

## Swift Haulage Berhad

(5303 | SWIFT MK) Main | Transportation &amp; Logistics

### Prospects For a Stronger 2HFY24


#### KEY INVESTMENT HIGHLIGHTS

- **1QFY24 core PATAMI came in within our expectation**
- **Revenue growth was observed across all segments**
- **New Westports Warehouse operational in Apr-24**
- **Expecting margin improvement from increased warehouse utilisation**
- **Maintain NEUTRAL with a revised TP of RM0.54**

**Within expectation.** In 1QFY24, Swift Haulage Berhad (Swift) achieved a core PATAMI of RM7.7m. This represents 19%/17% of our/consensus full-year estimates. We consider this to be in line with our expectations, as we foresee margins to see an uplift in 2HFY24, driven by an anticipated increase in warehouse utilisation rates.

**Quarterly.** Revenue growth compared to 1QFY23 was mainly driven by the capacity growth in the container depot division (+3,000 TEUs) and increased activity in the land transportation division, especially from smaller trucking and the car carrier segment. Under the haulage division, revenue growth was supported by longer haul trips, which generated higher revenue per TEU, compensating for the decline in container volumes handled. Despite an increase in freight forwarding jobs, the yield in comparison to 1QFY23 was lower due to a decrease in project cargoes. Earnings declined by -16.2%yoy due to compressed margins resulting from suboptimal warehouse utilisation. Sequentially, earnings fell by -43.3%qoq despite a +3.5%qoq revenue increase, primarily due to substantial investment tax allowance claims in the previous quarter.

**Briefing highlights.** The newly operational Westport Warehouse (+269,000 sq ft), since Apr-24, is fully occupied with Sharp Electronics Malaysia utilising 70% of the space. A new FMCG customer is expected to occupy the remaining space by May-24, Meanwhile, the Tebrau warehouse, currently at around 50% utilisation, anticipates a new FMCG customer to occupy the remaining space by the end-3QFY24 at the earliest. Following this, we anticipate margin improvement as the overall warehouse utilisation rate is expected to increase to 80% this year (FY23: 74%).

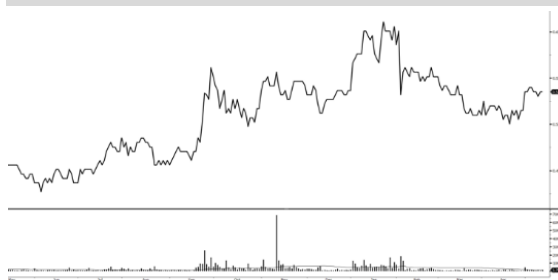
**Maintain NEUTRAL.** No adjustments were made to our earnings estimate, but we revised our target price upwards to **RM0.54** from RM0.50 (11x FY25F EPS) by rolling over our valuation base year. Trading close to the sector's 5-year historical mean, we maintain our **NEUTRAL** call on the stock. Upside catalysts for our projections include higher-than-expected gateway container throughput and improved margins resulting from economies of scale. 

**Maintain NEUTRAL**
**Revised Target Price: RM0.54**  
 (Previously RM0.50)

#### RETURN STATISTICS

Price @ 13 <sup>th</sup> May 2024 (RM)	0.54
Expected share price return (%)	0.0
Expected dividend yield (%)	+3.0
Expected total return (%)	+3.0

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.9	-0.4
3 months	4.9	-10.3
12 months	13.8	1.0

#### INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	725.5	749.9	775.0
EBIT	90.7	93.7	96.9
PBT	53.9	56.9	60.1
Core PATAMI	40.9	43.3	45.7
Core EPS (sen)	4.6	4.9	5.2
DPS (sen)	1.6	1.7	1.8
Dividend yield	3.0%	3.2%	3.3%

#### KEY STATISTICS

FBM KLCI	1,602.91
Issue shares (m)	890.10
Estimated free float (%)	37.51
Market Capitalisation (RM'm)	472.34
52-wk price range	RM0.44 - RM0.63
3-mth average daily volume (m)	1.57
3-mth average daily value (RM'm)	0.84
Top Shareholders (%)	
Persada Bina Sdn Bhd	23.94
KWAP	20.39
Loo Hooi Keat	4.95

## SWIFT HAULAGE: 1Q24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly				
	1QFY24	4QFY23	1QFY23	QoQ	YoY
<b>Income Statement</b>					
Revenue	179.4	173.3	164.8	3.5%	8.9%
Operating profit	32.8	22.7	20.6	44.3%	59.3%
Finance cost	-8.6	-9.2	-7.7	6.5%	-10.6%
Results of associates & JV	0.004	0.4	-0.1	-98.9%	108.0%
PBT	24.2	13.9	12.8	73.7%	89.4%
Tax expense	-2.8	2.7	-2.6	-205.6%	-10.2%
PATAMI	21.1	16.0	10.2	32.3%	108.0%
Core PATAMI	7.7	13.5	9.1	-43.3%	-16.2%
OP margin (%)	18.3%	13.1%	12.5%		
PBT margin (%)	13.5%	8.0%	7.8%		
Core PATAMI margin (%)	4.3%	7.8%	5.6%		
Effective tax rate (%)	-11.7%	19.2%	-20.0%		

## SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly				
	1QFY24	4QFY23	1QFY23	QoQ	YoY
<b>Revenue</b>					
Container haulage	69.6	66.9	68.4	4.0%	1.8%
Land transportation	67.1	65.2	59.8	3.0%	12.3%
Warehousing & container depot	27.2	26.8	22.2	1.7%	22.8%
Freight forwarding	15.3	14.4	14.4	6.5%	6.3%
<b>PBT</b>					
Container haulage	5.6	7.7	4.9	-27.4%	14.6%
Land transportation	4.6	2.2	5.0	106.3%	-9.8%
Warehousing & container depot	2.9	4.3	3.1	-32.2%	-6.9%
Freight forwarding	6.0	9.9	6.7	-39.6%	-10.4%

