Corporate Update

Tasco Berhad

(5140 | TASCO MK) Main | Transportation & Logistics

4 Stars

SHARIAH Compliant

Maintain **BUY**

Revised Target Price **RM0.92** (from RM1.00)

3QFY25 Results Review
Another Challenging Quarter

Maintain BUY. We maintain our **BUY** call on Tasco Berhad (Tasco), adjusting our target price to **RM0.92** (from RM1.00), based on 14x FY26F EPS. The weaker 3QFY25 performance was mainly driven by the loss of a major customer, which has affected its domestic business. The revenue gap is expected to be filled gradually by new customers. We have revised our earnings estimates for FY25E/FY26F/FY27F downward by -21%/-12%/-11% primarily to reflect lower volumes in the contract logistics division.

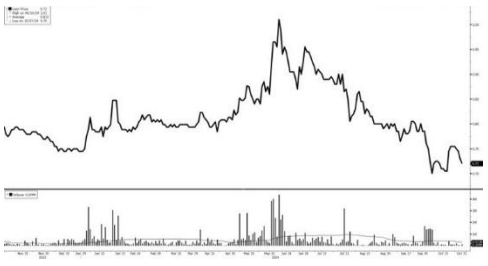
Below expectations. Tasco reported a core PATAMI of RM9.1m for 3QFY25, bringing its 9MFY25 total to RM33.6m, representing 61% of our full-year projection. This falls short of expectations, primarily due to the underperformance of its domestic segment, particularly in contract logistics.

Domestic segment weakened by key customer exit. Revenue declined by -12.3%yoy compared to 3QFY24. In the international segment, the underperformance was primarily driven by the air freight forwarding division (-18.5%yoy), largely due to a drop in shipments from FMCG customers. In the domestic segment, the closure of a major solar panel customer negatively impacted various businesses within contract logistics (CL) (-30.5%yoy), as well as the trucking (-5.6%yoy) divisions. Meanwhile, the cold supply chain division posted a -14.2%yoy decline in revenue, due to the ongoing Israel boycott and the loss of a retail customer. Consequently, core PATAMI declined more sharply by -38.2%yoy, with margins in certain divisions likely contracting due to diseconomies of scale.

Broad-based weakness in quarter-on-quarter performance. Compared to 2QFY25, it was a weaker quarter, with revenue declining by -17.7%qoq. The weakness was evident across nearly all divisions. Both air (-22.4%qoq) and ocean freight (-15.8%qoq) experienced lower business volumes from customers across various sectors. Similarly, the production closure of a solar panel customer led to a revenue decline across most businesses within the CL segment (-24.2%qoq), particularly in customs clearance. All these factors contributed to a -31.9%qoq decline in core PATAMI in 3QFY25.

RETURN STATISTICS	
Price @ 20th February 2025 (RM)	0.68
Expected share price return (%)	+35.3
Expected dividend yield (%)	+2.4
Expected total return (%)	+37.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-8.3	-6.4
3months	-8.3	-20.2
12 months	-11.7	-21.3

INVESTMENT STATISTICS

FYE March	2025E	2026F	2027F
Revenue	1,027.9	1,111.1	1,150.4
Operating Profit	66.8	77.8	80.5
PBT	51.4	61.7	63.8
Core PATAMI	43.7	52.4	51.0
Core EPS	5.5	6.6	6.4
DPS	1.6	2.0	1.9
Dividend Yield	2.4%	2.9%	2.8%

KEY STATISTICS

FBM KLCI	1,577.67
Issued shares (m)	800.00
Estimated free float (%)	31.44
Market Capitalisation (RM'm)	576.00
52-wk price range	RM0.69 - RM1.02
3-mth average daily volume (m)	0.38
3-mth average daily value (RM'm)	0.30
Top Shareholders (%)	
Real Fortune Portfolio Sdn Bhd	9.89
Nippon Yusen KK	9.59
Employees Provident Fund Board	3.10

