Seaport& Logistics

1QCY26 Report Card: A Good Start

NEUTRAL

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By Wan Mustaqim Bin Wan Ab Aziz I wanmustaqim@kenanga.com.my

The recently concluded 1QCY26 reporting season saw all names under coverage meeting expectations. The key highlights were WPRTS benefitting from the full impact of tariff adjustments of 15% and 10% (July 2025 and January 2026), BIPORT from Petronas MLNG complex returning to full operations, SWIFT countering the weak results with its better margin freight business & haulage rate, and POS on one-off postal mailing project and higher parcel volume. We maintain our NEUTRAL stance on the sector. The WTO in March 2026 raised its projection for CY26 global merchandise trade volume growth to 1.9% (from 0.5% in its October 2025 projection), while introducing CY27 growth at 2.6%. However, this baseline forecast is under pressure from the conflict in the Middle East and sustained increases in energy prices. Note that the high energy price scenario would see world merchandise trade volume growth slow to 1.4% from 1.9%. Nevertheless, the domestic logistics sector fared better as Malaysia is a beneficiary of the booming e-commerce and trade diversion on US-China trade tensions. We do not have any top picks for the sector.

The recently concluded 1QCY26 reporting season saw all companies meeting expectations. In 4QCY25 results, one above, and one meeting, expectation, while the remaining two coverage companies disappointed (refer to exhibit 1). The details on the aforementioned results are as below: -

WPRTS (MP; TP: RM6.20 results met expectations. Its 1QFY26 core net profit soared 45% YoY, on the full impact of the tariff adjustments of 15% and 10% (July 2025 and January 2026), boosted by the higher value-added services (VAS) on yards congestion in January 2026. The yard capacity has since improved and it expects normalisation in VAS ratio in the coming quarters. Fuel and electricity cost will be managed through electrification of fleet and solar-powered green initiatives. Fuel cost was higher by 17% YoY (RM5m) and 18% QoQ for 1QFY26 as Westports uses unsubsidized diesel (1-month impact) with estimated RM50m impact for a full-year impact from the Middle East conflicts. However, it strives to efficiently managed fuel cost hike with 10% replacement of its fleet with EV truck by 4Q, cost pass-through to customers and eyeing for government assistance. We made no changes to our forecasts.

BIPORT (MP; TP: RM5.30) where we have sole coverage, results met our expectation. Its core net profit rose 7% YoY on higher margin volume mix at Samalaju Industrial Port (higher port charges compared to Bintulu Port) and lower effective tax which more than offset higher staff costs, with bulk of it already recognised in 4QFY25. Bintulu Port operation has fully recovered as Petronas MLNG complex returned to full operations which is expected to provide ample cushion to the higher staff costs in FY26. We made no changes to our forecasts.

SWIFT (UP; TP: RM0.32) results met expectations. Its 1QFY26 results remain subdued due to the loss of operational scale at its core segments, partly offset by the surge in freight forwarding segment margin and increase in container haulage rate by 12%-13% starting July 2025. Moreover, its warehousing operations were affected by the loss of major customers due to shift in customers demand, and start-up costs from its new warehouses. It guided that majority of its operation are based in Malaysia whereby it continued to be supported by diesel subsidies under the Sistem Kawalan Diesel Subsidi (SKDS) programme. In line with its carbon reduction agenda, Swift will continue expanding its Electric Vehicle (EV) Prime Mover fleet and the rollout of charging infrastructure at key operational sites throughout the year. We made no changes to our forecasts.

POS (UP; TP: RM0.14) where we have sole coverage, and results met our expectation. Its 1QFY26 core net loss was narrower, by 52% YoY and 75% QoQ, largely driven by narrower losses at its postal segment on one-off postal mailing project and higher parcel volume on double festive celebrations which we expect to normalise in the upcoming quarters. Its traditional domestic mail volume fell 6.6% (if excluding one-off project in January 2026, the decline will be much larger at 11.3%). Its international mail volume fell 7% underpinned by geopolitical global tensions and structural changes on de-minimis law specifically in the USA. Its parcel volume bucked the trend with 25% growth driven by service-led market share gain in both the B2B and B2C sectors. We made no changes to our forecasts.

Cautiously Optimistic. The WTO in March 2026 raised its projection for CY26 global merchandise trade volume growth to 1.9% (from 0.5% in its October 2025 projection), while introducing CY27 growth at 2.6% quoting a surge in AI-related products, adaptations in supply chains (restructuring logistics, sourcing, and technology to boost resilience against volatility) and the avoidance of tit-for-tat retaliation on tariffs. However, this baseline forecast is under pressure from the conflict in the Middle East and sustained increases in energy prices with potential spillovers for food security and cost pressures on consumers and businesses. Note that, the high energy price scenario would see world merchandise trade volume growth slow to 1.4% from 1.9%, shaving 0.5 percentage points off.

