Corporate Update

Tasco Berhad

(5140 | TASCO MK) Main | Transportation & Logistics

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

A Softer Start, but Outlook Improving

Maintain BUY. Tasco's 1QFY27 (FYE Mar) core earnings declined -21.7%qoq and -32.5%yoy, coming in below expectations at 18%/15% of our/consensus full-year forecasts. Nonetheless, we expect earnings momentum to improve progressively in the coming quarters as conditions across its key business segments recover. Post earnings revisions and the rollover of our valuation base year, we lower our target price to **RM0.49** from RM0.56, based on 9.0x FY28F EPS. Valuation remains attractive at -1.0SD to its 5-year mean.

Freight disruptions drive near-term shift to air freight. A shift from ocean to air freight for urgent cargoes was observed in the last quarter amid vessel shortages arising from the Middle East conflict, particularly for data centre (DC) cargoes. Ocean freight rates ex-Malaysia rose sharply in June-July as carriers allocated capacity to higher-rate markets. Management expects this trend to persist in the near term, with some customers already incorporating air-freight assumptions into CY27 project tenders. Separately, customers are pre-loading earlier amid freight uncertainty, making the traditional 4QCY26 peak season less predictable.

New warehouse capacity to support growth and consolidation. The new warehouses at Shah Alam Logistics Centre (SALC Phase 2) and Port Klang Logistics Centre (PKLC), with a combined capacity of 700k sq ft, are expected to come online this month, with roughly half the space earmarked for occupancy or internal consolidation. This could temporarily shift the owned-to-leased warehouse mix towards 90:10, although management does not view this as the optimal long-term mix and intends to outsource incremental capacity to retain flexibility amid demand fluctuations. Existing mature facilities remain well utilised at c.90%.

Cold chain operations to stay subdued amid volume rebuilding. Cold supply chain profitability could remain below historical levels in the near term following the loss of a major ice-cream account, as Tasco rebuilds volumes through multiple smaller customers. As part of its consolidation efforts, the Westports cold chain facility has been temporarily closed, which could yield monthly cost savings of about RM200k–300k. Excluding Westports, average utilisation for the segment stood at c.80%.

Cross-border load imbalance weighs on trucking. The quarter-on-quarter swing in the trucking segment was largely attributable to the implementation of MFRS 15. Underlying operations are improving, although cross-border services to Singapore remain challenging due to directional imbalances, with insufficient return loads affecting efficiency. Management is focused on securing customers with balanced round-trip flows or pricing that adequately compensates for empty mileage.

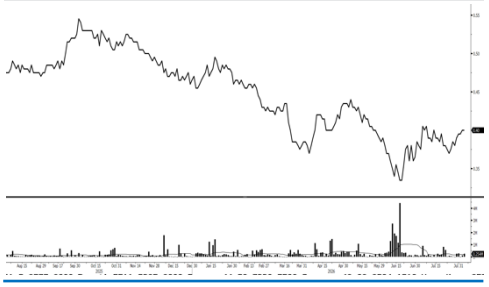
Earnings estimates. We cut our FY27-28 earnings estimate by -7.1 to -9.3%, mainly to reflect softer performance across ocean freight forwarding, cold chain and trucking. Management guides for the effective tax rate to be <20%, with the Investment Tax Allowance benefits to be recognised in 4Q.

Maintain BUY

Revised Target Price **RM0.49**
(from RM0.56)

RETURN STATISTICS	
Price 17th August 2026 (RM)	0.38
Expected share price return (%)	+29.8
Expected dividend yield (%)	+4.0
Expected total return (%)	+33.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.7	2.4
3months	9.6	-8.1
12 months	-15.8	-25.9

INVESTMENT STATISTICS

FYE Mar	2027E	2028F	2029F
Revenue	939.5	988.0	1,034.0
Operating Profit	66.7	71.1	74.4
PBT	50.5	54.1	56.7
Core PATAMI	40.9	43.9	45.9
Core EPS	5.1	5.5	5.7
DPS	1.5	1.6	1.7
Dividend Yield	4.0%	4.3%	4.5%