Analyst

Amalia Zarir
amalia.zarir@midf.com.my
03-2173 8357

TASCO: 3QFY25 RESULTS SUMMARY

FYE Mar (RM'm)	Quarterly					Cumulatively		
Income Statement	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Revenue	243.5	295.7	277.4	-17.7%	-12.3%	789.1	804.3	-1.9%
Operating profit	22.4	15.4	23.2	45.6%	-3.7%	50.5	68.5	-26.2%
Finance costs	-4.0	-4.0	-3.7	-1.5%	-9.3%	-12.1	-10.3	-17.7%
Associates & JV	0.2	0.02	-0.1	627.3%	390.9%	0.1	0.2	-52.4%
PBT	18.5	11.4	19.5	62.0%	-5.0%	38.5	58.4	-34.0%
Tax expense	-3.2	-2.5	-4.8	-28.0%	33.2%	-6.5	-11.9	45.6%
PAT	15.3	8.9	14.7	71.4%	4.1%	32.0	46.5	-31.1%
PATAMI	14.2	8.1	13.8	75.2%	3.1%	29.4	43.9	-33.0%
Core PATAMI	9.1	13.4	14.7	-31.9%	-38.2%	33.6	30.1	11.8%
				ppts	**ppts**			**ppts**
OP margin	9.2%	5.2%	8.4%	4.0	0.8	6.4%	8.5%	-2.1
PBT margin	7.6%	3.9%	7.0%	3.7	0.6	4.9%	7.3%	-2.4
Core PATAMI margin	3.7%	4.5%	5.3%	-0.8	-1.6	4.3%	3.7%	0.5
Effective tax rates	-17.2%	-21.8%	-24.5%	4.6	7.3	-16.8%	-20.4%	3.6

SEGMENTAL BREAKDOWN

	Quarterly					Cumulatively		
Revenue	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
International Business								
Air freight forwarding	63.8	82.3	78.3	-22.4%	-18.5%	209.9	182.7	14.9%
Ocean freight forwarding	38.6	45.9	23.7	-15.8%	62.8%	111.6	78.1	42.8%
Supply chain solutions	10.8	10.7	7.8	0.8%	39.6%	31.5	22.1	43.0%
	113.3	138.9	109.8	-18.5%	3.2%	353.0	282.9	24.8%
Domestic Business								
Contract logistics	68.0	89.8	97.9	-24.2%	-30.5%	244.9	317.3	-22.8%
Cold supply chain	36.7	40.1	42.7	-8.5%	-14.2%	117.8	126.2	-6.6%
Trucking	25.5	26.9	27.0	-5.2%	-5.6%	73.4	77.9	-5.7%
	130.2	156.8	167.6	-17.0%	-22.3%	436.1	521.4	-16.4%
PBT	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
International Business								
Air freight forwarding	1.8	3.2	2.0	-42.9%	-9.9%	6.6	5.6	18.0%
Ocean freight forwarding	1.4	1.5	-0.1	-11.3%	2690.6%	3.6	0.8	351.4%
Supply chain solutions	1.9	1.1	1.4	76.7%	31.0%	3.6	4.5	-21.6%
	5.1	5.8	3.4	-12.8%	48.7%	13.8	10.9	25.7%
Domestic Business								
Contract logistics	6.1	8.0	9.7	-23.6%	-37.1%	20.3	27.6	-26.4%
Cold supply chain	3.5	3.6	4.2	-1.7%	-16.8%	10.6	11.4	-6.8%
Trucking	1.4	1.5	3.4	-7.7%	-59.8%	4.7	6.2	-23.1%
	11.0	13.1	17.4	-15.8%	-36.6%	35.7	45.2	-21.0%
PBT Margins	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
International Business				**ppts**	**ppts**			**ppts**
Air freight forwarding	2.9%	3.9%	2.6%	-1.0	0.3	3.2%	3.1%	0.1
Ocean freight forwarding	3.6%	3.4%	-0.2%	0.2	3.8	3.2%	1.0%	2.2
Supply chain solutions	17.4%	9.9%	18.5%	7.5	-1.1	11.3%	20.6%	-9.3
Domestic Business				**ppts**	**ppts**			**ppts**
Contract logistics	9.0%	8.9%	10.0%	0.1	-0.95	8.3%	8.7%	-0.4
Cold supply chain	9.6%	8.9%	9.9%	0.7	-0.3	9.0%	9.0%	0.0
Trucking	5.3%	5.5%	12.5%	-0.1	-7.2	6.5%	7.9%	-1.5