## OPERATIONAL STATISTICS

Segment	Quarterly				
	1QFY24	4QFY23	1QFY23	QoQ	YoY
<b>Container Haulage</b>					
Volume (TEU)	139,080	140,624	151,468	-1.1%	-8.2%
Avg. revenue per TEU	RM500	RM475	RM460	5.3%	8.7%
<b>Land Transportation</b>					
Number of trips	60,919	66,428	50,488	-8.3%	20.7%
Avg. revenue per trip	RM1,101	RM934	RM1,245	17.9%	-11.6%
<b>Freight Forwarding</b>					
Number of jobs	25,290	23,607	22,430	7.1%	12.8%
Avg. revenue per job	RM605	RM537	RM642	12.7%	-5.8%
<b>Warehousing</b>					
Capacity (sq ft)	1,308,771	1,308,771	1,308,771	0.0%	0.0%
Utilisation rate	76%	80%	75%	-5.0%	1.3%
<b>Container Depot</b>					
Capacity (TEU)	31,500	31,500	28,500	0.0%	10.5%
Utilisation rate	79%	51%	89%	54.9%	-11.2%

Source: Swift Haulage, MIDFR

## FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	643.8	671.2	725.5	749.9	775.0
EBIT	88.6	103.3	90.7	93.7	96.9
PBT	62.3	69.2	53.9	56.9	60.1
PATAMI	48.5	64.2	40.9	43.3	45.7
Core PATAMI	49.0	31.8	40.9	43.3	45.7
EPS (sen)	5.6	3.6	4.6	4.9	5.2
PER (x)	9.7	14.9	11.6	11.0	10.4
DPS (sen)	1.6	1.6	1.6	1.7	1.8
Dividend Yield (%)	3.0%	3.0%	3.0%	3.2%	3.3%

Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
PPE	615.4	658.5	669.7	680.1	689.7
ROU assets	362.0	356.0	346.2	337.0	328.2
<b>Non-current assets</b>	<b>1,219.2</b>	<b>1,312.7</b>	<b>1,215.9</b>	<b>1,217.0</b>	<b>1,219.0</b>
Trade debtors	214.0	220.1	237.9	245.9	254.1
Cash	51.2	159.2	183.1	214.3	264.8
<b>Current assets</b>	<b>336.7</b>	<b>407.7</b>	<b>501.4</b>	<b>541.2</b>	<b>598.8</b>
Long-term debt	445.4	503.8	503.8	503.8	503.8
<b>Non-current liabilities</b>	<b>556.1</b>	<b>594.4</b>	<b>573.5</b>	<b>585.2</b>	<b>632.3</b>
Short-term debt	202.2	263.0	263.0	263.0	263.0
Trade creditors	116.4	138.5	149.1	153.5	137.9
<b>Current liabilities</b>	<b>343.4</b>	<b>419.5</b>	<b>446.2</b>	<b>447.3</b>	<b>429.1</b>
Share capital	384.7	384.9	384.9	384.9	384.9
Retained earnings	273.7	322.0	312.7	340.8	370.5
<b>Equity</b>	<b>656.4</b>	<b>706.5</b>	<b>697.6</b>	<b>725.7</b>	<b>756.4</b>

Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
PBT	62.3	69.2	53.9	56.9	60.1
Depreciation & amortisation	61.0	69.4	68.6	68.9	69.1
Changes in working capital	30.1	7.3	8.6	4.2	21.8
<b>Operating cash flow</b>	<b>163.9</b>	<b>135.0</b>	<b>118.2</b>	<b>116.3</b>	<b>136.5</b>
Capital expenditure	-61.2	-99.9	-70.0	-70.0	-70.0
<b>Investing cash flow</b>	<b>-96.0</b>	<b>-69.9</b>	<b>-70.0</b>	<b>-70.0</b>	<b>-70.0</b>
Debt raised/(repaid)	-1.1	129.8	0.0	0.0	0.0
Dividends paid	-24.9	-15.9	-14.3	-15.1	-16.0
<b>Financing cash flow</b>	<b>-94.6</b>	<b>49.3</b>	<b>-14.3</b>	<b>-15.1</b>	<b>-16.0</b>
<b>Net cash flow</b>	<b>-26.7</b>	<b>114.5</b>	<b>33.8</b>	<b>31.2</b>	<b>50.5</b>
<b>Beginning cash flow</b>	<b>61.3</b>	<b>34.6</b>	<b>149.3</b>	<b>183.1</b>	<b>214.3</b>
<b>Ending cash flow</b>	<b>34.6</b>	<b>149.3</b>	<b>183.1</b>	<b>214.3</b>	<b>264.8</b>

Key Assumptions	2022A	2023A	2024E	2025F	2026F
Container volume (TEUs)	576,872	588,736	606,398	624,590	643,328
Number of land transportation trips	150,569	216,703	225,371	234,386	243,761
Number of freights forwarding jobs	88,773	87,402	90,024	92,725	95,507
Warehousing space (sq ft)	1,273,071	1,273,071	1,660,071	1,660,071	1,660,071

Profitability Margins	2022A	2023A	2024E	2025F	2026F
EBIT margin	13.8%	15.4%	12.5%	12.5%	12.5%
PBT margin	9.7%	10.3%	7.4%	7.6%	7.8%
PATAMI margin	7.5%	9.6%	5.6%	5.8%	5.9%
Core PAT margin	7.6%	4.7%	5.6%	5.8%	5.9%

Source: Swift Haulage, MIDFR

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology