Tasco Berhad

(5140 | TASCO MK) Main | Transportation & Logistics

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Corporate Update

Site Visit to Tasco's Logistics Centres

Maintain BUY. The MIDA integrated logistics services (ILS) tax incentives have been instrumental in driving Tasco Berhad's (Tasco) warehouse expansion, with FY25 (FYE Mar) delivering its largest single-year increase of 880k sq ft via WPLC B (+280k sq ft) and SALC ABCD (+600k sq ft), alongside a further 700k sq ft in the pipeline. We continue to see upside in its warehousing division, driven by recent customer wins and additional capacity that enhances cross-selling potential. We recently toured both facilities and summarised the key takeaways below. We reiterate our **BUY** call on Tasco with an unchanged target price of **RM0.72** (11x FY27F EPS or -0.5SD below its 5-year historical mean), anchored by its compelling valuation.

Value-added services opportunities from free zone warehousing. Westport Logistics Centre (WPLC), situated on a 40-acre site within a free-zone area, comprises three warehouse blocks totalling about 680k sq ft, equipped with 93 loading bays and mixed-temperature zones (ambient to -18°C), and certified for Halal logistics, ISO 22000, ISO 9001 and Good Distribution Practice for Medical Devices (GDPMD). It supports cross-docking, local/regional distribution and pick-and-pack operations. Unlike bonded warehouses, free-zone warehouses generally permit 24/7 operations and allow for value-added processing (e.g. kitting, repacking, light assembly) without upfront duties. It has been indicated that more than half of Tasco's warehousing portfolio is located within free-zone areas.

Healthcare and technology verticals are anchoring WPLC. WPLC A (270k sq ft) is fully leased to a mix of healthcare (medical instruments, wellness products, and medical consumables) and technology (electronics and auto-ID/labelling) tenants. Meanwhile, WPLC B (280k sq ft) is fully taken up by a Japanese manufacturer of electronic musical instruments. Notably, WPLC A (upgraded in Apr-24) and WPLC B are among fewer than ten warehouses in Malaysia equipped with Early Suppression Fast Response (ESFR) fire sprinklers (see Figure 1), eliminating the need for costly in-rack systems and making layout changes simpler.

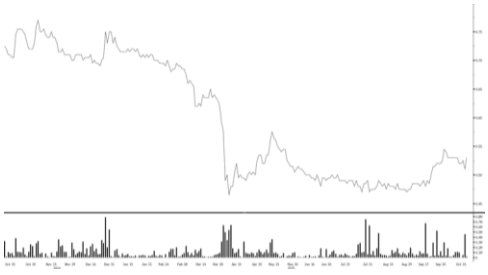
Better momentum in the cold chain business. Tasco's cold supply chain (CSC) arm – operated through its 70%-owned unit Tasco Yusen Gold Cold Sdn Bhd (TYGC) – is Malaysia's largest cold chain operator, offering more than 56k pallet positions and supported by a fleet of >150 temperature-controlled trucks. CSC contributed about 15% to the Group's revenue in 1QFY26. On our visit, we toured WPLC C – an 11k-pallet cold-chain block dedicated to serving quick-service restaurant (QSR) customers. The CSC division outlook has turned more favourable as the boycott impact fades. While storage revenue held firm during the boycott, slower turnover curtailed trucking trips, and a full recovery remains unlikely given the closure of some outlets.

Maintain **BUY**

Unchanged Target Price **RM0.72**

RETURN STATISTICS	
Price @ 21st October 2025 (RM)	0.53
Expected share price return (%)	+35.8
Expected dividend yield (%)	+3.5
Expected total return (%)	+39.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	8.2	7.3
3months	1.9	1.6
12 months	-29.8	-28.7

INVESTMENT STATISTICS

FYE Mar	2026E	2027F	2028F
Revenue	1,093.4	1,131.7	1,174.8
Operating Profit	76.5	80.3	83.4
PBT	60.4	63.6	66.0
Core PATAMI	49.6	52.2	54.1
Core EPS	6.2	6.5	6.8
DPS	1.9	2.0	2.0
Dividend Yield	3.5%	3.7%	3.8%

KEY STATISTICS	
FBM KLCI	1,616.83
Issued shares (m)	800.00
Estimated free float (%)	26.90
Market Capitalisation (RM'm)	424.00
52-wk price range	RM0.45 - RM0.77
3-mth average daily volume (m)	0.13
3-mth average daily value (RM'm)	0.07
Top Shareholders (%)	
Real Fortune Portfolio Sdn Bhd	9.89
Nippon Yusen KK	9.59
EPF	3.27

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SALC's 4-storey warehouse is ramping up utilisation.

