

# Tasco Berhad

(5140 | TASC0 MK) Main | Transportation &amp; Logistics


 Maintain **BUY**

 Revised Target Price **RM0.56**  
(from RM0.64)

## Briefing Note Improving Outlook

**Maintain BUY.** Post-3QFY26 results briefing, we expect Tasco Berhad's (Tasco) outlook to improve gradually. The freight forwarding segment should perform better with the implementation of the Strategic Forward Pricing (SFP) scheme, which provides margin protection through risk-sharing. Meanwhile, warehousing margins could improve as customers transition from leased to owned facilities, while the consolidation of cold chain operations should enhance utilisation and lower operating inefficiencies. Following the earnings revision, we revised down our target price to **RM0.56** (from RM0.64) based on 10x FY27F EPS or its 5-year historical mean (from 11x).

**Freight forwarding volumes are recovering.** Both air and ocean freight forwarding (35% of total revenue) remained volatile, driven by rate cycles, foreign exchange translation, and customer shipment timing, rather than a loss of competitiveness. However, underlying activity has begun to stabilise, with some shipments resuming in 4QFY26 after customers paused exports earlier due to tariff uncertainty. Ocean rates have fallen sharply from last year's peaks but are showing early signs of recovery, while air freight remains softer amid weaker global demand. Moreover, early traction from the parent's SFP scheme has helped secure new international tenders, suggesting forwarding volumes and earnings should be more resilient despite ongoing rate volatility.

**Half of the new warehouse space is already committed.** Within the contract logistics (CL) division (33% of total revenue), warehousing remained the largest contributor at 48% in 3QFY26. Management indicated that storage revenue remained healthy, but there was lower inbound/outbound activity. On the expansion pipeline, namely the 400k sq ft Shah Alam (SALC) and 300k sq ft Northport warehouses, 50% of the space has been committed by existing customers transitioning from leased facilities. The remaining part of the new SALC may potentially be converted into a cold chain. Both warehouses are targeted to go live in Aug-26 (2QFY27).

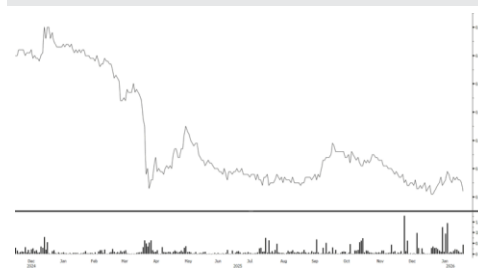
**Cold chain consolidation underway.** The cold supply chain division (14% of total revenue) underperformed following the loss of a major F&B account. There are plans to consolidate cold chain operations by pausing one facility and shifting volumes to other sites to improve utilisation and reduce electricity and manpower inefficiencies. The completion of the moving process is targeted for mid-to-late March. Management also noted a growing customer preference for integrated dry and cold chain facilities within a single location for convenience, despite differing truck and operational requirements.

**Earnings estimates.** As the 3QFY26 results came in below expectations, we have trimmed our earnings forecasts by -4.2%/-2.5%/-2.8% for FY26E/FY27F/FY28F, mainly to reflect weaker warehousing handling activity and lower utilisation at the cold chain facilities.

### RETURN STATISTICS

Price 3 <sup>rd</sup> February 2026 (RM)	0.46
Expected share price return (%)	+22.4
Expected dividend yield (%)	+3.5
Expected total return (%)	+25.9

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.5	1.7
3 months	6.5	2.9
12 months	-8.9	-18.5

### INVESTMENT STATISTICS

FYE Mar	2026E	2027F	2028F
Revenue	976.2	1,023.8	1,062.5
Operating Profit	68.3	71.7	74.4
PBT	52.2	54.9	57.0
Core PATAMI	42.8	45.0	46.7
Core EPS	5.4	5.6	5.8
DPS	1.6	1.7	1.8
Dividend Yield	3.5%	3.7%	3.8%

### KEY STATISTICS

FBM KLCI	1,748.26
Issued shares (m)	893.33
Estimated free float (%)	36.77
Market Capitalisation (RM'm)	354.57
52-wk price range	RM0.34 - RM0.45
3-mth average daily volume (m)	0.21
3-mth average daily value (RM'm)	0.08
<b>Top Shareholders (%)</b>	
Real Fortune Portfolio Sdn Bhd	24.34
Nippon Yusen KK	21.31
EPF	5.15

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**RECAP OF SEGMENTAL BREAKDOWN**

Revenue	Quarterly					Cumulatively		
	3QFY26	2QFY26	3QFY25	QoQ	YoY	9MFY26	9MFY25	YoY
<b>International Business</b>								
Air freight forwarding	50.5	52.6	63.8	-3.9%	-20.9%	151.9	209.9	-27.6%
Ocean freight forwarding	28.9	36.4	38.6	-20.6%	-25.1%	102.9	111.6	-7.8%
Supply chain solutions	15.2	11.6	10.8	31.2%	40.6%	40.5	31.5	28.3%
	94.7	100.6	113.3	-5.9%	-16.4%	295.2	353.0	-16.4%
<b>Domestic Business</b>								
Contract logistics	73.9	74.4	69.0	-0.6%	7.1%	218.0	244.9	-11.0%
Warehouse	35.2	34.4	33.1	2.5%	6.3%	102.4	102.6	-0.2%
Custom clearance	16.5	17.4	13.2	-4.9%	25.0%	49.5	75.7	-34.6%
Haulage	15.2	15.3	15.6	-0.6%	-2.7%	44.3	45.5	-2.5%
In-plant	5.7	5.9	6.0	-3.0%	-4.8%	17.7	18.7	-5.4%
E-commerce	1.2	1.5	1.0	-15.0%	21.2%	4.1	2.4	69.8%
Cold supply chain	31.6	31.3	36.7	1.1%	-13.7%	95.1	117.8	-19.3%
Trucking	25.8	25.4	25.5	1.7%	1.3%	71.9	73.4	-2.1%
	131.4	131.1	131.2	0.2%	0.2%	385.0	436.1	-11.7%
<b>PBT</b>	<b>3QFY26</b>	<b>2QFY26</b>	<b>3QFY25</b>	<b>QoQ</b>	<b>YoY</b>	<b>9MFY26</b>	<b>9MFY25</b>	<b>YoY</b>
<b>International Business</b>								
Air freight forwarding	3.4	2.1	1.8	59.6%	84.9%	9.0	6.6	36.3%
Ocean freight forwarding	0.5	0.7	1.4	-30.7%	-62.3%	3.4	3.6	-4.0%
Supply chain solutions	3.4	1.2	1.9	176.0%	79.7%	6.7	3.6	88.6%
	7.3	4.1	5.1	77.9%	43.3%	19.2	13.8	39.3%
<b>Domestic Business</b>								
Contract logistics	5.1	7.4	6.1	-32.0%	-17.4%	17.1	20.3	-15.7%
Cold supply chain	1.5	1.9	3.5	-21.5%	-58.4%	5.6	10.6	-47.8%
Trucking	0.9	0.5	1.4	72.8%	-31.9%	1.5	4.7	-69.3%
	7.5	9.8	11.0	-24.3%	-32.3%	24.1	35.7	-32.4%

Source: Tasco, MBSBR

**FINANCIAL SUMMARY**

<b>Profit or Loss (RM'm)</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027F</b>	<b>2028F</b>	<b>Cash Flow (RM'm)</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027F</b>	<b>2028F</b>
Revenue	1,072.7	1,011.7	976.2	1,023.8	1,062.5	PBT	73.8	42.6	52.2	54.9	57.0
Operating Profit	87.3	57.9	68.3	71.7	74.4	Depreciation	53.4	49.8	60.2	67.0	73.9
PBT	73.8	42.6	52.2	54.9	57.0	Changes in WC	-39.0	102.3	-55.6	17.2	13.9
Taxation	-9.1	-13.0	-9.4	-9.9	-10.3	<b>Operating cash flow</b>	<b>74.7</b>	<b>207.6</b>	<b>47.4</b>	<b>129.2</b>	<b>134.5</b>
PATAMI	61.7	26.2	42.8	45.0	46.7	Capital expenditure	-206.7	-90.8	-75.0	-75.0	-75.0
Core PATAMI	63.9	37.4	42.8	45.0	46.7	<b>Investing cash flow</b>	<b>-200.7</b>	<b>-84.8</b>	<b>-75.0</b>	<b>-75.0</b>	<b>-75.0</b>
						Debt raised/(repaid)	110.5	-80.7	10.0	10.0	10.0
EPS (sen)	8.0	4.7	5.4	5.6	5.8	Dividends paid	-28.0	-18.8	-12.9	-13.5	-14.0
PER (x)	5.8	9.8	8.6	8.2x	7.9	<b>Financing cash flow</b>	<b>51.4</b>	<b>-130.2</b>	<b>-2.9</b>	<b>-3.5</b>	<b>-4.0</b>
DPS (sen)	2.0	1.0	1.6	1.7	1.8	<b>Net cash flow</b>	<b>-74.7</b>	<b>-7.4</b>	<b>-30.5</b>	<b>50.7</b>	<b>55.5</b>
Dividend yield (%)	4.3	2.2	3.5	3.7	3.8	<b>Beginning cash flow</b>	<b>241.1</b>	<b>167.1</b>	<b>159.7</b>	<b>129.2</b>	<b>179.9</b>
						<b>Ending cash flow</b>	<b>167.1</b>	<b>159.7</b>	<b>129.2</b>	<b>179.9</b>	<b>235.4</b>
<b>Balance Sheet (RM'm)</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027F</b>	<b>2028F</b>	<b>Profitability Ratios (%)</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027F</b>	<b>2028F</b>
PPE	758.4	760.7	702.8	710.8	717.0	OP margin	8.1%	5.7%	7.0%	7.0%	7.0%
<b>Non-current assets</b>	<b>873.1</b>	<b>887.0</b>	<b>819.0</b>	<b>826.8</b>	<b>827.7</b>	PBT margin	6.9%	4.2%	5.4%	5.4%	5.4%
Receivables	313.2	347.8	334.3	350.6	363.9	PATAMI margin	5.8%	2.6%	4.4%	4.4%	4.4%
Cash	167.1	159.7	129.2	179.9	0.0	Core PATAMI margin	6.0%	3.7%	4.4%	4.4%	4.4%
<b>Current assets</b>	<b>800.0</b>	<b>1,011.4</b>	<b>1,027.2</b>	<b>1,121.4</b>	<b>1,218.5</b>	ROA	3.8%	2.0%	2.3%	2.3%	2.3%
Long-term debt	246.5	208.8	221.0	231.0	241.0	ROE	9.1%	5.3%	5.6%	5.5%	5.3%
<b>Non-current liabilities</b>	<b>283.7</b>	<b>254.6</b>	<b>266.8</b>	<b>276.8</b>	<b>286.8</b>						
Payables	457.0	755.1	686.0	719.5	746.7	<b>Growth (%)</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027F</b>	<b>2028F</b>
Short-term debt	76.5	82.5	31.5	31.5	31.5	Revenue growth	-33.2%	-5.7%	-3.5%	4.9%	3.8%
<b>Current liabilities</b>	<b>690.4</b>	<b>935.7</b>	<b>815.6</b>	<b>849.0</b>	<b>876.2</b>	PBT growth	-38.7%	-42.3%	22.6%	5.1%	3.7%
Share capital	100.8	100.8	100.8	100.8	100.8	PATAMI growth	-32.0%	-57.6%	63.6%	5.1%	3.7%
Retained earnings	527.3	534.7	590.4	648.9	709.7	Core PATAMI growth	-29.1%	-41.5%	14.6%	5.1%	3.7%
<b>Equity</b>	<b>699.0</b>	<b>708.1</b>	<b>763.8</b>	<b>822.4</b>	<b>883.1</b>						

Source: Tasco, MBSBR

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### 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