Swift Haulage Berhad

***Maintain* BUY**

(5303 | SWIFT MK) Main | Transportation & Logistics

Upping its stake in Global Vision Logistics

***Unchanged* Target Price: RM0.90**

DEVELOPMENT

- Swift Haulage Berhad (Swift) is looking to acquire an additional 17.5% stake in its associate company, Global Vision Logistics Sdn Bhd (GVLSB), from Aspen Vision Properties Sdn Bhd for RM19.2m.
- The deal is expected to be concluded within 5 months.

OUR VIEW

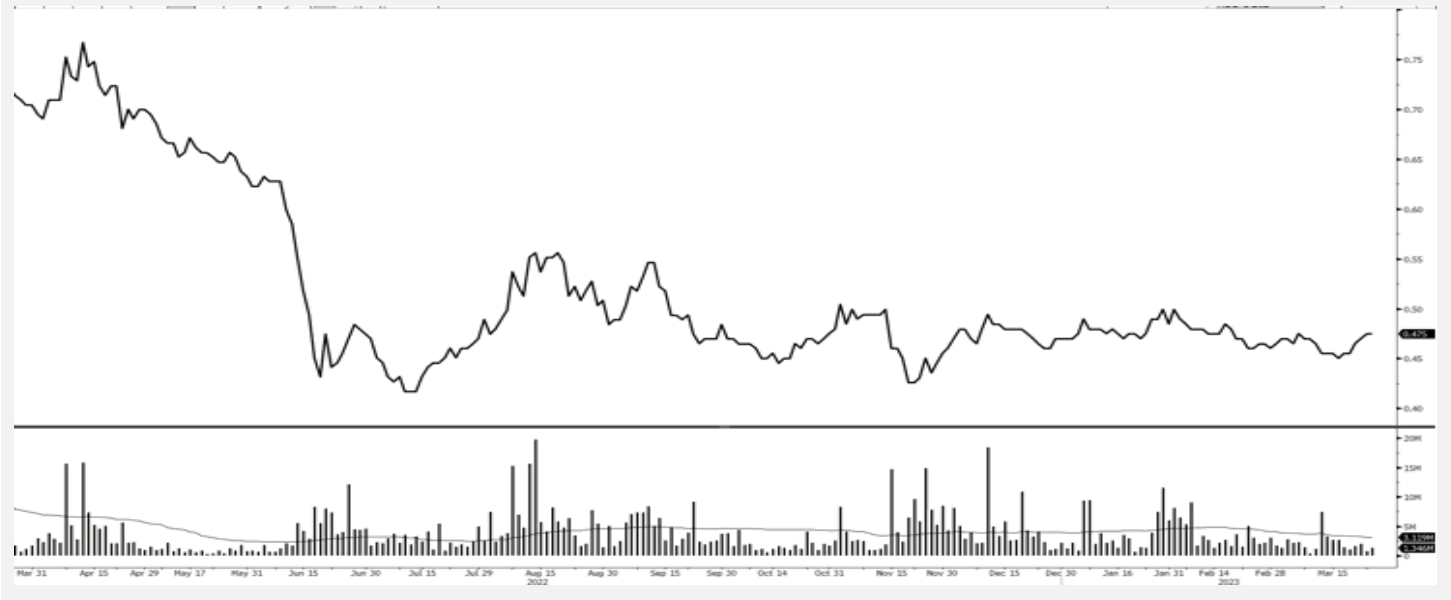
- Swift currently has a 25%-stake in GVLSB, hence its equity interest will increase to 42.5% upon the completion of the deal.
- GVLSB is the leaseholder of a land measuring 70.9 acres in Section 16, Shah Alam, which is planned to be developed into Shah Alam International Logistics Hub (SAILH). The development of the 6.0m sq ft storage area is targeted to be completed in phases by CY28. The foundation was built in Aug-22 and the finalisation of the tender process for the construction is expected to come through in May-23. The first phase of the SAILH development - comprising 2.8m sq ft - is expected to be completed in May-25.
- We are positive on the proposed acquisition as it presents an opportunity for Swift to continue expanding its warehouse footprint. Once completed, Swift would be able to upsell its services to its existing distribution clients as it is the only logistics service provider among the project partners. According to the management, about 0.5m sq ft has been allocated to be rented and Swift could be generating an estimated RM1.2m per month on rental charges alone. Swift has reportedly received a letter of intent from an existing customer, that is involved in the healthcare and beauty industry, to take up about 80% of the available capacity.
- The value of the sale of share is based on the land value as the latter represents over 96% of GVLSB's total asset value. The 70.9 acres-land was valued at RM495.0m in Feb-23 by an independent valuer - the purchase consideration is effectively at a discount to this appraised value attributed to the fact that the sellers were selling a minority stake in the company. Swift has a cash balance of RM51.4m as at end-FY22, which should be sufficient to internally fund the acquisition.
- We make no changes to our earnings estimates pending the completion of the acquisition.
- We maintain **BUY** on Swift with an unchanged TP of **RM0.90** (based on FY23E PE of 15x). The stock currently trades at a -52% discount to the sector's historical mean. Swift is in an advantageous position as an integrated logistics provider due to: (i) it being a dominant player in the container haulage space with 9% market share, (ii) its large in-house assets, (iii) its relatively young fleet of vehicles (6-7 years) and (iv) it being insulated from the volatility of market freight rates.

INVESTMENT STATISTICS

Income Statement	2021A	2022A	2023E	2024F	2025F
Revenue	588.3	644.8	679.1	713.4	743.4
EBIT	80.2	89.6	101.2	108.3	112.8
PBT	53.8	63.3	71.4	78.3	82.6
PATAMI	47.1	50.5	54.3	59.5	62.7
Core PATAMI	48.2	49.0	54.3	59.5	62.7
EPS (sen)	5.4	5.5	6.1	6.7	7.1
PER (x)	8.8	8.7	7.8	7.2	6.8
DPS (sen)	n.a.	2.0	1.8	2.0	2.1
Dividend yield (%)	n.a.	4.2%	3.8%	4.2%	4.4%

Source: Swift, MIDFR

SHARE PRICE CHART



MIDF Research Team
research@midf.com.my

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loess, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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