Swift Haulage Berhad

(5303 | SWIFT MK) Main | Transportation & Logistics

ESG 3 Stars

SHARIAH Compliant

Corporate Update

Upgrade to **BUY** (from NEUTRAL)

Unchanged Target Price **RM0.40**

Charging Ahead with Green Logistics

Upgrade to BUY. This report highlights Swift Haulage Berhad's (Swift) commitment to environmental sustainability as part of its broader ESG strategy. In FY23, the Group reported total emissions of 144,236 tCO_2e, with 94% attributed to Scope 1 sources – primarily driven by diesel consumption across its fleet. Swift has pledged to exclusively procure electric prime movers and trucks by 2030, to achieve a -5% reduction in Scope 1 emissions. No changes were made to earnings estimates, but we upgraded to **BUY** (from NEUTRAL) on recent share price weakness, while maintaining our **RM0.40** (11x FY25F EPS) target price. The stock now trades at -1.0SD below the sector's 5-year mean.

First to roll out an EV prime mover. Swift took a pioneering step toward sustainable logistics by introducing Malaysia's first electric prime mover from Volvo in 4QFY23. Currently, it operates two EV prime movers, with fast charging capabilities, allowing a full charge in 45 minutes using a 180kW charger. Each truck delivers a driving range of up to 300km, making them ideal for urban and cross-border trips to Singapore, with the support of two in-house charging stations and a strategic partnership with Shell Recharge.

Positioned for long-term efficiency. The EV prime movers have been well received by major multinational names such as Unilever, IKEA, Nestle and Volvo. Swift Haulage ensures 100% truck utilisation by deploying two-driver rotations per vehicle, operating on a 12-hour basis to minimise downtime. Each EV prime mover costs about RM1.3m (2.6x more than a diesel prime mover), but commands 30% to 40% higher rates and delivers fuel savings of up to RM2,000/month, supporting an estimated return of 12% over its 8-year battery lifespan. Maintenance requirements are minimal, with routine servicing scheduled every six months, whereas normal wear is expected for components like tires.

Gearing up for expansion. The EV transition has been supported by green financing and the government's green investment tax allowance, both of which have helped lower the barriers to EV adoption. The Group has recently added a 5-tonne EV truck to its fleet, dedicated to serving Watsons, and plans to add two more EV prime movers by the end of FY25. We understand that more than half of its existing haulage customers can accommodate the current range limitations, while interest from new prospects continues to grow steadily.

Expecting better support ecosystem. While pricing remains a hurdle for some customers, Swift continues to fine-tune its operations through strategic route planning. The outlook is promising, with better battery life, longer warranties, and maturing infrastructure making EV adoption more viable. With a clear roadmap and strong early results, the Group is positioning itself at the forefront of sustainable logistics, ready to scale as the market matures.

RETURN STATISTICS	
Price @ 7th April 2025 (RM)	0.35
Expected share price return (%)	+13.5
Expected dividend yield (%)	+3.6
Expected total return (%)	+17.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-19.5	-13.8
3 months	-12.5	-14.0
12 months	-32.7	-27.3

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	4.6%	3.6%	3.8%

KEY STATISTICS

FBM KLCI	1,443.80
Issued shares (m)	881.05
Estimated free float (%)	36.90
Market Capitalisation (RM'm)	307.05
52-wk price range	RM0.34 - RM0.59
3-mth average daily volume (m)	0.46
3-mth average daily value (RM'm)	0.20
Top Shareholders (%)	
Persada Bina Sdn Bhd	24.09
JWD Asia Hold PL	20.52
Loo Hooi Keat	5.19

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EV TRUCKS VS. DIESEL TRUCKS IN LOGISTICS

Aspect	EV Prime Mover	Diesel Prime Mover
Environmental impact	Zero tailpipe emissions; battery production poses concerns	High emissions but benefits from established refueling infrastructure
Operating costs	Lower fuel costs over time; high upfront purchase price	Lower initial cost; higher and more volatile fuel expenses
Range and charging	Efficient for short haul; limited by range and charging infrastructure	Long-range capability; relies on fossil fuels
Load capacity	Innovative design; battery weight can reduce payload	Handles heavier loads; limited flexibility in design
Ownership costs	Potential for long-term savings with lower fuel and maintenance costs	Cheaper upfront, but costlier to operate and maintain over the long term

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	3.8	3.0	3.6	3.9
PER (x)	6.3x	9.3x	11.6x	9.7x	9.0x
DPS (sen)	1.6	1.6	1.6	1.3	1.3
Dividend yield (%)	4.6%	4.6%	4.6%	3.6%	3.8%

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