SWIFT Haulage

Margins Offset Losses

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MARKET PERFORM ↔

Price: **RM0.37**

Target Price: **RM0.40** ↔

SWIFT's 9MFY26 results met expectations. Its core net profit rose 9% driven by higher container haulage rate. This reflected the hike of 12%-13% in July 2025 and 5%-10% in July 2026, reduction of lower-margin land transportation short routes, and a surge in freight forwarding profit margin which more than offset weaker warehousing segment which continued to register losses in 3Q. Its warehousing operations were affected by the loss of major customers and new warehouses' start-up costs. We maintain our forecasts, TP of RM0.40 and MARKET PERFORM call.

Its 9MFY26 core net profit met expectations at 73% of our full-year forecast, and at 71% of consensus' full-year estimate. No dividend was declared as expected, as expected.

YoY, its 9MFY26 revenue rose 1% driven by stronger performance of: (i) container haulage (+9%) with the enforcement of the gross vehicle weight limit regulation (cost pass-through) and concurrent increase in container haulage rate by 12%-13% starting July 2025 and 5%-10% in July 2026, and (ii) freight forwarding (+10%) due to its acquisition of Aman Logistik in early 2025, and higher freight forwarding demand for long-haul routes such as Asia-Europe and Asia-America. This more than offset the weaker land transportation (-2%) as it shifted to smaller trucks to make up for the shortfall in volume which entailed lower margins and weaker warehousing and container depot (-20%) as it had lost major customers due to shift in customers' demand.

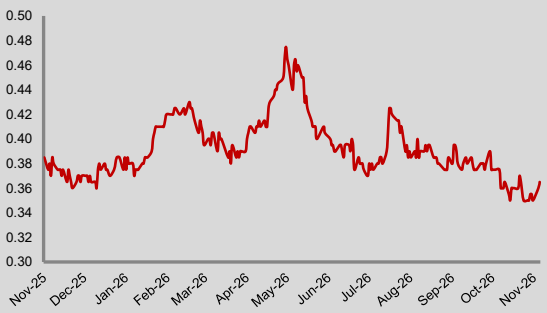
Its core net profit rose 9% largely driven by higher profit contribution from container haulage (+58%) from higher haulage rate, improved land transportation profit (+14%) on the reduction of short routes in favour of a longer routes, and the surge in freight forwarding profit margin (+21%) which more than offset weaker profit of warehousing segment (-72%).

QoQ, its 3QFY26 revenue was flattish driven by container haulage (+3%), freight forwarding (+4%), and warehousing and container depot (+6%) due to increase in business activities which offset the weaker land transportation (-8%).

Its core net profit rose 6% despite higher effective tax rate of 29.1% vs. 28.7% in 2QFY26 on higher margin mix toward container haulage (higher container haulage rate by 5%-10% in July 2026) and freight forwarding which more than offset loss-making warehousing segment and weaker land transportation.

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;), and another warehouse in Seberang Perai, Penang (118k sq ft), and commenced warehouse management and transportation services in Pengerang for Petronas (c.1.17m sq ft).

Share Price Performance



KLCI	1,595.19
YTD KLCI chg	-5.1%
YTD stock price chg	-5.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SWIFT MK Equity
Market Cap (RM m)	306.2
Shares Outstanding	838.9
52-week range (H)	0.48
52-week range (L)	0.32
3-mth avg. daily vol.	107,906
Free Float	35%
Beta	0.7

Major Shareholders

Persada Bina Sdn Bhd	25.2%
Jwd Asia Holding Private Limited	22.2%
Loo Hooi Keat	5.2%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	772.2	759.5	787.0
EBITDA	145.0	146.8	146.7
PBT	40.4	45.8	53.0
Net Profit	**27.4**	**31.1**	**35.9**
Core Net Profit	**26.9**	**31.1**	**35.9**
Consensus (NP)	-	31.8	33.2
Earnings Revision	-	-	-
Core EPS (sen)	3.0	3.5	4.0
Core EPS Growth (%)	1.0	15.7	15.6
NDPS (sen)	1.6	1.6	1.6
BVPS (RM)	0.83	0.85	0.87
PER (x)	12.3	10.6	9.2
PBV (x)	0.4	0.4	0.4
Net Gearing (x)	1.0	0.9	0.8
Net Div. Yield (%)	4.3	4.3	4.3

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 has started operation in April 2026, and 6.0m sq ft by 2028), SWIFT has taken a space at GVL Shah Alam Logistic Hub (300k sq ft has started operation recently), Shah Alam Cold Chain warehouse - same building as the GVL logistics hub, Gebeng, Pahang warehouse (100k sq ft by end- 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).

