Seaport& Logistics

4QCY25 Report Card: Year-End Losers

NEUTRAL

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The key highlights for 4QCY25 reporting season were WPRTS beating expectation riding on port charges hike, BIPORT benefitting from Petronas MLNG complex returning to full operations, while SWIFT disappointed on intensifying competition that eroded its sales and margin, as well as POS, on logistics services marine vessels downtime. We maintain our NEUTRAL stance on the sector. The WTO in October 2025 cut its projection for CY26 global merchandise trade volume growth to 0.5% (from 1.8%) quoting surge in trade tariffs and potential escalation of Middle-East conflicts. In the latest announcement, the on-going Iran war has scaled back trade growth to the negative zone as port congestions worsen, with further unclear direction of Trump trade tariffs following the recent 10% temporary universal baseline tariff (Feb 2026), while the final tariff rates and scopes are being adjusted through ongoing trade talks. Nevertheless, the domestic logistics sector fared better as Malaysia is a beneficiary of booming e-commerce and trade diversion on US-China trade tensions. We do not have any top picks for the sector.

The recently concluded 4QCY25 reporting season saw one above, and one meeting, expectation, while the remaining two coverage companies disappointed. In 3QCY25 results, one was above, while the remaining three coverage companies met our forecasts (refer to exhibit 1). The details on the aforementioned results as below: -

WPRTS (MP; TP: RM6.20)'s results were above our expectation. Its FY25 core net profit grew 11% YoY, driven by the 1st phase port tariff hike which propelled 2H results stronger, (stronger-than-expected 4Q due to temporary congestion), along higher value-added services (VAS) driven by restow services, and higher throughput from Ocean Alliance. Its guidance remains unchanged for a low single-digit container volume growth for the next few years. We raised our FY26F net profit by 3% on estimated Suez Canal shipping lines reopening in the 2HFY26 and DCF-derived TP to RM6.20 (from RM6.00). However, we believe that WPRTS is fairly valued at this juncture (at 19x FY26F EPS against regional peers PER of 19.2x and WPRTS's 10-year average PER of 20x); thus, we downgrade it to MARKET PERFORM from OUTPERFORM in the results note.

BIPORT (MP; TP: RM5.30)'s results met our expectation. Its 4QFY25 results were affected by higher staff costs on significant hike in staff salary increment, though partly offset by lower tax rate, which brings its FY25 net profit to decline by 21%. However, its Bintulu Port operation has recovered strongly in 4QFY25 as Petronas MLNG complex returned to full operations which is expected to provide ample cushion to the higher staff costs in FY26. No changes in our forecasts.

SWIFT (UP; TP: RM0.32)'s results disappointed due to weaker-than-expected operating results of all segments in 4QFY25 which we believe was due to intensifying competition that eroded its sales and margin. This is in contrast with our earlier expectation that SWIFT will benefit from the increase in container haulage rate despite the expected reduction in container haulage volume with the enforcement of the gross vehicle weight limit regulation. Moreover, its warehouse expansion was also delayed from the original timeline. In the previous results note, we cut FY26F net profit by 8%, and our TP by 9% to RM0.32 from RM0.35, and have also downgraded it to UNDERPERFORM from MARKET PERFORM

POS (UP; TP: RM0.14)'s results disappointed, due to higher-than-expected losses in 4QFY25 which were related to substantial repair required for its logistics services marine vessels, which eclipsed the improving postal segment on strong parcel volume. POS intends to focus on growing profitable market share, and network optimisation for its parcel segment. Its logistics segment growth remained eclipsed by cost overrun and marine assets maintenance, while its aviation segment is flying high on the booming air freight sector which remains its bright spot. In the previous results note, we have widened our FY26F net loss by 7%, reduced our TP by 7% to RM0.14 (from RM0.15) and maintained our UNDERPERFORM call.

Unclear direction of tariff policy. Global trade has deteriorated sharply due to a surge/unclear direction in trade tariffs and the shipping diversion from the Red Sea continuing to weigh down on global trade, especially the Asia-Europe routes (**WPRTS** indicated that 80% of shipping lines still arrived outside of scheduled time). The diversion from the Suez Canal to the Cape of Good Hope has resulted in longer voyage for the Asia-Europe route (which contributes 30% of global container volume), reducing the frequency of calls that shipping lines could make at **WPRTS**'s ports (as well all other ports in the region). The WTO in October 2025 cut its projection for CY26 global merchandise trade volume growth to 0.5% (from 1.8%) quoting surge in trade tariffs and potential escalation of Middle-East conflicts. In the latest announcement, on-going Iran war has scaled back trade growth to the negative zone as port congestion worsen, with further unclear direction of Trump trade tariffs following the recent 10% temporary universal baseline tariff (Feb 2026), while the final tariff rates and scopes are being adjusted through ongoing trade talks.

