Tasco Berhad

(5140 | TASCO MK) Main | Transportation & Logistics

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Corporate Update

Maintain BUY

Revised Target Price **RM0.64**
(from RM0.65)

Briefing Note
Outlook Improving Steadily

Maintain BUY. Post-2QFY26 results briefing, we see Tasco Berhad's (Tasco) outlook improving, albeit gradually. We remain upbeat on 2HFY26, supported by stronger seasonal activity and new product launches by its customers. Following our earnings revision, we trimmed our target price slightly to **RM0.64** (from RM0.65), based on 11x FY27F EPS or its 5-year historical mean.

Parent backing for forwarding segment. Air and ocean freight forwarding divisions (38% of total revenue) saw weaker performance year-on-year in 2QFY26, driven by softer rates and volumes. The former was mainly impacted by Tasco's decision not to bid for a major FMCG account (distributor and manufacturer of tobacco products) amid volatile pricing. On key routes, air freight rates declined about -5.8%yoy on average in 2QFY26, while ocean freight rates plunged -56.7%yoy, prompting customers to prefer locking in longer-term contracts (6 to 12 months). Notably, its parent company has introduced a strategic forward pricing (SFP) scheme, reimbursing any shortfall if tender rates drop below cost, with terms reviewed every 3 months.

New warehouse capacity attracting interest. Within the contract logistics (CL) division (32% of total revenue), warehousing remains the largest contributor. Capacity is expected to be fully utilised by year-end on new customer wins, with earnings contributions expected from 4QFY26. Its upcoming 700k sq ft warehouse capacity (scheduled for completion by mid-CY26) has also drawn interest for about half of the space. Of note, 50% of the new 300k sq ft Northport warehouse is expected to be taken up by an existing E&E customer (manufacturer of musical instruments) currently operating from a leased warehouse.

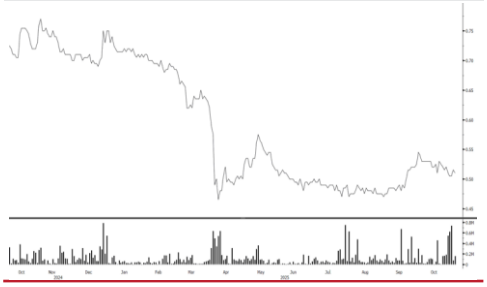
Replacing lost cold chain account with new wins. The cold supply chain division (14% of total revenue) also underperformed year-on-year, as Tasco lost one of its major F&B customers. The customer was consolidating its brand portfolio, and Tasco lacked the necessary air-conditioned capacity to accommodate the expanded needs. Tasco is currently bidding for several smaller accounts to fill the gap, targeting two to three customers, with one already secured.

Stable outlook for land transport. Its haulage operations, housed under the CL division, are generally seeing a better outlook, supported by reduced competitive pressure and several new customer wins, particularly from the glove sector. As for the trucking division, softer contributions reflect normalisation, as the comparable period last year saw a one-off boost from detention charges received from an automotive customer.

Earnings estimates. We made slight adjustments to our earnings, trimming forecasts by -2% for FY26E-FY28F after raising our effective tax rate assumption to 20% (from 18%) in line with the latest guidance.

RETURN STATISTICS	
Price @ 4th November 2025 (RM)	0.52
Expected share price return (%)	+23.1
Expected dividend yield (%)	+3.2
Expected total return (%)	+26.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.6	-4.7
3months	-1.9	2.7
12 months	-29.2	-29.9

INVESTMENT STATISTICS

FYE Mar	2026E	2027F	2028F
Revenue	1,027.7	1,064.7	1,106.5
Operating Profit	71.9	74.5	77.5
PBT	55.9	57.8	60.1
Core PATAMI	44.7	46.2	48.1
Core EPS	5.6	5.8	6.0
DPS	1.7	1.7	1.8
Dividend Yield	3.2%	3.3%	3.5%

KEY STATISTICS	
FBM KLCI	1,623.50
Issued shares (m)	800.00
Estimated free float (%)	26.90
Market Capitalisation (RM'm)	408.00
52-wk price range	RM0.45 - RM0.77
3-mth average daily volume (m)	0.15
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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RECAP OF SEGMENTAL BREAKDOWN

