SWIFT Haulage

Gestation Period

UNDERPERFORM ↔

Price : **RM0.42**

Target Price : **RM0.32** ↔

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SWIFT indicates that the uncertainties caused by the Trump tariff has negatively affected its 4QFY25 operating results due to front-load activities. Moreover, its warehousing earnings has worsened as it has lost major customers due to shift in customers demand, as well as on expected start-up losses from its new upcoming green logistics hub. On the bright side, SWIFT will be able to fill in the capacity gap with higher-quality better-margin customers. We maintain our forecasts, TP of RM0.32 and UNDERPERFORM call. Re-rating catalysts would be the phasing out of irrational logistics players and higher take-up rate for its new warehousing expansion.

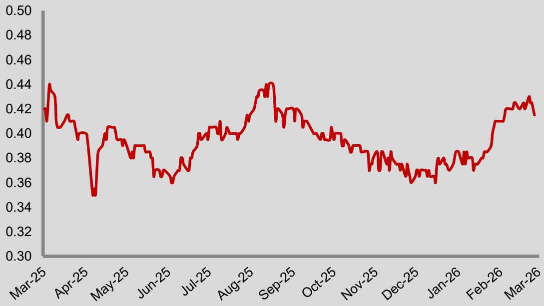
We came away from SWIFT's 4QFY25 results briefing yesterday feeling cautious. The key takeaways are as follows:

1. SWIFT shared that the uncertainties caused by the Trump's tariff has negatively affected its operating results in 4QFY25 due to front-loaded activity earlier to 3QFY25, with expectation of easing by 2HFY26. On the other hand, for the primary restriction in Port Klang for hauliers revolves around the Gross Vehicle Weight limit affecting side loader trailers and back-to-back container haulage (effective July 2025), it expects reduction in container volume especially for long-haul routes (40-footer to only 20-footer boxes). While it resorts to increasing the container haulage rate by 12%-13% starting July 2025, intensifying competition could limit its ability to procure new customers. On the bright side, SWIFT is looking more toward higher-quality better-margin customers by offering integrated logistics services and upscaling sustainable logistics (it currently has five Electric Prime Movers) with bigger name such as Unilever Malaysia.

2. SWIFT has lost two major warehousing customers in FY25 causing its warehousing profit to fall to RM9.2m (-35%), i.e. one of the FMCG customer has shifted their warehousing hub back to Singapore from SWIFT's Tebrau, Johor warehouse in November 2025 and automotive warehousing and storage yard services with BMW Malaysia has been discontinued due to technical difficulties. On the bright side, SWIFT shared that both of the customers are on long-term lower-margin contracts, which it can fill in the gap by procuring better-margin contract in FY26-27.

3. Expecting start-up losses (estimated to be below RM10m due to ready take-up rate of 50%) for the biggest green logistics hub in Asia (outside China) under 30%-owned associate GVL and Shah Alam Cold Chain warehouse - same building as the GVL logistics hub as its gradually ramping up capacity by 2027. Moreover, the start-up losses also caused by the earlier delay in operational timeline which is now expected to be operational by 2QFY26 from the original timeline of end-2025 from the delay in Certificate of Completion and Compliance (CCC). Current take-up rate for the GVL green logistics hub is at 50% which includes SWIFT's Cold Chain warehouse (500k sq ft), Watsons (400k sq ft) and other undisclosed customers.

Share Price Performance



KLCI	1,716.61
YTD KLCI chg	2.2%
YTD stock price chg	7.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SWIFT MK Equity
Market Cap (RM m)	356.2
Shares outstanding	858.4
52-week range (H)	0.44
52-week range (L)	0.35
3-mth avg. daily vol.	308,537
Free Float	36%
Beta	0.9

Major Shareholders

Persada Bina Sdn Bhd	24.6%
Jwd Asia Holding Private Limited	21.5%
Loo Hooi Keat	5.2%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	772.2	730.5	734.0
EBITDA	145.0	143.1	139.5
PBT	40.4	42.1	45.5
Net Profit	**27.4**	**28.5**	**30.9**
Core Net Profit	**26.9**	**28.5**	**30.9**
Consensus (NP)	-	35.1	38.6
Earnings Revision	-	-	-
Core EPS (sen)	3.0	3.2	3.5
Core EPS (%)	1.0	6.1	8.3
NDPS (sen)	1.6	1.6	1.6
BVPS (RM)	0.83	0.84	0.86
PER (x)	13.7	13.0	12.0
PBV (x)	0.5	0.5	0.5
Net Gearing (x)	1.0	0.9	0.8
Net Div. Yield (%)	3.9	3.9	3.9