KEY STATISTICS	
FBM KLCI	1,725.89
Issued shares (m)	800.00
Estimated free float (%)	25.26
Market Capitalisation (RM'm)	320.00
52-wk price range	RM0.33 - RM0.54
3-mth average daily volume (m)	0.40
3-mth average daily value (RM'm)	0.15
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

Revenue	1QFY27	4QFY26	1QFY26	QoQ	YoY	3MFY27	3MFY26	YoY
International Business								
Air freight forwarding	78.8	53.6	48.8	47.0%	61.5%	78.8	48.8	61.5%
Ocean freight forwarding	36.1	27.0	37.5	33.7%	-3.9%	36.1	37.5	-3.9%
Supply chain solutions	12.1	13.8	13.6	-12.3%	-11.6%	12.1	13.6	-11.6%
	126.9	94.3	99.9	34.5%	27.0%	126.9	99.9	27.0%
Domestic Business								
Contract logistics	66.6	74.7	69.6	-10.8%	-4.3%	66.6	69.6	-4.3%
Warehouse	35.2	36.0	32.8	-2.0%	7.5%	35.2	32.8	7.5%
Custom clearance	9.8	16.0	15.6	-38.6%	-36.9%	9.8	15.6	-36.9%
Haulage	13.9	15.3	13.9	-9.5%	0.2%	13.9	13.9	0.2%
In-plant	6.1	6.1	6.1	-0.9%	0.1%	6.1	6.1	0.1%
E-commerce	1.6	1.2	1.4	29.5%	17.7%	1.6	1.4	17.7%
Cold supply chain	29.4	31.4	32.2	-6.3%	-8.6%	29.4	32.2	-8.6%
Trucking	22.3	29.9	20.7	-25.5%	7.8%	22.3	20.7	7.8%
	118.3	136.0	122.5	-13.0%	-3.4%	118.3	122.5	-3.4%
Operating profit	**1QFY27**	**4QFY26**	**1QFY26**	**QoQ**	**YoY**	**3MFY27**	**3MFY26**	**YoY**
International Business								
Air freight forwarding	9.6	7.6	7.3	27.8%	31.4%	9.6	7.3	31.4%
Ocean freight forwarding	2.6	1.8	4.4	43.5%	-40.1%	2.6	4.4	-40.1%
Supply chain solutions	2.7	3.9	2.3	-29.3%	18.1%	2.7	2.3	18.1%
	15.0	13.3	14.0	13.2%	7.0%	15.0	14.0	7.0%
Domestic Business								
Contract logistics	12.6	12.6	12.5	0.4%	0.9%	12.6	12.5	0.9%
Warehouse	8.0	8.3	7.2	-4.2%	11.7%	8.0	7.2	11.7%
Custom clearance	1.6	1.4	2.1	18.4%	-20.4%	1.6	2.1	-20.4%
Haulage	1.6	1.3	1.8	23.7%	-10.4%	1.6	1.8	-10.4%
In-plant	1.2	1.4	1.5	-16.2%	-19.4%	1.2	1.5	-19.4%
E-commerce	0.2	0.1	0.03	48.4%	555.2%	0.2	0.0	555.2%
Cold supply chain	-0.2	2.3	2.4	-106.6%	-106.3%	-0.2	2.4	-106.3%
Trucking	1.7	3.7	1.3	-52.8%	36.3%	1.7	1.3	36.3%
	14.2	18.6	16.2	-23.5%	-12.1%	14.2	16.2	-12.1%
OP Margins	**1QFY27**	**4QFY26**	**1QFY26**	**QoQ**	**YoY**	**3MFY27**	**3MFY26**	**YoY**
International Business								
Air freight forwarding	12.2%	14.1%	15.1%	-1.8	-2.8	12.2%	15.1%	-2.8
Ocean freight forwarding	7.2%	6.7%	11.6%	0.5	-4.4	7.2%	11.6%	-4.4
Supply chain solutions	22.7%	28.2%	17.0%	-5.5	5.7	22.7%	17.0%	5.7
Domestic Business								
Contract logistics	18.9%	16.8%	17.9%	2.1	1.0	18.9%	17.9%	1.0
Cold supply chain	-0.5%	7.3%	7.4%	-7.8	-7.9	-0.5%	7.4%	-7.9
Trucking	7.8%	12.4%	6.2%	-4.5	1.6	7.8%	6.2%	1.6

