

Swift Haulage Berhad

(5303 | SWIFT MK) Main | Transportation & Logistics

Results Fell Short

KEY INVESTMENT HIGHLIGHTS

- **3QFY24 results were below expectations**
- **Container haulage performance likely impacted by port congestion**
- **Expect further improvement in warehouse utilisation**
- **No changes have been made to earnings estimates pending the results briefing today**
- **Maintain BUY with an unchanged TP of RM0.54* (under review)**

Below expectations. Swift Haulage Berhad (Swift) reported a core PATAMI of RM5.5m for 3QFY24, bringing the total for 9MFY24 to RM21.2m. This was below expectations, achieving only 60%/55% of our/consensus full-year forecast as the profit margin was unexpectedly lower.

Quarterly. All segments drove the +8.9%yoy revenue growth in 3QFY24, with double-digit gains in higher-margin warehousing & depot and freight forwarding businesses. The PBT margin drop in the container haulage segment (-1.7ppts) was likely due to lower volumes stemming from port congestion. Core PATAMI more than doubled compared to 3QFY23, driven by an overall +1.7ppts improvement in margin. Sequentially, the +5.9%qoq revenue increase was driven by growth across all segments. Land transportation was the only segment experiencing a drop in PBT margin (-0.5ppts), likely due to lower rates from the absence of festive periods. Core PATAMI declined -34.0%qoq, partly due to a higher effective tax rate in the reporting quarter.

Outlook. The second half of the year is usually stronger for the container haulage business due to the peak season. However, this year's performance was affected by the Red Sea crisis, which contributed to port congestion and disrupted the movement of goods. Meanwhile, an additional +30% more capacity or +387,000 sq ft will be added to Swift's own/lease & operate warehouse portfolio this year. We anticipate further margin improvement as the overall warehouse utilisation rate is expected to increase to 80% this year (FY23: 74%). We see additional potential in the land transportation segment as warehouse utilisation rates improve, which could drive further growth through cross-selling opportunities.

Maintain BUY for now. Earnings estimates are maintained for now, though there is a possibility of a downgrade as we await the 9MFY24 operating statistics to be shared during the results briefing later today. The stock is trading at -0.5 SD below the sector's 5-year historical mean. A key downside risk is further pressure on profit margins from diseconomies of scale.

Maintain BUY
Unchanged Target Price: RM0.54*

* Under Review

RETURN STATISTICS

Price @ 13 th November 2024 (RM)	0.48
Expected share price return (%)	+12.5
Expected dividend yield (%)	+3.0
Expected total return (%)	+15.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.0	0.2
3 months	-2.1	-5.4
12 months	-13.6	-22.6

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	702.9	749.9	775.0
EBIT	84.4	93.7	96.9
PBT	47.5	56.9	60.1
Core PATAMI	36.1	43.3	45.7
Core EPS (sen)	4.1	4.9	5.2
DPS (sen)	1.4	1.7	1.8
Dividend yield	3.0%	3.5%	3.7%

KEY STATISTICS

FBM KLCI	1,611.50
Issue shares (m)	890.10
Estimated free float (%)	37.16
Market Capitalisation (RM'm)	418.28
52-wk price range	RM0.46 - RM0.63
3-mth average daily volume (m)	0.51
3-mth average daily value (RM'm)	0.25
Top Shareholders (%)	
Persada Bina Sdn Bhd	24.00
JWD Asia Hold PL	20.44
Loo Hooi Keat	5.16

SWIFT HAULAGE: 3QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
	3QFY24	2QFY24	3QFY23	QoQ	YoY	9MFY24	9MFY23	YoY
Income Statement								
Revenue	183.1	172.9	168.0	5.9%	8.9%	535.3	497.9	7.5%
Operating profit	17.4	20.2	13.4	-13.6%	30.3%	56.7	50.0	13.3%
Finance cost	-9.7	-9.0	-9.1	-7.5%	-6.2%	-27.2	-25.0	-9.0%
Results of associates & JV	0.03	-0.1	-0.1	135.1%	145.2%	-0.4	-0.2	-140.9%
PBT	7.8	11.1	4.2	-29.6%	85.5%	29.4	24.9	18.1%
Tax expense	-2.0	-2.1	-1.7	6.6%	-19.7%	-7.0	-6.2	-12.8%
PATAMI	5.8	8.3	28.4	-30.7%	-79.7%	35.2	48.2	-26.9%
Core PATAMI	5.5	8.3	2.1	-34.0%	156.9%	21.2	17.8	18.9%
				ppts	ppts			ppts
OP margin (%)	9.5%	11.7%	8.0%	-2.1	1.6	10.6%	10.0%	0.5
PBT margin (%)	4.3%	6.4%	2.5%	-2.2	1.8	5.5%	5.0%	0.5
Core PATAMI margin (%)	3.0%	4.8%	1.3%	-1.8	1.7	4.0%	3.6%	0.4
Effective tax rate (%)	-25.6%	-19.3%	-39.7%	-6.3	14.1	-23.7%	-24.8%	1.1