4. SWIFT will continue to leverage on its new shareholder, Thailand-listed SCGJWD Logistics PCL, to expand its cross-border trucking. However, its margin eroded due to unfavourable mix toward shorter route i.e. its Singapore operation (higher volume but lower margin) while its usual longer routes (better margin) for major customers i.e. Lotus's and Ikea saw lower volume due to intense competition between logistics players. Furthermore, they have to downscaled to lower-margin smaller trucks to make-up for the short fall in volume which entailed lower margins. For FY26, SWIFT is looking to shift its Singapore operations to Johor for better-margin route and to discontinue the petroleum-based land transport business in Singapore (which is negatively affected by the changes in fuel price, and not profitable).

Still in expansion mode. SWIFT has completed the expansion of its warehouses in Tebrau (from 108k sq ft to 308k sq ft), Seberang Prai (from 113k sq ft to 222k sq ft), Port Klang Free Zone warehouse (178k sq ft), cold chain warehouse in Sabah (from 27k sq ft to 57k sq ft, Westports on-dock depot (5 acres for 4,000 TEUs), Westports warehouse, Pulau Indah, Selangor (260k sq ft; operation started in Mar 2024), and another warehouse in Seberang Perai, Penang (118k sq ft; acquisition completed in Aug 2024), as well as commenced warehouse management and transportation services in Pengerang for Petronas (c.1.17m sq ft). We expect SWIFT to continue expanding in the northern region, i.e. Kedah, due to the recent increase in FDI there.

Its ongoing expansion plan includes constructing the biggest green logistics hub in Asia (outside China) under 30%-owned associate GVL (first phase of 2.8m sq ft operational by 2QCY26 and 6.0m sq ft by 2028) which is expected to contribute to its earnings starting early-2026 (1−2 months contribution), Shah Alam Cold Chain warehouse - same building as the GVL logistics hub (operational by June 2026), the new Perai, Penang warehouse (200k sq ft), currently under construction, and expected to be completed by end-2026 and operational by 2027 (expected to add cold-chain warehouse for the JV with SCGJWD Logistics PCL).

Forecasts. Maintained as we already factored in the negatives into our earlier downgrade in the results note.

Valuations. We also maintain our TP at RM0.32 based on unchanged FY26F PER of 10x, in line with the average forward PER of the local logistics sector. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We are cautious on SWIFT due to: (i) it losing its leading position in the Malaysia haulage market which currently stands at 7.4% compared to 7.9% in 2024, (ii) its value-adding integrated offerings that do not offers the same superior pre-tax profit margin due to intense competition (currently at 5.4% vs c.7%, two years ago and the industry average of 4%, and (iii) significant start-up costs despite the tremendous growth potential of its warehousing business, riding on the booming domestic e-commerce. Maintain **UNDERPERFORM** call. Re-rating catalysts would be the phasing out of irrational logistics players boosting back its market share and higher take-up rate for its new warehousing expansion.

Risks to our call include: (i) significantly lower fuel cost, (ii) barrier for entry with the stricter regulation by the government, and (iii) higher demand for transportation services and warehousing post-tariff war and easing of middle-east conflicts.

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Income Statement				
FY Dec (RM m)	2024A	2025A	2026F	2027F
Revenue	720.5	772.2	730.5	734.0
Op. Profit	**65.6**	**68.8**	**79.3**	**73.6**
Depreciation	-71.5	-76.2	-63.7	-66.0
Int. Inc/(Exp)	-35.7	-35.4	-34.4	-32.8
Joint Venture	0.4	0.7	-11.0	-3.3
Associate	-0.4	-0.6	-0.3	-0.4
PBT	**48.8**	**40.4**	**42.1**	**45.5**
Taxation	-7.6	-10.5	-10.9	-11.8
Minority Interest	1.3	2.5	2.6	2.9
Core Net Profit	**26.6**	**26.9**	**28.5**	**30.9**