Source: Tasco, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2025A	2026A	2027E	2028F	2029F
Revenue	1,011.7	910.5	939.5	988.0	1,034.0
Operating Profit	57.9	64.4	66.7	71.1	74.4
PBT	42.6	47.6	50.5	54.1	56.7
Taxation	-13.0	-8.3	-9.6	-10.3	-10.8
PATAMI	26.2	37.5	40.9	43.9	45.9
Core PATAMI	39.9	39.2	40.9	43.9	45.9
EPS (sen)	5.0	4.9	5.1	5.5	5.7
PER (x)	7.6	7.8	7.4	6.9	6.6
DPS (sen)	1.3	1.8	1.5	1.6	1.7
Dividend yield (%)	3.3	4.6	4.0	4.3	4.5

Balance Sheet (RM'm)	2025A	2026A	2027E	2028F	2029F
PPE	760.7	905.5	929.8	927.2	922.8
Non-current assets	**887.0**	**1,021.8**	**960.4**	**982.1**	**1,257.8**
Receivables	347.8	418.5	432.4	454.7	475.9
Cash	159.7	120.7	138.9	195.0	0.0
Current assets	**917.4**	**887.6**	**919.8**	**998.2**	**824.3**
Long-term debt	208.8	259.5	231.0	241.0	251.0
Non-current liabilities	**254.6**	**294.7**	**266.1**	**276.1**	**286.1**
Payables	661.0	661.8	657.1	690.2	722.4
Short-term debt	82.5	106.5	31.5	31.5	31.5
Current liabilities	**841.7**	**879.3**	**799.6**	**832.7**	**864.9**
Share capital	100.8	100.8	100.8	100.8	100.8
Retained earnings	534.7	562.1	641.0	698.1	757.8
Equity	**708.1**	**735.5**	**814.4**	**871.4**	**931.1**

Cash Flow (RM'm)	2025A	2026A	2027E	2028F	2029F
PBT	42.6	47.6	50.5	54.1	56.7
Depreciation	49.8	65.2	73.2	79.6	85.9
Changes in WC	102.3	3.5	-18.6	10.8	11.0
Operating cash flow	**207.6**	**100.8**	**95.5**	**134.2**	**143.8**
Capital expenditure	-90.8	-172.7	-75.0	-75.0	-75.0
Investing cash flow	**-84.8**	**-168.9**	**-75.0**	**-75.0**	**-75.0**
Debt raised/(repaid)	-80.7	74.7	10.0	10.0	10.0
Dividends paid	-18.8	-10.0	-12.3	-13.2	-13.8
Financing cash flow	**-130.2**	**31.1**	**-2.3**	**-3.2**	**-3.8**
Net cash flow	**-7.4**	**-37.0**	**18.3**	**56.1**	**65.1**
Beginning cash flow	**167.1**	**159.7**	**120.7**	**138.9**	**195.0**
Ending cash flow	**159.7**	**120.7**	**138.9**	**195.0**	**260.1**

Profitability Ratios (%)	2025A	2026A	2027E	2028F	2029F
OP margin	5.7%	7.1%	7.1%	7.2%	7.2%
PBT margin	4.2%	5.2%	5.4%	5.5%	5.5%
PATAMI margin	2.6%	4.1%	4.4%	4.4%	4.4%
Core PATAMI margin	3.9%	4.3%	4.4%	4.4%	4.4%
ROA	2.2%	2.1%	2.2%	2.2%	2.2%
ROE	5.6%	5.3%	5.0%	5.0%	4.9%

Growth (%)	2025A	2026A	2027E	2028F	2029F
Revenue	-5.7%	-10.0%	3.2%	5.2%	4.7%
PBT	-42.3%	11.7%	6.0%	7.2%	4.7%
PATAMI	-57.6%	43.0%	9.1%	7.2%	4.7%
Core PATAMI	-37.5%	-1.8%	4.3%	7.2%	4.7%

Source: Tasco, MBSBR

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MBSB 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