4QFY22 Results Review (Below) | Tuesday, 28 February 2023

Swift Haulage Berhad

(5303 | SWIFT MK) Main | Transportation & Logistics

***Maintain* BUY**

***Unchanged* Target Price: RM1.05**

A better year overall

KEY INVESTMENT HIGHLIGHTS

- **Core PATAMI of RM49.0m in FY22 missed our estimate**
- **Improved earnings in 4QFY22 due to warehouse expansion and project logistics**
- **Second interim single tier dividend of 1.0 sen was declared**
- **Forward earnings estimates remain unchanged**
- **Maintain BUY with an unchanged TP of RM1.05**

Below expectations. Swift Haulage Berhad (Swift Haulage) announced FY22 core PATAMI of RM49.0m. This came in below expectations, making up 89% and 91% of ours and consensus' estimates respectively. The deviation was largely attributed to higher-than-expected operating costs. The Group has announced a second interim single tier dividend of 1.0 sen, bringing the total dividend declared to 2.0 sen. This represents a payout of 36%.

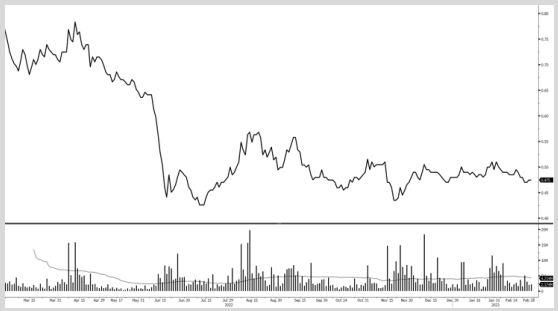
Quarterly. Core PATAMI rose to RM13.4m (+18.8%qoq) on a sequential basis as most segments recorded an uptick in revenue, offsetting the lower contribution from container haulage segment. Notably, the group's new PKFZ warehouse (+178,000 sq ft) has commenced operations in 4QFY22 and the rise in freight forwarding jobs was due to project logistics. Meanwhile, core PATAMI was up by +2.0%yoy on a yearly basis. Apart from container haulage, the underperformance of the freight forwarding segment was likely due to normalising market freight rates.

Cumulatively. The Group has performed better in FY22 mainly on the back of its fleet expansion for the land transportation segment. Additionally, there was approximately +46% increase in warehousing capacity whereby a total of 3 new warehouses (+487,000 sq ft) have commenced operations during the year. With the increased capacity of its warehouse footprint, the topline improvement could also be partly driven by cross selling activities. For the full-year, core PATAMI rose marginally by +1.5%yoy mainly due to the reversal of deferred tax liability in FY21 attributed to disposal of property.

Maintain BUY. We make no changes to our earnings estimates pending the analyst briefing later today. Swift Haulage is a direct beneficiary of growing external trade given that it commands a 9% market share in the container haulage business. The Group continues to fetch superior PBT margins of 9.0%-10.0% against the industry's average of 4.0%-5.0% due to its in-house assets. The stock currently trades at forward PE of 6.9x or at a -46% discount to the sector's historical mean. As such, we maintain our **BUY** call with an unchanged TP of **RM1.05** (FY23E EPS pegged to target PE of 15x). Key risks include: (i) lower-than-expected utilisation of its new and extended warehouses and (ii) weaker-than-expected gateway port throughput.

RETURN STATISTICS	
Price @ 27th February 2023 (RM)	0.48
Expected share price return (%)	+>100.0
Expected dividend yield (%)	4.3
Expected total return (%)	**+>100.0**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-4	-2.1
3 months	-1	4.5
12 months	-40.6	-34.4

KEY STATISTICS	
FBM KLCI	1,455.50
Syariah compliant	Yes
F4BGM Index	-
ESG Grading Band (Star Rating)	-
Issue shares (m)	889.81
Estimated free float (%)	50.91
Market Capitalisation (RM'm)	419
52-wk price range	RM0.42 - RM0.82
Beta vs FBM KLCI (x)	-
3-mth average daily volume (m)	4.15
3-mth average daily value (RM'm)	2.04
Top Shareholders (%)	
Persada Bina Sdn Bhd	38.08
KWAP	9.01
Loo Hooi Keat	1.79

