

Jayden Tan

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Recommendation:	BUY
Current Price:	RM 0.84
Previous Target Price:	RM 1.12
Target Price:	RM 1.12
Upside/Downside:	↔ 33.3%

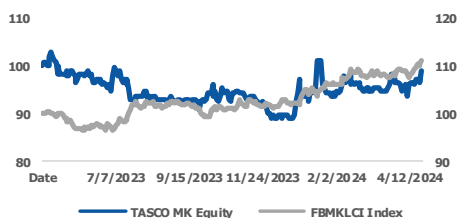
Stock information

Board	MAIN
Sector	Logistic Services
Bursa / Bloomberg Code	5140 / TASC0 MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	★★★★
Bloomberg ESG Rating	N/A
Shares issued (m)	800.0
Market Cap (RM' m)	672.0
52-Week Price Range (RM)	0.905-0.76
Beta (x)	1.1
Free float (%)	30.5
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.2

Top 3 Shareholders

	(%)
Real Fortune Portfolio Sdn Bhd	9.9
Nippon Yusen KK	9.6
Employees Provident Fund Board	1.8

Share Price Performance



	1M	3M	12M
Absolute (%)	-0.6	4.3	-6.1
Relative (%)	-3.2	-1.2	-15.9

Tasco Berhad

Site visit to new expanded SALC warehouse

Company Update

- SALC warehouse.** During our recent visit to Tasco's newly expanded 4-storey SALC warehouse, we gathered that phase 1 expansion of the SALC warehouse has been fully leased out to customers with long-term contracts with the exception of level 2, which currently accommodates some short-term contract customers. Tasco is currently in negotiations with a potential sizable automotive customer and anticipates occupancy to commence in January 2025.
- Refurbishing old HQ.** Plans to demolish the old HQ office located on the same premises to make way for an extension of the phase 2 warehouse will bring a total of 40,000 sqm of floor space. Construction of the extension is expected to commence in June 2026.
- Warehousing segment.** WPLC Block B space has been leased to a Japanese based electronic musical instruments customer. However, in 4QFY24, warehousing operation reported lower margins and bottomline, attributed to the transitional phase of relocating customers' cargo into the new warehouse. Performance is expected to improve over the foreseeable future as operations stabilised. Warehouse expansions is expected to create synergies and business opportunities across other segments. Furthermore, Tasco is exploring opportunities within specialist storage warehouses, such as cold storage for semiconductors and Dangerous Goods (DG) warehouses. Looking ahead, the Group intends to leverage existing land bank to further expand warehouse capacity.
- Freight forwarding.** We've observed an uptick in the freight forwarding industry, particularly in April and May, fuelled by increased activity and rate surges, notably in air freight. However, the growth in air freight forwarding may be limited on customers' preference towards sea freight, despite longer lead times caused by the Red Sea crisis. This trend is primarily driven by sluggish demand in Europe.
- Struggling in Cold Supply Chain.** To recap, Tasco reported lower qoq revenue and margin in 4QFY24 from Cold Supply Chain business, primarily due to the losses from one retail store customer at end 2024. Also, boycott movement led by pro-Palestinian activists resulted in decreased demand from Tasco's fast-food customers. We expect the abovementioned segment operations to remain challenging.
- Low effective tax rate.** The Group currently possesses unutilised tax credits c.RM32.0m from previous investments. As a result, the Group could maintain their effective tax rate at a low level of c.13.0% over the next five years. Hence, we reckon the Group's bottomline margins are expected to remain fairly stable.
- Valuation.** No change to earnings forecast at RM81.7m and RM105.1m for FY25F and FY26F respectively. Re-iterate **BUY** recommendation with unchanged target price of RM1.12.
- Risk.** Slower than expected on the recovery of global economic and trend of deglobalisation dampened IBS segment. Domestic side, Inflationary pressure and subsidy rationalisation in Malaysia causing slower economic demand.

