Corporate Update

Swift Haulage Berhad

(5303 | SWIFT MK) Main | Transportation & Logistics

ESG 3 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Revised Target Price **RM0.40** (from RM0.46)

4QFY24 Results Review
Profit Pinch Continues

Maintain NEUTRAL. Following Swift Haulage Berhad's (Swift) disappointing 4QFY24 results, we maintain our **NEUTRAL** call, though we slightly lower our target price to **RM0.40** (from **RM0.46**), based on 11x revised FY25F EPS. For the full year, margin compression appears to have impacted all segments, while revenue aligned with our estimates. We have revised our earnings forecast for FY25F/FY26F by -14% to reflect a higher cost of sales and incorporate the full-year figures. The stock is trading at 11.9x FY25F EPS, which is broadly in line with the sector's historical 5-year average.

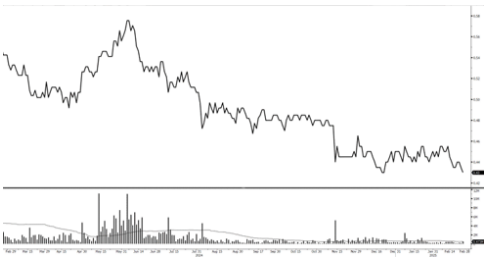
Below expectations. Swift's 4QFY24 core PATAMI of RM5.0m brought its FY24 total to RM26.3m, falling short of expectations at 86%/72% of our/consensus full-year estimates. A second interim single-tier dividend of 0.8 cents was declared, bringing the total payout for FY24 to 1.6 cents (DPR: 54%) – slightly above our estimate.

Warehousing revenue boosted by capacity expansion. All segments, except for land transportation, contributed to the +6.7%yoy revenue growth in 4QFY24. The warehousing and container depot segment's strong revenue growth of +26.3%yoy was driven by the addition of +387,000 sq ft to its warehouse portfolio in FY24. The revenue decline in the land transportation segment (-9.4%yoy) likely stems from lower rates, reflecting a continued shift toward smaller trucking and shorter-haul trips. Meanwhile, the pressure on PBT margins largely stemmed from the freight forwarding segment, possibly due to the job mix. Overall, core PATAMI declined to RM5.0m (-65.5%yoy), impacted by margin compression.

The land transportation segment drove weakness. Similarly, revenue grew marginally by +1.2%qoq compared to 3QFY24, with all segments contributing except for land transportation (-6.3%qoq). However, the PBT margin for land transportation improved by 0.7 percentage points quarter-on-quarter. We noted that part of this business had to be outsourced in 3QFY24. Consequently, core PATAMI declined by -9.9%qoq, following a -0.3 percentage-point dip in margin.

RETURN STATISTICS	
Price @ 27th February 2025 (RM)	0.43
Expected share price return (%)	-7.0
Expected dividend yield (%)	+2.9
Expected total return (%)	-4.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.4	-3.0
3 months	-4.4	-1.2
12 months	-24.6	-25.5

INVESTMENT STATISTICS

FYE Dec	2024A	2025F	2026F
Revenue	720.5	749.2	778.5
EBIT	88.2	78.7	81.7
PBT	51.6	41.9	44.9
Core PATAMI	26.6	31.8	34.1
Core EPS (sen)	3.0	3.6	3.9
DPS (sen)	1.6	1.3	1.3
Dividend yield	3.7%	2.9%	3.1%

KEY STATISTICS

FBM KLCI	1,586.60
Issued shares (m)	890.10
Estimated free float (%)	36.94
Market Capitalisation (RM'm)	377.45
52-wk price range	RM0.42 - RM0.59
3-mth average daily volume (m)	0.56
3-mth average daily value (RM'm)	0.25
Top Shareholders (%)	
Persada Bina Sdn Bhd	24.08
JWD Asia Hold PL	20.51
Loo Hooi Keat	5.19

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SWIFT HAULAGE: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Revenue	185.2	183.1	173.6	1.2%	6.7%	720.5	671.5	7.3%
Operating profit	17.3	17.7	19.3	-2.1%	-10.3%	88.0	99.7	-11.7%
Finance costs	-9.4	-9.7	-9.2	2.4%	-3.0%	-36.7	-34.1	-7.4%
Associates & JV	0.3	0.03	0.5	739.4%	-38.9%	0.2	0.3	-31.5%
PBT	8.2	7.8	10.6	4.8%	-23.0%	51.6	65.9	-21.7%
Tax expense	-2.3	-2.0	3.4	-17.2%	-168.5%	-9.3	-2.8	-238.3%
PATAMI	5.0	5.8	13.7	-13.0%	-63.3%	39.9	61.7	-35.3%
Core PATAMI	5.0	5.5	14.4	-9.9%	-65.5%	26.3	33.3	-21.1%
				ppts	**ppts**			**ppts**
OP margin	9.4%	9.7%	11.1%	-0.3	-1.8	12.2%	14.9%	-2.6
PBT margin	4.4%	4.3%	6.1%	0.2	-1.7	7.2%	9.8%	-2.7
Core PATAMI margin	2.7%	3.0%	8.3%	-0.3	-5.6	3.6%	5.0%	-1.3
Effective tax rates	-28.7%	-25.6%	32.2%	-3.0	-60.9	-18.1%	-4.2%	-13.9

