SWIFT Haulage Berhad

1QFY22 Within Expectations

OUTPERFORM ↔

Price: RM0.685
Target Price: RM1.01 ↔

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1QFY22 Core Net Profit (CNP) of RM14.3m (+34% YoY, +32% QoQ) came in within our/consensus expectation at 25%/24% of full-year estimate. The group will continue to focus on expanding its customer base domestically and regionally with the concurrent expansion of warehouse capacity. Maintain OUTPERFORM with a TP of RM1.01.

1QFY22 within expectations. 1QFY22 Core Net Profit (CNP) of RM14.3m (+34% YoY, +32% QoQ) came in within our/consensus expectation at 25%/24% of full-year estimate. No dividend was declared for the quarter as the group normally announced its dividend once a year in the 4Q.

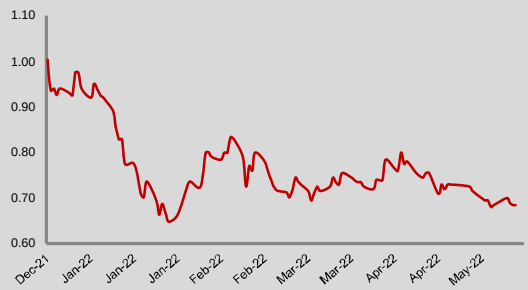
Results highlights, 1QFY22 CNP soared 34% YoY and 32% QoQ driven by: (i) strong sales (+5% YoY, +2% QoQ) with the easing of Covid-19 restrictions and recovery of business activities, (ii) expanding PBT margin by 1.2ppt YoY and 2.2ppt QoQ to 10.7% from 9.5% in 1QFY21 and 8.5% in 4QFY21 in concurrence with the lower borrowing cost from the full utilisation of IPO proceeds, and (iii) lower effective tax rate at 15.1% (1QFY21: 23.2%, 4QFY21: -8.7%) contributed by the investment tax allowance and reversal of deferred tax liability due to disposal of property (Note that, there was one-off listing expenses and tax provision in 4QFY21). The 1QFY22 revenue is primarily contributed by container haulage of RM71.1m and land transportation of RM52.4m which represents 77.1% of the Group's revenue.

Sustainable growth model. The Group will continue to focus on expanding its customer base domestically and regionally with the concurrent expansion of warehouse capacity and have completed the warehouse extension of 200,000 sq ft in Tebrau, Johor and 109,000 sq ft extension in Seberang Perai, Penang during 1HFY22, while 178,000 sq ft of new warehouse in Port Klang Free Zone, Selangor is scheduled to be completed in 3QFY22. Overall, warehouse capacity will increase by approximately 46.0% in FY22. Warehouse and container depot expansions and prime mover additions have enabled SWIFT to tap into the post-Covid recovery demand and healthy external trade growth.

Maintain OP with a TP of RM1.01 based on FY23E PER of 14x. We are positive on SWIFT for its: (i) robust growth potential, driven by both higher market demand for its container haulage, land transportation and expanding warehouse space, (ii) strong pre-tax profit margin of 10% which is higher than that of the industry average of about 4%, attributed to the group's integrated offerings with cost and service advantages from in-house supporting services, and (iii) improving gearing from the expected utilisation of IPO proceeds to repay borrowings.

Risks to our call include: (i) lower-than-expected sales and margin, and (ii) delay in its primary warehousing expansion plan.

Share Price Performance



KLCI	1,549.12
YTD KLCI chg	-1.2%
YTD stock price chg	-29.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SWIFT MK EQUITY
Market Cap (RM m)	609.5
Shares Outstanding	889.8
52-week range (H)	1.13
52-week range (L)	0.65
3-mth avg daily vol	3,219,217
Free Float	55%
Beta	N/A

Major Shareholders

Persada Bina Sdn Bhd	35.9%
KWAP	8.9%
Bluefin Bidco Ltd	7.8%

Summary Earnings Table

FY Dec (RM m)	2021A	2022E	2023E
Revenue	592.8	662.1	742.5
EBITDA	127.8	152.7	164.6
PBT	61.1	72.9	83.1
PATAMI	**50.6**	**57.2**	**64.3**
Core PATAMI	**44.1**	**57.2**	**64.3**
Consensus (NP)	-	60.6	66.0
Core EPS (sen)	5.0	6.4	7.2
Earnings Revision	-	-	-
Core EPS (%)	9.1	29.6	12.6
NDPS (sen)	1.8	2.0	2.2
BVPS (RM)	0.72	0.76	0.81
PER (x)	13.8	10.7	9.5
PBV (x)	1.0	0.9	0.8
Net Gearing (x)	0.8	0.5	0.4
Net Div. Yield (%)	2.6	2.9	3.3

Result Highlight

FY Dec (RM m)	1QFY22	4QFY21	QoQ	1QFY21	YoY	1QFY22	1QFY21	YoY
Revenue	160.3	157.5	2%	153.1	5%	160.3	153.1	5%
Gross Profit (GP)	50.4	47.0	7%	48.3	4%	50.4	48.3	4%
EBIT	23.1	15.2	52%	21.8	6%	23.1	21.8	6%
PBT	17.1	13.3	28%	14.5	18%	17.1	14.5	18%
Tax Expense	(2.6)	1.2		(3.4)		(2.6)	(3.4)	
PATAMI	**14.3**	**15.2**	**-6%**	**10.7**	**34%**	**14.3**	**10.7**	**34%**
Core PATAMI	**14.3**	**10.9**	**32%**	**10.7**	**34%**	**14.3**	**10.7**	**34%**
NDPS (sen)	**0.0**	**1.8**		**0.0**		**0.0**	**0.0**	
GP Margin	31.5%	29.9%		31.6%		31.5%	31.6%	
EBIT Margin	14.4%	9.6%		14.3%		14.4%	14.3%	
PBT Margin	10.7%	8.5%		9.5%		10.7%	9.5%	
CNP Margin	8.9%	6.9%		7.0%		8.9%	7.0%	
Effective Tax Rate	15.1%	-8.7%		23.2%		15.1%	23.2%	

Source: Company, Bursa Malaysia, Kenanga Research

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Peer Comparison

Name	Price (RM)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)	Net Div Yld (%)	Target Price (RM)	Rating
					1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.		
POS MALAYSIA BHD	0.630	493.1	Y	12/2022	-3.1%	-1.0%	-71.1%	9.1%	N.A.	8.8	8.0	0.6	0.6	6.8%	6.3%	0.720	OP
SWIFT HAULAGE BHD	0.685	609.5	Y	12/2022	11.7%	12.1%	29.7%	12.4%	13.8	10.7	9.5	1.0	0.9	8.7%	2.9%	1.01	OP
WESTPORTS HOLDINGS BHD	3.82	13,026.2	Y	12/2022	1.5%	5.9%	-5.7%	11.6%	17.7	18.8	16.8	4.2	3.9	21.6%	4.0%	4.00	MP
Simple Average					**3.4%**	**5.7%**	**-15.7%**	**11.0%**	**15.8**	**12.7**	**11.5**	**1.9**	**1.8**	**12.4%**	**4.4%**		

Source: Bloomberg, Kenanga Research

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Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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