Financial Highlights
Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	1481.4	1606.8	1072.7	1187.7	1257.7
Gross Profit	203.9	199.9	153.7	199.0	224.1
Other income	4.7	4.7	10.5	3.6	3.8
Admin and general expenses	-108.5	-71.5	-76.9	-89.1	-100.6
Profit from operations	100.2	133.2	87.3	113.5	127.2
Net Finance Income/ (Cost)	-13.2	-13.5	-14.0	-18.7	-13.8
Associates & JV	12	0.8	0.5	0.8	11
Pre-tax Profit	88.1	120.6	73.8	95.6	114.5
Tax	-20.4	-28.3	-9.1	-11.5	-13.7
Profit After Tax	67.7	92.3	64.8	84.1	100.7
Minority Interest	2.5	1.5	3.0	2.4	2.4
Net Profit	65.3	90.8	61.7	81.7	98.3
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	65.3	90.8	61.7	81.7	98.3

Key Ratios

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
EBIT margin	6.8%	8.3%	8.1%	9.6%	10.1%
PBT margin	6.0%	7.5%	6.9%	8.0%	9.1%
PAT margin	4.6%	5.7%	6.0%	7.1%	8.0%
NP margin	4.4%	5.7%	5.8%	6.9%	7.8%
Core NP margin	4.4%	5.7%	5.8%	6.9%	7.8%
ROE	11.2%	13.7%	8.8%	10.6%	11.6%
ROA	10.1%	13.0%	7.1%	9.6%	12.0%
Net gearing	22.3%	Net Cash	31.1%	5.0%	Net Cash

Key Assumptions

	FY22	FY23	FY24	FY25F	FY26F
Revenue growth	56%	8%	-33%	11%	6%
Profit growth	58%	36%	-30%	30%	20%
IBS growth	161%	-3%	-52%	2%	6%
DBS growth	30%	24%	-14%	15%	6%

Valuations

	FY25F
Core EPS (RM)	0.102
P/E multiple (x)	11
Fair Value (RM)	1.12

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	87.5	241.1	167.1	245.4	267.3
Receivables	338.8	289.4	313.2	368.8	348.2
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	301.4	303.9	319.7	231.7	245.3
Total Current Assets	727.6	834.4	800.0	845.9	860.8
Fixed Assets	518.1	586.1	758.4	732.1	701.7
Intangibles	81.9	81.9	81.9	81.9	81.9
Other non-current assets	45.5	32.8	32.8	33.2	33.5
Total Non-current assets	645.4	700.8	873.1	847.1	817.1
Short-term Debt	70.7	31.5	125.5	100.0	32.8
Payables	421.8	478.7	457.0	479.9	459.0
Other Current Liabilities	108.4	143.3	108.0	137.2	145.3
Total Current Liabilities	600.9	653.5	690.4	717.1	637.1
Long-term Debt	147.0	186.0	258.7	183.8	171.0
Other non-current liabilities	40.2	31.9	25.0	23.0	23.0
Total Non-current Liabilities	187.2	217.9	283.7	206.8	194.0
Shareholder's equity	516.9	595.7	629.4	686.7	755.5
Minority interest	68.1	68.2	69.6	82.4	90.7
Equity	584.9	663.9	699.0	769.1	846.1

Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	88.1	120.6	73.8	95.6	114.5
Depreciation & amortisation	29.0	30.8	49.9	66.3	70.4
Changes in working capital	-37.6	95.4	-36.5	91.7	-5.6
Others	22.2	-2.4	-7.1	5.0	-2.3
Operating cash flow	101.7	244.4	80.1	258.5	177.0
Net capex	-46.8	-94.2	-207.1	-95.0	-100.6
Others	-1.7	4.2	4.9	0.4	0.3
Investing cash flow	-48.5	-90.0	-202.2	-94.6	-100.3
Changes in borrowings	-28.8	43.8	-77.5	-141.4	-110.3
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-18.0	-12.0	-28.0	-24.5	-29.5
Others	-29.6	-32.5	152.8	80.4	85.0
Financing cash flow	-76.4	-0.8	47.4	-85.5	-54.8
Net cash flow	-23.2	153.6	-74.7	78.5	21.9
Forex	-0.2	-0.1	0.5	-0.7	-0.7
Others	-0.1	0.1	0.2	0.5	0.6
Beginning cash	110.9	87.5	241.1	167.1	245.4
Ending cash	87.5	241.1	167.1	245.4	267.3

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
<p>Head Office: 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah 43000 Kajang, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 8736 1118</p>	<p>Head Office: Kong Ming Ming (ext 2002) Shirley Chang (ext 2026) Norisam Bojo (ext 2027) Ahmad Mujib (ext 2028)</p>	<p>Mutiara Damansara Office: Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069)</p>
<p>Mutiara Damansara Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7890 8899</p>	<p>Institutional Dealing Team: Siti Nur Nadhirah (ext 2032)</p> <p>PJ Office: General Line: (603) 7620 1118 Azfar Bin Abdul Aziz (Ext 822)</p>	

RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
 *Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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