SEGMENTAL BREAKDOWN

	Quarterly					Cumulatively		
Revenue	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Container haulage	72.6	72.4	66.9	0.3%	8.6%	282.2	267.3	5.6%
Land transportation	59.1	63.1	65.2	-6.3%	-9.4%	251.8	244.6	3.0%
Warehousing & container depot	33.8	30.3	26.8	11.5%	26.3%	119.4	100.7	18.5%
Freight forwarding	19.6	17.2	14.7	14.0%	33.0%	66.7	58.6	13.7%
PBT	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Container haulage	6.9	5.2	6.5	31.9%	6.5%	22.3	23.2	-3.9%
Land transportation	1.9	1.5	2.0	21.7%	-4.8%	9.8	11.8	-17.1%
Warehousing & container depot	4.8	3.7	4.1	30.5%	17.5%	14.1	14.2	-0.9%
Freight forwarding	8.7	7.2	9.4	20.7%	-8.0%	27.6	27.6	0.0%
PBT Margin	**4QFY24**	**3QFY24**	**4QFY23**	**ppts**	**ppts**	**FY24**	**FY23**	**YoY**
Container haulage	9.5%	7.2%	9.7%	2.3	-0.2	7.9%	8.7%	-0.8 ppts
Land transportation	3.2%	2.4%	3.0%	0.7	0.2	3.9%	4.8%	-0.9 ppts
Warehousing & container depot	14.1%	12.1%	15.2%	2.1	-1.1	11.8%	14.1%	-2.3 ppts
Freight forwarding	44.3%	41.8%	64.0%	2.5	-19.7	41.3%	47.0%	-5.7 ppts

Source: Swift Haulage, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	643.8	671.5	720.5	749.2	778.5
EBIT	88.6	100.0	88.2	78.7	81.7
PBT	62.3	65.9	51.6	41.9	44.9
Taxation	-13.1	-2.8	-9.3	-10.0	-10.8
PATAMI	48.5	61.7	40.3	31.8	34.1
Core PATAMI	49.0	33.3	26.6	31.8	34.1
EPS (sen)	5.6	4.1	3.0	3.6	3.9
PER (x)	7.7x	10.6x	14.2x	11.9x	11.1x
DPS (sen)	1.6	1.6	1.6	1.3	1.3
Dividend yield (%)	3.7%	3.7%	3.7%	2.9%	3.1%

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	62.3	65.9	51.6	41.9	44.9
D & A	61.0	69.4	71.3	68.9	69.1
Changes in WC	30.1	5.7	-27.5	-54.9	22.5
Operating cash flow	**163.9**	**133.6**	**111.1**	**45.7**	**125.7**
Capital expenditure	-61.2	-88.0	-136.6	-70.0	-70.0
Investing cash flow	**-96.0**	**-21.7**	**-168.2**	**-70.0**	**-70.0**
Debt raised/(repaid)	-1.1	94.0	15.6	0.0	0.0
Dividends paid	**-24.9**	**-15.9**	**-14.1**	**-11.1**	**-12.0**
Financing cash flow	**-94.6**	**2.8**	**-47.8**	**-11.1**	**-12.0**
Net cash flow	**-26.7**	**114.7**	**-104.9**	**-35.4**	**43.7**
Beginning cash flow	**61.3**	**34.6**	**149.5**	**44.0**	**8.6**

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
PPE	615.4	658.5	752.1	680.1	689.7
ROU assets	362.0	356.0	336.3	337.0	328.2
Non-current assets	**1,219.2**	**1,312.7**	**1,386.4**	**1,476.5**	**1,432.5**
Trade debtors	214.0	220.1	260.0	245.7	255.2
Cash	51.2	159.2	47.5	8.6	52.4
Current assets	**336.7**	**407.7**	**328.7**	**288.6**	**339.9**
Long-term debt	445.4	503.8	563.2	503.8	503.8
Non-current liabilities	**556.1**	**594.4**	**653.1**	**593.7**	**593.7**
Short-term debt	202.2	263.0	213.1	263.0	263.0
Trade creditors	116.4	138.5	99.7	153.4	138.5
Current liabilities	**343.4**	**419.5**	**327.0**	**430.6**	**415.6**
Share capital	384.7	384.9	386.6	386.6	386.6
Retained earnings	273.7	322.0	345.8	351.5	373.7
Equity	**656.4**	**706.5**	**735.0**	**740.8**	**763.0**

Profitability Ratios (%)	2022A	2023A	2024A	2025F	2026F
EBIT margin	13.8%	14.9%	12.2%	10.5%	10.5%
PBT margin	9.7%	9.8%	7.2%	5.6%	5.8%
PATAMI margin	7.5%	9.2%	5.6%	4.2%	4.4%
Core PATAMI margin	7.6%	5.0%	3.7%	4.2%	4.4%
ROA	3.1%	1.9%	1.6%	1.8%	1.9%
ROE	7.5%	4.7%	3.6%	4.3%	4.5%

Growth (%)	2022A	2023A	2024A	2025F	2026F
Revenue growth	9.4%	4.3%	7.3%	4.0%	3.9%
PBT growth	15.7%	5.8%	-21.7%	-18.8%	7.3%
PATAMI growth	2.9%	27.3%	-34.8%	-21.0%	7.3%
Core PATAMI growth	1.7%	-32.1%	-20.1%	19.7%	7.3%

Key Metrics	2022A	2023A	2024A	2025F	2026F
Containers (m TEUs)	0.58	0.59	0.61	0.62	0.64
Transportation trips (m)	0.15	0.22	0.23	0.23	0.24
Freight forwarding jobs	88,773	87,402	90,024	92,725	95,507
Warehousing (m sq ft)	1.27	1.27	1.66	1.86	1.86

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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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