia likely to maintain dividend payouts

KUALA LUMPUR: Gas Malaysia Bhd could see sustained or higher dividend payouts in the near term, especially if its strong cash flow continues.

There are expectations that yields may rise from an anticipated stronger business performance in the coming year.

MIDF Research said it remains positive on Gas Malaysia's continuing resilience in its financial performance.

"With the expectation of healthy gross domestic product growth and continued domestic demand growth, we feel that the

group will continue to operate efficiently and remain competitive in the business.

"The anticipation of relatively stable crude oil prices in 2024 and growth in the local industrial and consumer sectors adds to this optimism," the research house said.

UOB Kay Hian Research (UOBKH Research) said it expects solid dividend payouts from Gas Malaysia.

"Despite lower profits for 2024, we expect the company to raise its dividend payout ratio to maintain 2023's dividend of at least 22.8 sen per share. Based on that, we

expect the payout ratio to increase to 82% compared to 76% in 2023. This translates to an attractive dividend yield of 6.4% for 2024-2025," UOBKH Research said.

MIDF Research noted the company's first quarter normalised earnings, which had grown by some 6% year-on-year.

"Considering its earnings came in within our expectations, we make no changes to our earnings estimates at this juncture. We maintain a 'buy' call for Gas Malaysia with a target price of RM3.96," MIDF Research said.