Source: Bloomberg, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,606.8	1,072.7	1,027.9	1,111.1	1,150.4
Operating Profit	133.1	87.3	66.8	77.8	80.5
PBT	120.5	73.8	51.4	61.7	63.8
Taxation	-28.3	-9.1	-7.7	-9.3	-12.8
PATAMI	90.8	61.7	43.7	52.4	51.0
Core PATAMI	90.2	61.5	43.7	52.4	51.0
EPS (sen)	11.3	7.7	5.5	6.6	6.4
PER (x)	6.0x	8.8x	12.5x	10.4x	10.7x
DPS (sen)	5.0	2.0	1.6	2.0	1.9
Dividend yield (%)	7.4%	2.9%	2.4%	2.9%	2.8%

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	586.1	758.4	692.9	702.8	710.8
Non-current assets	**700.8**	**873.1**	**803.9**	**802.2**	**792.2**
Receivables	289.4	313.2	185.1	200.1	207.2
Cash & cash equivalents	241.1	167.1	188.8	275.1	366.1
Current assets	**834.4**	**800.0**	**692.6**	**793.8**	**892.2**
Long-term debt	186.0	246.5	211.0	221.0	231.0
Non-current liabilities	**217.9**	**283.7**	**248.2**	**258.2**	**268.2**
Payables	478.7	457.0	290.6	312.3	323.4
Short-term debt	75.5	76.5	31.5	31.5	31.5
Current liabilities	**653.5**	**690.4**	**446.4**	**467.7**	**479.8**
Share capital	100.8	100.8	100.8	100.8	100.8
Retained earnings	493.5	527.3	630.2	698.4	764.7
Equity	**663.9**	**699.0**	**801.9**	**870.1**	**936.4**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	120.6	73.8	51.4	61.7	63.8
Depreciation	46.9	53.4	63.1	71.4	79.6
Changes in WC	98.0	-36.5	-38.2	6.7	4.0
Operating cash flow	**247.0**	**80.1**	**68.6**	**130.6**	**135.7**
Capital expenditure	-96.0	-208.3	-70.0	-70.0	-70.0
Investing cash flow	**-91.8**	**-202.2**	**-70.0**	**-70.0**	**-70.0**
Debt raised/(repaid)	43.8	60.5	10.0	10.0	10.0
Dividends paid	-12.0	-28.0	13.1	15.7	15.3
Financing cash flow	**-1.5**	**47.4**	**23.1**	**25.7**	**25.3**
Net cash flow	**153.6**	**-74.7**	**21.7**	**86.3**	**91.0**
Beginning cash flow	**87.5**	**241.1**	**167.1**	**188.8**	**275.1**
Ending cash flow	**241.1**	**167.1**	**188.8**	**275.1**	**366.1**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
OP margin	8.3%	8.1%	6.5%	7.0%	7.0%
PBT margin	7.5%	6.9%	5.0%	5.6%	5.5%
PATAMI margin	5.7%	5.8%	4.2%	4.7%	4.4%
Core PATAMI margin	5.6%	5.7%	4.2%	4.7%	4.4%
ROA	5.9%	3.7%	2.9%	3.3%	3.0%
ROE	13.6%	8.8%	5.4%	6.0%	5.4%

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	8.5%	-33.2%	-4.2%	8.1%	3.5%
PBT growth	36.8%	-38.7%	-30.4%	20.1%	3.4%
PATAMI growth	39.2%	-32.0%	-29.2%	20.1%	-2.7%
Core PATAMI growth	11.6%	-31.8%	-29.0%	20.1%	-2.7%

Source: Tasco, 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