	Quarterly					Cumulatively		
Revenue	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
International Business								
Air freight forwarding	52.6	48.8	82.3	7.8%	-36.1%	101.4	146.0	-30.6%
Ocean freight forwarding	36.4	37.5	45.9	-2.9%	-20.6%	74.0	73.0	1.4%
Supply chain solutions	11.6	13.6	10.7	-15.0%	8.0%	25.2	20.7	21.9%
Order management	6.4	6.9	5.7	-7.8%	11.3%	13.3	11.5	15.6%
Trading	4.9	6.3	4.6	-22.9%	5.5%	11.2	8.6	30.3%
	100.6	99.9	138.9	0.7%	-27.6%	200.6	239.7	-16.3%
Domestic Business								
Contract logistics	74.4	69.6	89.8	6.9%	-17.1%	144.0	176.8	-18.5%
Warehouse	34.4	32.8	35.0	5.1%	-1.7%	67.2	69.4	-3.2%
Custom clearance	17.4	15.6	28.9	12.0%	-39.6%	33.0	62.5	-47.2%
Haulage	15.2	13.9	18.8	10.1%	-19.0%	29.1	30.9	-5.8%
In-plant	5.9	6.1	6.3	-2.2%	-5.6%	12.0	12.7	-5.5%
E-commerce	1.5	1.4	0.8	6.6%	79.1%	2.8	1.4	106.0%
Cold supply chain	31.3	32.2	40.1	-2.7%	-21.9%	63.5	81.2	-21.8%
Trucking	25.4	20.7	26.9	22.7%	-5.6%	46.1	47.9	-3.9%
	131.1	122.5	156.8	7.1%	-16.4%	253.6	305.9	-17.1%
PBT	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
International Business								
Air freight forwarding	2.1	3.5	3.2	-38.9%	-33.9%	5.6	4.8	17.5%
Ocean freight forwarding	0.7	2.2	1.5	-65.6%	-51.8%	2.9	2.2	32.4%
Supply chain solutions	1.2	2.1	1.1	-41.7%	15.0%	3.3	1.7	98.5%
	4.1	7.8	5.8	-47.1%	-29.7%	11.9	8.7	37.0%
Domestic Business								
Contract logistics	7.4	4.6	8.0	61.8%	-7.2%	12.0	14.2	-15.1%
Cold supply chain	1.8	2.2	3.6	-17.8%	-48.5%	4.1	7.1	-42.5%
Trucking	0.5	-0.01	1.5	9033.3%	-63.6%	0.5	3.4	-84.3%
	9.8	6.8	13.1	43.6%	-24.9%	16.7	24.7	-32.5%

Source: Tasco, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,072.7	1,011.7	1,027.7	1,064.7	1,106.5
Operating Profit	87.3	57.9	71.9	74.5	77.5
PBT	73.8	42.6	55.9	57.8	60.1
Taxation	-9.1	-13.0	-11.2	-11.6	-12.0
PATAMI	61.7	26.2	44.7	46.2	48.1
Core PATAMI	63.9	37.4	44.7	46.2	48.1
EPS (sen)	8.0	4.7	5.6	5.8	6.0
PER (x)	6.5	11.1	9.3	9.0	8.7
DPS (sen)	2.0	1.0	1.7	1.7	1.8
Dividend yield (%)	3.8	1.9	3.2	3.3	3.5

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	352.0	364.6	378.9
Cash	167.1	159.7	149.1	196.8	0.0
Current assets	**800.0**	**1,011.4**	**1,065.7**	**1,154.1**	**1,255.0**
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	722.2	748.2	777.6
Short-term debt	76.5	82.5	31.5	31.5	31.5
Current liabilities	**690.4**	**935.7**	**851.8**	**877.8**	**907.1**
Share capital	100.8	100.8	100.8	100.8	100.8
Retained earnings	527.3	534.7	592.8	652.9	715.3
Equity	**699.0**	**708.1**	**766.2**	**826.3**	**888.8**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	73.8	42.6	55.9	57.8	60.1
Depreciation	53.4	49.8	60.2	67.0	73.9
Changes in WC	-39.0	102.3	-37.1	13.3	15.1
Operating cash flow	**74.7**	**207.6**	**67.8**	**126.6**	**137.0**
Capital expenditure	-206.7	-90.8	-75.0	-75.0	-75.0
Investing cash flow	**-200.7**	**-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	-13.4	-13.9	-14.4
Financing cash flow	**51.4**	**-130.2**	**-3.4**	**-3.9**	**-4.4**
Net cash flow	**-74.7**	**-7.4**	**-10.6**	**47.7**	**57.6**
Beginning cash flow	**241.1**	**167.1**	**159.7**	**149.1**	**196.8**
Ending cash flow	**167.1**	**159.7**	**149.1**	**196.8**	**254.3**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
OP margin	8.1%	5.7%	7.0%	7.0%	7.0%
PBT margin	6.9%	4.2%	5.4%	5.4%	5.4%
PATAMI margin	5.8%	2.6%	4.3%	4.3%	4.3%
Core PATAMI margin	6.0%	3.7%	4.3%	4.3%	4.3%
ROA	3.8%	2.0%	2.4%	2.3%	2.3%
ROE	9.1%	5.3%	5.8%	5.6%	5.4%

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	-33.2%	-5.7%	1.6%	3.6%	3.9%
PBT growth	-38.7%	-42.3%	31.0%	3.5%	3.9%
PATAMI growth	-32.0%	-57.6%	74.8%	3.5%	3.9%
Core PATAMI growth	-29.1%	-41.5%	22.5%	3.5%	3.9%

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 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