Moreover, the shipping diversion from the Red Sea is 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).

Locally, the rising fuel prices exacerbated by the reduced traffic in the Straits of Hormuz currently has minimal impact to the sector. Logistics players are unaffected by the rising diesel price (at time of writing diesel pump price is at RM4.67 per litre) as logistics players are eligible to purchase diesel at a fixed price of RM2.15 per litre under Malaysia's Targeted Diesel Subsidy (SKDS 2.0) for logistics using subsidy fleet card (limit varies based on the type of logistics vehicle approved by KPDN). On the contrary, seaport operators can only use unsubsidized diesel (largely for its tugboats), but it is expected to be cushioned by the expected increase in container storage income following the potential port congestion arising from the reduced traffic in the Straits of Hormuz.

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 February 2026, exports to the US recorded a strong growth of 42.3% YoY (higher than January's 33.9%) due to robust demand for E&E product. The US now is Malaysia's largest export destination 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 data centre demand, a resilient US economy, and potential trade diversion amid US-China trade tensions.

IMO Net-Zero Framework: At the shipping level, the IMO approved, in principle, a Net-Zero Framework at MEPC 83 in April 2025, comprising a global fuel-intensity standard and a greenhouse gas emissions pricing mechanism to support the IMO's 2023 GHG Strategy. However, formal legal adoption was deferred after the extraordinary MEPC session in October 2025 was adjourned due to insufficient consensus among member states, and discussions remain ongoing into 2026. As such, the Net-Zero Framework has not yet been adopted and is not legally binding. Entry into force will only occur following formal adoption and completion of the IMO's tacit acceptance process, pushing the earliest realistic implementation timeline beyond initial expectations. In the interim, existing IMO climate measures, namely the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), remain the only binding global efficiency requirements for international shipping.

EU Carbon Border Adjustment Mechanism (EU CBAM): Separately, the **EU CBAM** entered its definitive regime on 1 January 2026. Under the CBAM framework, EU importers of selected carbon-intensive goods are required to report embedded emissions and, from 2027, surrender CBAM certificates priced in line with the EU Emissions Trading System. Recent "Omnibus" amendments have simplified CBAM implementation, most notably via a new 50-tonne annual mass-based de minimis exemption for certain sectors, while maintaining the overall policy objective of preventing carbon leakage.

Although the near-term impact of IMO and CBAM regulations on seaports and logistics volumes remains uncertain, Asia–Europe trade lanes, which account for roughly 18% of WPRTS's container throughput, could face gradual volume or cargo mix adjustments over time as carbon-related costs are increasingly internalised along the supply chain. At this stage, we view IMO and CBAM regulations as **medium-term structural risks**, rather than immediate earnings shocks, with execution risk and policy uncertainty remaining elevated, particularly for global shipping decarbonisation.

Logistics to ride on e-commerce boom. On the other hand, the domestic logistics sector still fared better as Malaysia's total trade moderated to 9.5% in February 2026 (Jan: 12.3%), while trade surplus narrowed to RM16.7b in the same period (Jan: RM22.2b), 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 come in as a package following 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

	1QCY26						4QCY25					
	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	**0**	**4**	**0**	**0**	**4**	**0**	**1**	**1**	**2**	**1**	**1**	**2**
Total (%)	**0**	**100**	**0**	**0**	**100**	**0**	**25**	**25**	**50**	**25**	**25**	**50**

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	5.69	5.30	-6.9%	2,617.4	Y	12/2026	29.8	30.9	14.3%	3.7%	19.1	18.4	1.3	6.8%	15.0	2.6%
POS MALAYSIA BHD	UP	0.280	0.140	-50.0%	219.2	Y	12/2026	(19.8)	(17.2)	-174.4%	-187.2%	N.A.	N.A.	3.9	-223.6%	0.0	0.0%
SWIFT HAULAGE BHD	UP	0.400	0.320	-20.0%	355.9	Y	12/2026	3.2	3.4	5.4%	8.2%	12.6	11.6	0.5	3.7%	1.6	4.0%
WESTPORTS HOLDINGS BHD	MP	5.99	6.20	3.5%	20,497.8	Y	12/2026	33.0	35.4	13.2%	7.1%	18.1	16.9	4.6	26.2%	24.8	4.1%
SECTOR AGGREGATE					**5,922.6**					**-35.4%**	**-42.0%**	**16.6**	**15.7**	**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.***

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my