Balance Sheet				
FY Dec (RM m)	2024A	2025A	2026F	2027F
F. Assets	745.6	793.9	760.7	725.4
Intangible Assets	72.9	72.9	72.9	72.9
Other F. Assets	565.0	556.7	556.7	556.7
Inventories	7.9	7.6	34.0	34.2
Receivables	246.2	243.2	406.4	370.6
Other C. Assets	40.1	35.5	35.5	35.5
Cash	49.0	50.6	102.0	157.9
Total Assets	**1,726.8**	**1,760.3**	**1,968.2**	**1,953.3**
Payables	112.4	107.0	130.1	130.7
ST Borrowings	213.0	194.2	194.2	194.2
Other ST Liability	14.6	8.0	8.0	8.0
LT Borrowings	563.2	603.8	603.8	603.8
Other LT Liability	88.7	93.2	93.2	93.2
Net Assets	**735.0**	**754.1**	**939.0**	**923.4**
S.Equity	727.2	737.0	751.3	767.9
Minority Interests	7.8	17.1	17.1	17.1
Total Equity	**735.0**	**754.1**	**768.4**	**785.1**

Cashflow Statement				
FY Dec (RM m)	2024A	2025A	2026F	2027F
Operating CF	63.8	149.3	129.0	132.0
Investing CF	-16.1	-107.8	-28.9	-29.0
Financing CF	-151.7	-39.7	-48.7	-47.0
Change In Cash	-104.0	1.8	51.4	56.0
Free CF	33.1	118.7	98.4	101.4

Financial Data & Ratio				
FY Dec	2023A	2024A	2025F	2026F
Growth (%)				
Turnover	7.3	7.2	-5.4	0.5
EBITDA	7.3	7.2	-5.4	0.5
Operating Profit	-2.4	4.8	15.3	-7.2
PBT	-28.1	-17.2	4.1	8.3
Core Net Profit	-47.4	1.0	6.1	8.3
Profitability (%)				
Gross Margin	28.0	28.0	29.9	29.0
EBITDA margin	19.0	18.8	19.6	19.0
Operating Margin	9.1	8.9	10.9	10.0
PBT Margin	6.8	5.2	5.8	6.2
Core Net Margin	3.7	3.5	3.9	4.2
ROA	2.3	1.6	1.4	1.4
ROE	5.6	3.7	3.8	4.1
Leverage				
Debt/Asset (x)	0.4	0.5	0.3	0.4
Debt/Equity (x)	1.1	1.1	1.1	1.0
Net (Cash)/Debt	727.2	747.4	696.0	640.1
Net Debt/Eqty (x)	1.0	1.0	0.9	0.8
Valuations				
Core EPS (sen)	3.0	3.0	3.2	3.5
NDPS (sen)	1.6	1.6	1.6	1.6
BV/sh (RM)	0.8	0.8	0.8	0.9
PER (x)	13.9	13.7	13.0	12.0
Div. Yield (%)	3.9	3.9	3.9	3.9
PBV (x)	0.5	0.5	0.5	0.5
EV/EBITDA (x)	1.2	1.1	1.1	1.1

Source: Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BINTULU PORT HOLDINGS BHD	MP	5.40	5.30	-1.9%	2,599.0	Y	12/25	29.8	30.9	14.3%	3.7%	18.1	17.5	1.2	6.8%	15.0	2.8%
POS MALAYSIA BHD	UP	0.290	0.140	-51.7%	199.6	Y	12/25	(19.8)	(17.2)	-174%	-187%	N.A.	N.A.	4.1	-223%	0.0	0.0%
SWIFT HAULAGE BHD	UP	0.415	0.320	-22.9%	347.6	Y	12/25	3.2	3.4	5.4%	8.2%	13.0	12.1	0.5	3.7%	1.6	3.9%
WESTPORTS HOLDINGS BHD	MP	6.15	6.20	0.8%	18,480.7	Y	12/25	33.0	35.4	13.2%	7.1%	18.6	17.4	4.7	26.2%	24.8	4.0%
SECTOR AGGREGATE					**5,406.7**					**-35.4%**	**-42.0%**	**16.6**	**15.6**	**2.6**	**-46.7%**		**2.7%**

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Services Quality & Safety	★	★	★		
	Cybersecurity & Data Privacy	★	★	★	★	
	Customer Experience	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★	★	
	Waste Management	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

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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