Corporate Update

Tasco Berhad

(5140 | TASCO MK) Main | Transportation & Logistics

4 Stars

SHARIAH Compliant

Maintain **BUY**

Revised Target Price **RM0.68** (from RM0.72)

Briefing Note: A Careful Turn

Maintain BUY. We attended Tasco Berhad's (Tasco) results briefing yesterday. While some divisions are expected to see improved performance this year, export-related uncertainties remain. However, the Group appears largely insulated given its limited exposure to the U.S. market. Following the earnings downgrade, we revised our target price to **RM0.68** (from RM0.72) based on PER of 11x, representing a -0.5SD discount to its 5-year historical mean.

Tariff uncertainty held in check. Tasco's U.S.-bound volume remains relatively minimal, contributing <5% of overall revenue. Management noted that it has not observed any significant volume decline. Nonetheless, some customers are exploring cost mitigation strategies, including shifting from air to ocean freight and using bonded warehouses in the U.S. or temporarily rerouting shipments to other parts of North America to hold inventory pending greater tariff clarity.

Minimal impact from the new CO process. Tasco expects minimal direct impact from Malaysia's shift to a stricter, MITI-led process for issuing Certificates of Origin (CO) for exports. While the transition may cause delays for some exporters unfamiliar with the fully digital system, most shipments can still proceed as vessels typically take 2-3 weeks to reach the U.S., allowing time for the certificate to be issued before import clearance.

Domestic business is improving yet challenged. Although JinkoSolar's exit initially weighed on the contract logistics segment, more than half of the lost revenue has since been recovered through new customer wins. The cold supply chain division is also seeing signs of recovery, with in-and-out volumes from customers gradually improving. That said, store-level activity may remain below previous levels, as customers are believed to have closed a few outlets during the boycott as part of cost rationalisation measures. On the trucking front, festive season demand was softer than in past years, in line with trends observed across the logistics industry.

Spot freight rates regaining appeal. Management observed that the current sentiment on the freight market resembles the uncertainty of early-CY20, with the risk of further disruption largely dependent on how the U.S. tariffs situation develops. In early 4QFY25, weak freight rates spurred interest in longer-term contracts of up to one year on Asia to Europe/U.S. lanes, but Tasco was unable to secure commitments as carriers remained hesitant to allocate capacity. With rising tariff uncertainty, preferences have likely shifted to spot rates.

Earnings estimates. We made slight downward revisions of -5%/-1% to our FY26/FY27 forecasts, primarily to reflect softer market freight rates, reduced trucking activity, and marginally lower goods movement in the cold supply chain division.

RETURN STATISTICS	
Price @ 6th May 2025 (RM)	0.52
Expected share price return (%)	+30.8
Expected dividend yield (%)	+3.6
Expected total return (%)	+34.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-17.5	-18.2
3months	-17.5	-25.3
12 months	-37.7	-35.7

INVESTMENT STATISTICS

FYE March	2025A	2026F	2027F
Revenue	1,011.7	1,093.4	1,115.2
Operating Profit	57.9	76.5	78.1
PBT	42.6	60.4	61.3
Core PATAMI	39.5	49.6	50.3
Core EPS	4.9	6.2	6.3
DPS	1.3	1.9	1.9
Dividend Yield	2.4%	3.6%	3.6%

KEY STATISTICS	
FBM KLCI	1,536.80
Issued shares (m)	800.00
Estimated free float (%)	28.44
Market Capitalisation (RM'm)	416.00
52-wk price range	RM0.45 - RM1.02
3-mth average daily volume (m)	0.12
3-mth average daily value (RM'm)	0.07
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

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	1,606.8	1,072.7	1,011.7	1,093.4	1,115.2
Operating Profit	133.1	87.3	57.9	76.5	78.1
PBT	120.5	73.8	42.6	60.4	61.3
Taxation	-28.3	-9.1	-9.8	-10.9	-11.0
PATAMI	90.8	61.7	26.2	49.6	50.3
Core PATAMI	90.2	61.5	39.5	49.6	50.3
EPS (sen)	11.3	7.7	4.9	6.2	6.3
PER (x)	4.6	6.8	10.5	8.4	8.3
DPS (sen)	5.0	2.0	1.3	1.9	1.9
Dividend yield (%)	9.6	3.8	2.4	3.6	3.6

Balance Sheet (RM'm)	2023A	2024A	2025A	2026F	2027F
PPE	586.1	758.4	760.7	702.8	710.8
Non-current assets	**700.8**	**873.1**	**887.0**	**802.2**	**792.2**
Receivables	289.4	313.2	347.8	196.9	200.8
Cash & cash equivalents	241.1	167.1	159.7	237.7	295.7
Current assets	**834.4**	**800.0**	**1,011.4**	**782.9**	**875.5**
Long-term debt	186.0	246.5	208.8	221.0	231.0
Non-current liabilities	**217.9**	**283.7**	**254.6**	**258.2**	**268.2**
Payables	478.7	457.0	755.1	307.3	313.5
Short-term debt	75.5	76.5	82.5	31.5	31.5
Current liabilities	**653.5**	**690.4**	**935.7**	**462.8**	**469.9**
Share capital	100.8	100.8	100.8	100.8	100.8
Retained earnings	493.5	527.3	534.7	692.5	757.9
Equity	**663.9**	**699.0**	**708.1**	**864.2**	**929.6**

Cash Flow (RM'm)	2023A	2024A	2025A	2026F	2027F
PBT	120.6	73.8	42.6	60.4	61.3
Depreciation	46.9	53.4	49.8	71.4	79.6
Changes in WC	98.0	-36.5	102.3	7.9	2.2
Operating cash flow	**247.0**	**80.1**	**207.6**	**128.9**	**133.1**
Capital expenditure	-96.0	-208.3	-90.8	-70.0	-70.0
Investing cash flow	**-91.8**	**-202.2**	**-84.8**	**-70.0**	**-70.0**
Debt raised/(repaid)	43.8	60.5	-80.7	10.0	10.0
Dividends paid	-12.0	-28.0	-18.8	-14.9	-15.1
Financing cash flow	**-1.5**	**47.4**	**-130.2**	**-4.9**	**-5.1**
Net cash flow	**153.6**	**-74.7**	**-7.4**	**54.0**	**58.1**
Beginning cash flow	**87.5**	**241.1**	**167.1**	**183.7**	**237.7**
Ending cash flow	**241.1**	**167.1**	**159.7**	**237.7**	**295.7**

Profitability Ratios (%)	2023A	2024A	2025A	2026F	2027F
OP margin	8.3%	8.1%	5.7%	7.0%	7.0%
PBT margin	7.5%	6.9%	4.2%	5.5%	5.5%
PATAMI margin	5.7%	5.8%	2.6%	4.5%	4.5%
Core PATAMI margin	5.6%	5.7%	3.9%	4.5%	4.5%
ROA	5.9%	3.7%	2.1%	3.1%	3.0%
ROE	13.6%	8.8%	5.6%	5.7%	5.4%

Growth (%)	2023A	2024A	2025A	2026F	2027F
Revenue growth	8.5%	-33.2%	-5.7%	8.1%	2.0%
PBT growth	36.8%	-38.7%	-42.3%	41.8%	1.5%
PATAMI growth	39.2%	-32.0%	-57.5%	89.2%	1.5%
Core PATAMI growth	11.6%	-31.8%	-35.7%	25.4%	1.5%

Source: Tasco, MIDFR

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197501002077 (24878-X).

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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