Closer to home, the WTO cited an emerging trend of connecting economies or countries that benefited from the trade diversion on US-China trade tensions. Malaysia, Singapore, India and Vietnam's growth are surging due to their emerging role as "connecting" economies, trading across geopolitical blocs, thereby potentially mitigating the risk of trade fragmentation. Based on the latest Malaysia's external trade in January, exports to the US recorded a strong growth of 33.9% YoY (vs. December 47.8%) despite higher US tariff. The US remained Malaysia's second largest export destination behind Singapore during the month. We expect domestic logistic sector growth to remain steady in 2026, which is a beneficiary of the booming e-commerce, supported by the global tech up-cycle led by AI demand, a resilient US economy, and potential trade diversion amid US-China trade tensions.

We also acknowledge that stricter regulations on carbon emissions as listed below may pose new challenges to global trade which could impinge the trade growth, particularly, one from the United Nations' International Maritime Organization (IMO) and another from the European Union (EU). While the exact implications of the regulations of the IMO and EU's Carbon Border Adjustment Mechanism (CBAM) on the seaport and logistics sectors remain unclear as it just being enforced on 1st January 2026 the volume of containers heading to the EU will certainly be affected (about 18% of container throughput under Asia-Europe trade for **WPRTS**). This is especially so for those originating from China, which is a major exporter of iron, steel and aluminium to the EU. The ships must record a 2% annual improvement in their carbon intensity up to 2030 or face being removed from service. Key highlights of the CBAM regulations: -

- **Transitional Period** (2023 - 2025): Importers must submit quarterly reports on embedded emissions without financial charges.
- **Definitive Regime** (Starting Jan 1st, 2026): Full enforcement begins, requiring authorized importers to buy and surrender certificates for emissions.
- **Expansion:** The scope is expected to expand to downstream products (e.g., machinery, vehicles) by 2028.
- **Penalties:** Customs authorities can block imports from non-compliant importers

Logistics to ride on e-commerce boom. On the other hand, the domestic logistics sector still fared better as Malaysia's total trade grew 5.4% as of YTD-October 2025 versus full-year 2024 growth of 9.2% (trade surplus remained high at RM125b in the same period versus 2024 level of RM139.1b), especially in the domestically driven third-party logistics (3PL) sector (thanks to the on-shoring business trend), which is less vulnerable to external headwinds, being buoyed by booming e-commerce. Industry experts project the local e-commerce gross merchandise volume to grow at a CAGR of 5% from 2024 to 2027, reaching RM1.5t by 2027 from RM1.2t in 2024. Local players such as **SWIFT,** however, are faced with intense competition from Chinese players which constrain local players' ability to fully leverage on Malaysia's strong total trade growth. This situation arises due to the irrational pricing set by Chinese logistics players despite the rising logistics operating costs (manpower & stricter weight limit regulation) and Chinese logistics players typically coming in as a package from the new entrant of China's foreign direct investment (new plants).

The booming e-commerce will spur demand for distribution hubs and warehouses to enable: (i) just-in-time (JIT) delivery, (ii) reshoring/nearshoring to bring manufacturers closer to end-customers, (iii) efficient automation system, including interconnectivity with the customer system, and (iv) warehouse decentralisation to reduce transportation costs and de-risk the supply chain. There is also strong demand for cold-storage warehouses on the back of the proliferation of online grocery start-ups.

We maintain **NEUTRAL** on the sector with no top pick at the moment.

Exhibit 1: Quarterly Results Performance

	4QCY25						3QCY25					
	KENANGA			CONSENSUS			KENANGA			CONSENSUS		
	Above	Within	Below	Above	Within	Below	Above	Within	Below	Above	Within	Below
BIPORT		1			1		1			1		
POS			1			1		1			1	
SWIFT			1			1		1				1
WPRTS	1			1				1			1	
Total	**1**	**1**	**2**	**1**	**1**	**2**	**1**	**3**	**0**	**1**	**2**	**1**
Total (%)	**25**	**25**	**50**	**25**	**25**	**50**	**25**	**75**	**0**	**25**	**50**	**25**

Source: Kenanga Research, Bloomberg

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RMm)	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%	2,484.0	Y	12/2025	29.8	30.9	14.3%	3.7%	18.1	17.5	1.2	6.8%	15.0	2.8%
POS MALAYSIA BHD	UP	0.285	0.140	-50.9%	223.1	Y	12/2025	(19.8)	(17.2)	-174.4%	-187.2%	N.A.	N.A.	4.0	-223.6%	0.0	0.0%
SWIFT HAULAGE BHD	UP	0.395	0.320	-19.0%	351.5	Y	12/2025	3.2	3.4	5.4%	8.2%	12.4	11.5	0.5	3.7%	1.6	4.1%
WESTPORTS HOLDINGS BHD	MP	6.02	6.20	3.0%	20,600.4	Y	12/2025	33.0	35.4	13.2%	7.1%	18.2	17.0	4.6	26.2%	24.8	4.1%
SECTOR AGGREGATE					**5,914.8**					**-35.4%**	**-42.0%**	**16.3**	**15.3**	**2.6**	**-46.7%**		**2.7%**

Source: 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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