Shah Alam Logistics Centre (SALC), built on a 20-acre site with both general and bonded warehouses, was expanded in Feb-24 with a 4-storey, 600k sq ft block called SALC ABCD. Each floor is assigned to a specific industry vertical – SALC A (technology), SALC B (automotive), SALC C (food retail), and SALC D (fashion retail). The 4-storey warehouse is still ramping up and is projected to be fully occupied by year-end, while layout adjustments are ongoing to tailor the space to customers' requirements.

Selective warehousing automation to address peak handling.

In warehousing, automation generally spans three areas – storage (e.g. ASRS, shuttle systems), movement/retrieval (e.g. AGVs, MGVs), and sorting (e.g. AMRs, sortation lines). For its fashion retail (footwear) customers, Tasco has recently equipped SALC D with autonomous mobile robots (AMRs) for parcel/tote sortation (see Figure 3) – a USD600k/RM2.5m investment intended to reduce labour needs, raising throughput from 100-130 pairs/hour manually to a capacity of up to 1,000 pairs/hour. We noted that the system is scalable to a two-level configuration. Management guides for an ROI of >10 years under 12-hour operations, shortening to about 8 years under 24-hour operations.

Another newly installed system is at SALC Block B – an automated storage and retrieval system (ASRS) (see Figure 4) that integrates all three functions mentioned above. It will serve food retail (e-commerce) customers and is designed to handle roughly 1,000 units/hour. Uniquely, the machine supplier rents the floor space from Tasco and Tasco will be paying ~25 sen on a per-transaction basis. The system has yet to commence operations due to an insufficient power supply, with an estimated RM150k upgrade cost.

Growing industry verticals that are not yet material.

One of Tasco's key strengths is its well-diversified customer base across various industry verticals. In terms of total revenue, technology (24%), fast-moving consumer goods (FMCG)/retail (21%) and food (12%) (supported by their cold-chain footprint) together account for close to 60%. For the warehousing segment, management flagged healthcare (noting a sharp rise in enquiries over the past 2 to 3 years), automotive (after-sales parts), base commodities (e.g. cocoa, cotton) and dangerous goods as the key industry verticals it aims to scale going forward.

Next phase of warehouse expansion.

Tasco is adding about 700k sq ft of new capacity, with Phase 2 of SALC (400k sq ft) targeted for completion by Jun-26 (1QFY27) and a concurrent 300k sq ft rebuilding at Northport slated to be completed around the same time. Although new warehousing supply has surged as property developers entered space in recent years, demand remains firm, and rents have been above RM2.00 per sq ft in prime areas. Integrated logistics players like Tasco retain an edge through cross-selling, bundling warehousing with air/ocean freight forwarding and trucking, which deepens stickiness within customers' supply chains.

Earnings estimates.

No changes were made to our earnings estimates post-visit.