It guided that the majority of its operations are based in Malaysia where 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.

Forecasts. Maintained

Valuations. We also maintained our TP at RM0.40 based on unchanged FY27F 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 like SWIFT due to: (i) its leading position in the Malaysia haulage market share which currently stands at 7.2%, (ii) its value-adding integrated offerings which offers superior pre-tax profit margin (currently at 6% vs. the industry average of 4%), and (iii) the tremendous growth potential of its warehousing business, riding on the booming domestic e-commerce. Maintain **MARKET PERFORM** call.

Risks to our call include: (i) higher fuel cost with stricter requirement for fuel subsidies, (ii) lower barrier for entry for logistics players with irrational haulage rate, and (iii) lower demand for transportation services and warehousing on global trade crisis.

Results Highlights

FYE Dec (RM m)	3QFY26	2QFY26	QoQ	2QFY25	YoY	9MFY26	9MFY25	3QFY26
Revenue	195.1	195.8	0%	188.7	3%	580.4	575.4	195.1
Gross Profit (GP)	58.5	56.6	3%	52.4	12%	167.9	160.4	58.5
EBIT	21.2	19.7	8%	19.6	8%	59.7	58.7	21.2
Interest expense	(9.2)	(9.0)	2%	(9.4)	-2%	(26.7)	(27.8)	(9.2)
Associates and JVs	(1.1)	(1.1)		(0.0)		(2.2)	(0.0)	(1.1)
EI^	(0.0)	0.4		0.2		0.6	0.4	(0.0)
PBT	**10.8**	**9.8**	**10%**	**10.4**	**4%**	**31.3**	**31.2**	**10.8**
Tax Expense	(3.1)	(2.8)	**11%**	(2.7)	**16%**	(8.7)	(8.2)	(3.1)
Minority interest	0.2	0.1	115%	(0.9)	-127%	(0.1)	(1.9)	0.2
Net Profit	**7.9**	**7.8**	**1%**	**6.7**	**17%**	**23.2**	**21.1**	**7.9**
Core Net Profit	**7.9**	**7.5**	**6%**	**6.5**	**21%**	**22.6**	**20.7**	**7.9**
NDPS (sen)	**0.8**	**0.8**		**0.8**		**1.6**	**0.8**	**0.8**
GP Margin	30.0%	28.9%		27.8%		28.9%	27.9%	30.0%
EBIT Margin	10.9%	10.0%		10.4%		10.3%	10.2%	10.9%
PBT Margin	5.5%	5.0%		5.5%		5.4%	5.4%	5.5%
CNP Margin	4.1%	3.8%		3.5%		3.9%	3.6%	4.1%
Effective Tax Rate	29.1%	28.7%		26.0%		27.9%	26.3%	29.1%

Source: Company, Bursa Malaysia, 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 HOLDGS BHD	OP	5.10	7.00	37.3%	2,346.0	Y	12/26	29.8	30.9	14.3%	3.7%	17.1	16.5	1.2	6.8%	15.0	2.9%
POS MALAYSIA BHD	UP	0.250	0.140	-44.0%	195.7	Y	12/26	(19.8)	(17.2)	-174%	-187%	N.A.	N.A.	3.5	-223%	0.0	0.0%
SWIFT HAULAGE BHD	MP	0.370	0.400	8.1%	329.2	Y	12/26	3.5	4.0	15.7%	15.6%	10.6	9.2	0.4	4.1%	1.6	4.3%
WESTPORTS HOLDINGS BHD	UP	7.42	6.05	-18.5%	25,613.8	Y	12/26	37.4	36.0	29.3%	-3.7%	19.8	20.6	5.7	29.8%	28.0	3.8%
SECTOR AGGREGATE					**7,121.2**					**-28.8%**	**-42.9%**	**15.9**	**15.4**	**2.7**	**-45.7%**		**2.8%**

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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