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
	3QFY24	2QFY24	3QFY23	QoQ	YoY	9MFY24	9MFY23	YoY
Revenue								
Container haulage	72.4	67.6	67.1	7.1%	7.9%	209.6	200.4	4.6%
Land transportation	63.1	62.6	60.0	0.7%	5.1%	192.8	179.4	7.4%
Warehousing & container depot	30.3	28.0	26.7	8.3%	13.6%	85.6	73.9	15.7%
Freight forwarding	17.2	14.7	14.2	17.0%	20.5%	47.1	43.9	7.3%
PBT								
Container haulage	5.2	4.6	6.0	13.9%	-12.4%	15.4	16.7	-7.8%
Land transportation	1.5	1.8	1.9	-15.6%	-18.3%	7.9	9.8	-19.6%
Warehousing & container depot	3.7	2.7	3.3	35.7%	11.6%	9.3	10.1	-8.3%
Freight forwarding	7.2	5.7	5.8	25.1%	23.5%	18.9	18.1	4.2%
PBT Margin								
Container haulage	7.2%	6.8%	8.9%	0.4 ppts	-1.7 ppts	7.4%	8.3%	-1.0 ppts
Land transportation	2.4%	2.9%	3.1%	-0.5 ppts	-0.7 ppts	4.1%	5.5%	-1.4 ppts
Warehousing & container depot	12.1%	9.7%	12.3%	2.4 ppts	-0.2 ppts	10.8%	13.7%	-2.8 ppts
Freight forwarding	41.8%	39.1%	40.8%	2.7 ppts	1.0 ppts	40.1%	41.3%	-1.2 ppts

Source: Swift Haulage, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	643.8	671.2	702.9	749.9	775.0
EBIT	88.6	103.3	84.4	93.7	96.9
PBT	62.3	69.2	47.5	56.9	60.1
PATAMI	48.5	64.2	36.1	43.3	45.7
Core PATAMI	49.0	31.8	36.1	43.3	45.7
EPS (sen)	5.6	3.6	4.1	4.9	5.2
PER (x)	8.6x	13.3x	11.7x	9.8x	9.3x
DPS (sen)	1.4	1.6	1.4	1.7	1.8
Dividend Yield (%)	3.0%	3.3%	3.0%	3.5%	3.7%

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
Non-current assets	1,219.2	1,312.7	1,215.9	1,217.0	1,219.0
Trade debtors	214.0	220.1	237.9	245.9	254.1
Cash	51.2	159.2	183.1	214.3	264.8
Current assets	336.7	407.7	501.4	541.2	598.8
Long-term debt	445.4	503.8	503.8	503.8	503.8
Non-current liabilities	556.1	594.4	573.5	585.2	632.3
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
Current liabilities	343.4	419.5	446.2	447.3	429.1
Share capital	384.7	384.9	384.9	384.9	384.9
Retained earnings	273.7	322.0	312.7	340.8	370.5
Equity	656.4	706.5	697.6	725.7	756.4

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
Operating cash flow	163.9	135.0	118.2	116.3	136.5
Capital expenditure	-61.2	-99.9	-70.0	-70.0	-70.0
Investing cash flow	-96.0	-69.9	-70.0	-70.0	-70.0
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
Financing cash flow	-94.6	49.3	-14.3	-15.1	-16.0
Net cash flow	-26.7	114.5	33.8	31.2	50.5
Beginning cash flow	61.3	34.6	149.3	183.1	214.3
Ending cash flow	34.6	149.3	183.1	214.3	264.8

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 freight 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