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INVESTMENT STATISTICS

Income Statement	FY2020A	FY2021A	FY2022A	FY2023E	FY2024F
Revenue	555.8	588.3	644.8	716.1	735.3
EBIT	83.0	80.2	89.6	105.8	108.2
PBT	53.9	53.8	63.3	81.6	85.0
PATAMI	41.7	47.1	50.5	61.6	64.2
Core PATAMI	38.9	48.2	49.0	61.6	64.2
EPS (sen)	5.3	5.4	5.5	6.9	7.2
PER (x)	9.0x	8.9x	8.7x	6.9x	6.6x
DPS (sen)	n.a.	1.8	2.0	2.1	2.2
Dividend yield (%)	n.a.	3.7%	4.1%	4.3%	4.5%

Source: Swift Haulage, MIDFR

SWIFT: 4Q22 RESULTS SUMMARY

(All in RM'm)	Quarterly					Cumulatively		
Income Statement	**4Q22**	**3Q22**	**4Q21**	**QoQ**	**YoY**	**FY22**	**FY21**	**YoY**
Revenue	165.2	159.3	157.5	3.7%	4.9%	644.8	588.3	9.6%
Operating profit	22.7	22.3	18.2	1.7%	24.3%	91.4	84.8	7.8%
Finance cost	-7.6	-6.7	-6.9	-13.3%	-10.4%	-26.8	-26.8	-0.2%
Results of associates & JV	-0.2	-0.3	0.2	35.9%	-200.5%	-0.6	-1.0	39.5%
PBT	14.9	15.3	11.6	-2.7%	28.9%	63.3	53.8	17.7%
Tax expense	-3.1	-3.3	1.2	5.0%	-358.8%	-12.6	-8.9	-41.7%
PATAMI	11.2	11.7	13.8	-4.0%	-18.3%	50.5	47.1	7.1%
Core PATAMI	13.4	11.3	13.1	18.8%	2.0%	49.0	48.2	1.5%
EBIT margin (%)	13.7%	14.0%	11.6%			14.2%	14.4%	
PBT margin (%)	9.0%	9.6%	7.3%			9.8%	9.1%	
Core PATAMI margin (%)	8.1%	7.1%	8.3%			7.6%	8.2%	
Effective tax rate (%)	-21.1%	-21.6%	10.5%			-19.9%	-16.6%	

Source: Swift Haulage, MIDFR

SEGMENTAL BREAKDOWN

(All in RM'm)	Quarterly					Cumulatively		
Revenue	**4Q22**	**3Q22**	**4Q21**	**QoQ**	**YoY**	**FY22**	**FY21**	**YoY**
Container haulage	62.2	69.5	68.9	-10.5%	-9.8%	272.3	272.1	0.1%
Land transportation	56.6	51.3	52.4	10.4%	8.0%	214.0	180.4	18.6%
Warehousing & container depot	23.9	21.2	21.7	12.7%	10.0%	84.5	77.3	9.3%
Freight forwarding	17.5	16.4	18.8	7.0%	-6.8%	68.1	62.4	9.1%
Others	0.0	1.0	0.1	-99.0%	-88.9%	1.1	0.6	77.7%
PBT	**4Q22**	**3Q22**	**4Q21**	**QoQ**	**YoY**	**FY22**	**FY21**	**YoY**
Container haulage	5.5	6.8	6.9	-18.5%	-20.0%	25.7	30.2	-15.0%
Land transportation	3.3	3.5	3.3	-4.5%	1.4%	15.7	13.4	17.8%
Warehousing & container depot	2.5	2.6	1.8	-1.1%	41.3%	9.6	9.6	-0.2%
Freight forwarding	9.9	8.4	6.6	18.0%	51.4%	36.2	25.5	42.0%
Others	-6.0	-5.8	-12.4	-4.5%	51.5%	-22.3	-24.5	8.9%

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 *rise* 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 *fall* 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