

## Tasco Berhad

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


**Maintain BUY**

 Unchanged Target Price **RM0.64**

## Gradual Recovery in Place

**Maintain BUY.** Historically, the second half of the year tends to be seasonally stronger for Tasco Berhad (Tasco), supported by higher activity tied to year-end holidays and customers' new product launches. We do not expect any material surprises in the upcoming results, notwithstanding some year-on-year softness in selected segments due to prior customer losses. That said, management has put measures in place to backfill lost volumes, and we expect performance to improve gradually. Our target price remains unchanged at **RM0.64** based on 11x FY27F EPS (5-year historical mean).

**Tender support in place for freight forwarding.** Freight forwarding performance has been weighed by lower year-on-year rates alongside softer shipment volumes. While visibility on tender outcomes remains limited, management has previously highlighted that the parent's Strategic Forward Pricing (SFP) scheme is intended to support participation in tender exercises, by reimbursing any shortfall should tender rates fall below cost, with terms reviewed quarterly. This provides a degree of downside risk mitigation, given that approximately 80% of the forwarding business is conducted on a tender basis, with the balance exposed to spot rates.

**Contract logistics are underpinned by warehousing ramp-up.** Within the contract logistics segment, warehousing (the largest contributor) could see a gradual uplift in utilisation. Management has guided that existing capacity should be fully taken up by end-3QFY26 (Dec-25), with earnings contributions potentially becoming more visible from 4QFY26 onwards. Beyond FY26, growth in this segment is likely to be supported by the completion of its 700k sq ft of new warehouse capacity in Jun-26 (1QFY27), with utilisation underpinned by early customer interest and anchor take-up. Meanwhile, operating conditions for the haulage business are likely to improve, supported by easing competitive intensity and new customer wins from the glove sector.

**Structural headwinds constrain cold chain recovery.** The cold supply chain segment is likely to remain soft in the near term following the exit of a major F&B customer. The loss was driven by the customer's brand consolidation, which led to expanded storage requirements beyond Tasco's available capacity. Management continues to pursue smaller replacement contracts, which should help underpin a gradual stabilisation in the segment. In addition, boycott-related pressures have led to a smaller outlet footprint among its quick service restaurant (QSR) customers. Storage revenue has stayed resilient, although trucking activity could remain constrained by slower inventory turnover.

**Earnings estimates.** No changes were made to our earnings estimates.

### RETURN STATISTICS

Price 5 <sup>th</sup> January 2026 (RM)	0.46
Expected share price return (%)	+39.1
Expected dividend yield (%)	+3.6
Expected total return (%)	+42.7

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.2	-7.8
3months	-2.2	-16.3
12 months	-38.5	-40.5

### 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	3.6%	3.8%	3.9%

### KEY STATISTICS

FBM KLCI	1,680.32
Issued shares (m)	800.00
Estimated free float (%)	26.90
Market Capitalisation (RM'm)	364.00
52-wk price range	RM0.45 - RM0.74
3-mth average daily volume (m)	0.16
3-mth average daily value (RM'm)	0.08
<b>Top Shareholders (%)</b>	
Real Fortune Portfolio Sdn Bhd	9.89
Nippon Yusen KK	9.59
EPF	3.27

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**RECAP OF SEGMENTAL BREAKDOWN IN 2QFY26**

	Quarterly					Cumulatively		
	2QFY26	1QFY26	2QFY25	QoQ	YoY	1HFY26	1HFY25	YoY
<b>Revenue</b>								
<b>International Business</b>								
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%
<b>Domestic Business</b>								
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%
<b>PBT</b>	<b>2QFY26</b>	<b>1QFY26</b>	<b>2QFY25</b>	<b>QoQ</b>	<b>YoY</b>	<b>1HFY26</b>	<b>1HFY25</b>	<b>YoY</b>
<b>International Business</b>								
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%
<b>Domestic Business</b>								
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	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,072.7	1,011.7	1,027.7	1,064.7	1,106.5	PBT	73.8	42.6	55.9	57.8	60.1
Operating Profit	87.3	57.9	71.9	74.5	77.5	Depreciation	53.4	49.8	60.2	67.0	73.9
PBT	73.8	42.6	55.9	57.8	60.1	Changes in WC	-39.0	102.3	-37.1	13.3	15.1
Taxation	-9.1	-13.0	-11.2	-11.6	-12.0	<b>Operating cash flow</b>	<b>74.7</b>	<b>207.6</b>	<b>67.8</b>	<b>126.6</b>	<b>137.0</b>
PATAMI	61.7	26.2	44.7	46.2	48.1	Capital expenditure	-206.7	-90.8	-75.0	-75.0	-75.0
Core PATAMI	63.9	37.4	44.7	46.2	48.1	<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	5.6	5.8	6.0	Dividends paid	-28.0	-18.8	-13.4	-13.9	-14.4
PER (x)	6.5	11.1	9.3	9.0	8.7	<b>Financing cash flow</b>	<b>51.4</b>	<b>-130.2</b>	<b>-3.4</b>	<b>-3.9</b>	<b>-4.4</b>
DPS (sen)	2.0	1.0	1.7	1.7	1.8	<b>Net cash flow</b>	<b>-74.7</b>	<b>-7.4</b>	<b>-10.6</b>	<b>47.7</b>	<b>57.6</b>
Dividend yield (%)	4.3	2.2	3.6	3.8	3.9	<b>Beginning cash flow</b>	<b>241.1</b>	<b>167.1</b>	<b>159.7</b>	<b>149.1</b>	<b>196.8</b>
						<b>Ending cash flow</b>	<b>167.1</b>	<b>159.7</b>	<b>149.1</b>	<b>196.8</b>	<b>254.3</b>
Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
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	352.0	364.6	378.9	PATAMI margin	5.8%	2.6%	4.3%	4.3%	4.3%
Cash	167.1	159.7	149.1	196.8	0.0	Core PATAMI margin	6.0%	3.7%	4.3%	4.3%	4.3%
<b>Current assets</b>	<b>800.0</b>	<b>1,011.4</b>	<b>1,065.7</b>	<b>1,154.1</b>	<b>1,255.0</b>	ROA	3.8%	2.0%	2.4%	2.3%	2.3%
Long-term debt	246.5	208.8	221.0	231.0	241.0	ROE	9.1%	5.3%	5.8%	5.6%	5.4%
<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>	Core PATAMI growth	-33.2%	-5.7%	1.6%	3.6%	3.9%
Payables	457.0	755.1	722.2	748.2	777.6	Revenue growth	-38.7%	-42.3%	31.0%	3.5%	3.9%
Short-term debt	76.5	82.5	31.5	31.5	31.5	PBT growth	-32.0%	-57.6%	74.8%	3.5%	3.9%
<b>Current liabilities</b>	<b>690.4</b>	<b>935.7</b>	<b>851.8</b>	<b>877.8</b>	<b>907.1</b>	PATAMI growth	-29.1%	-41.5%	22.5%	3.5%	3.9%
Share capital	100.8	100.8	100.8	100.8	100.8	Core PATAMI growth					
Retained earnings	527.3	534.7	592.8	652.9	715.3						
<b>Equity</b>	<b>699.0</b>	<b>708.1</b>	<b>766.2</b>	<b>826.3</b>	<b>888.8</b>						

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