Figure 1: Ceiling-Mounted ESFR System at WPLC A



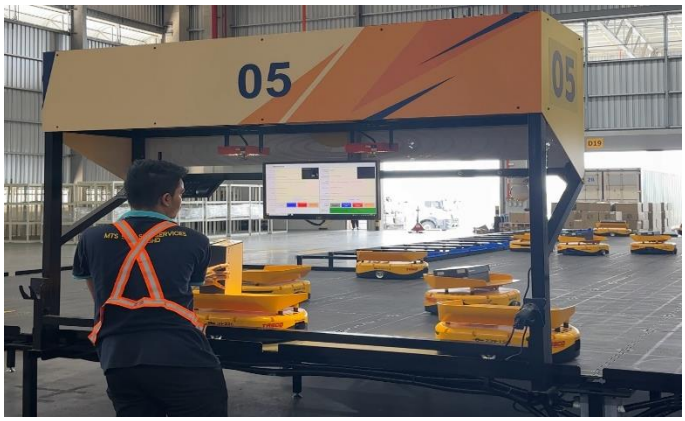
Source: Tasco

Figure 2: Air-Conditioned Parts Storage for WPLC B Customer



Source: Tasco

Figure 3: Autonomous Mobile Robots at SALC D



Source: MBSBR

Figure 4: Automated Storage and Retrieval System at SALC B



Source: MBSBR

Figure 5: Network of Tasco's Logistics Centres in Peninsular Malaysia



Source: Tasco

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,072.7	1,011.7	1,093.4	1,131.7	1,174.8
Operating Profit	87.3	57.9	76.5	80.3	83.4
PBT	73.8	42.6	60.4	63.6	66.0
Taxation	-9.1	-13.0	-10.9	-11.5	-11.9
PATAMI	61.7	26.2	49.6	52.2	54.1
Core PATAMI	63.9	37.4	49.6	52.2	54.1
EPS (sen)	8.0	4.7	6.2	6.5	6.8
PER (x)	6.6	11.3	8.6	8.1	7.8
DPS (sen)	2.0	1.0	1.9	2.0	2.0
Dividend yield (%)	3.8	1.9	3.5	3.7	3.8

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	758.4	760.7	702.8	710.8	717.0
Non-current assets	**873.1**	**887.0**	**819.0**	**826.8**	**827.7**
Receivables	313.2	347.8	374.4	387.6	402.3
Cash & cash equivalents	167.1	159.7	176.1	227.5	0.0
Current assets	**800.0**	**1,011.4**	**1,118.2**	**1,214.3**	**1,324.0**
Long-term debt	246.5	208.8	221.0	231.0	241.0
Non-current liabilities	**283.7**	**254.6**	**266.8**	**276.8**	**286.8**
Payables	457.0	755.1	768.3	794.3	824.6
Short-term debt	76.5	82.5	31.5	31.5	31.5
Current liabilities	**690.4**	**935.7**	**897.9**	**923.9**	**954.2**
Share capital	100.8	100.8	100.8	100.8	100.8
Retained earnings	527.3	534.7	599.1	666.9	737.3
Equity	**699.0**	**708.1**	**772.6**	**840.4**	**910.8**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	73.8	42.6	60.4	63.6	66.0
Depreciation	53.4	49.8	60.2	67.0	73.9
Changes in WC	-36.5	102.3	-13.4	12.9	15.5
Operating cash flow	**80.1**	**207.6**	**96.3**	**132.1**	**143.5**
Capital expenditure	-208.3	-90.8	-75.0	-75.0	-75.0
Investing cash flow	**-202.2**	**-84.8**	**-75.0**	**-75.0**	**-75.0**
Debt raised/(repaid)	110.5	-80.7	10.0	10.0	10.0
Dividends paid	-28.0	-18.8	-14.9	-15.6	-16.2
Financing cash flow	**47.4**	**-130.2**	**-4.9**	**-5.6**	**-6.2**
Net cash flow	**-74.7**	**-7.4**	**16.4**	**51.4**	**62.3**
Beginning cash flow	**241.1**	**167.1**	**159.7**	**176.1**	**227.5**
Ending cash flow	**167.1**	**159.7**	**176.1**	**227.5**	**289.8**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
OP margin	8.1%	5.7%	7.0%	7.1%	7.1%
PBT margin	6.9%	4.2%	5.5%	5.6%	5.6%
PATAMI margin	5.8%	2.6%	4.5%	4.6%	4.6%
Core PATAMI margin	6.0%	3.7%	4.5%	4.6%	4.6%
ROA	3.8%	2.0%	2.6%	2.6%	2.5%
ROE	9.1%	5.3%	6.4%	6.2%	5.9%

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	-33.2%	-5.7%	8.1%	3.5%	3.8%
PBT growth	-38.7%	-42.3%	41.8%	5.2%	3.8%
PATAMI growth	-32.0%	-57.6%	89.2%	5.2%	3.8%
Core PATAMI growth	-29.1%	-41.5%	32.6%	5.2%	3.8%

Source: Tasco, MBSBR

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MBSB INVESTMENT BANK (formerly known as MIDF 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 expected 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