

Jayden Tan

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Recommendation:	BUY
Current Price:	RM 0.72
Previous Target Price:	RM 1.00
Target Price:	↔ RM 1.00
Upside/Downside:	38.9%

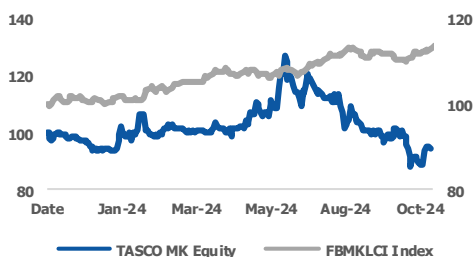
Stock information

Board	MAIN
Sector	Logistics
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)	576.0
52-Week Price Range (RM)	0.69-1.02
Beta (x)	0.9
Free float (%)	31.4
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.3

Top 3 Shareholders (%)

Real Fortune Portfolio Sdn Bhd	9.9
Nippon Yusen KK	9.6
Employees Provident Fund Board	3.1

Share Price Performance



	1M	3M	12M
Absolute (%)	-8.3	-20.0	-11.7
Relative (%)	-6.4	-20.2	-21.3

Tasco Berhad

Performance within expectations










Summary

- **Tasco's 2QFY25 core net profit at RM11.7m came in line with our expectations, making up to 46% of our full-year projection and 45% of consensus estimate.**
- **Looking ahead, we expect a stronger 2H25 performance driven by seasonally higher volumes and stabilising forex.**
- **Maintain our BUY recommendation with unchanged target price of RM1.00 by pegging PE multiple of 11.0x to FY26F EPS of 9.1 sen.**

Results Review

- **Results review.** In 2QFY25, core net profit declined by 25.9% yoy to RM11.7m but rose by 10.6% qoq after excluding one-off expenses of RM3.6m related to the demolition of an old warehouse. The yoy decline was primarily due to higher costs, including a forex loss of RM6.5m from MYR appreciation. In contrast, the qoq growth was driven by increased volumes and improved margins in the International Business Solutions (IBS) segment, supported by contract price adjustments to match rising freight rates.
- **Within expectations.** 1HFY25 results came within our expectations, with core net profit representing 46% of our full-year projection and 45% of the consensus estimate. We anticipate a seasonally stronger 2H to meet full-year target.
- **Operations Highlights.** IBS pre-tax profit surged by 72.9% yoy and 107.1% qoq, to RM2.5m driven by increased volumes and higher freight rates, as well as improved contract pricing, which supported better margins. Additionally, disruptions from US East Coast port strikes and congestion contributed to the segment's strong performance. Meanwhile, the Domestic Business Solutions (DBS) segment remained subdued, posting a 12.8% qoq improvement, but a 18.7% yoy decline in PBT to RM13.1m.
- **Industry Highlights.** Despite the recovery in trade activities and the E&E sector, the industry continues to face a challenging environment characterized by global geopolitical tensions, volatile freight rates and uncertainties of global economic.
- **Outlook.** While we expect a stronger 2H25 performance driven by seasonally higher volumes and stabilising forex, short-term caution remains amid ongoing geopolitical tensions, volatile freight rates, and an uncertain global economic outlook. For longer-term perspective, we are optimistic over the Group's warehouse capacity expansion, which is likely to create synergies across all business segments.
- **Valuation.** No changes to our earnings forecast given that reported figures came within expectations. Maintained our **BUY** recommendation, with an unchanged target price of RM1.00.
- **Risk.** The DBS segment may face headwinds from inflationary pressures, which could dampen economic demand, further impacted by certain measures introduced in Budget 2025.

Figure 1: Results Comparison

FYE Mar (RM m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	6MFY24	6MFY25	YoY (%)	5 Quarters Trend	Comments
Revenue	295.7	273.6	8.1	249.9	18.3	526.8	545.6	3.6		Higher sales mainly from IBS segment with higher volumes and freight rates charges to customers
Gross profit	39.3	39.0	0.8	35.5	10.8	74.9	74.8	(0.2)		
Pre-tax profit	11.4	20.5	(44.3)	8.6	33.0	38.9	20.0	(48.6)		Lower QoQ margin due to higher forex losses from strengthened of MYR
Net profit	8.9	16.8	(46.8)	7.8	15.0	31.8	16.7	(47.4)		
Core net profit	11.7	15.8	(25.9)	10.6	10.7	30.1	22.3	(25.7)		
Core EPS (sen)	1.5	2.0	(25.9)	1.3	10.7	3.8	2.8	(25.7)		
EBITDA margin (%)	13.3	14.3		14.2		14.2	13.7			
PBT margin (%)	3.9	7.5		3.4		7.4	3.7			
Core PATMI margin (%)	4.0	5.8		4.2		5.7	4.1			

Source: Company, Apex Securities

Financial Highlights
Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	1481.4	1606.8	1072.7	1088.1	1166.5
Gross Profit	203.9	199.9	153.7	175.2	193.3
Other income	4.7	4.7	10.5	3.3	3.5
Admin and general expenses	-108.5	-71.5	-76.9	-81.6	-93.3
Profit from operations	100.2	133.2	87.3	96.9	103.5
Net Finance Income/ (Cost)	-13.2	-13.5	-14.0	-22.0	-19.5
Associates & JV	1.2	0.8	0.5	0.8	1.1
Pre-tax Profit	88.1	120.6	73.8	75.6	85.1
Tax	-20.4	-28.3	-9.1	-9.1	-10.2
Profit After Tax	67.7	92.3	64.8	66.6	74.9
Minority Interest	2.5	1.5	3.0	2.4	2.4
Net Profit	65.3	90.8	61.7	64.2	72.5
Exceptionals	0.0	0.0	0.0	-15.9	0.0
Core Net Profit	65.3	90.8	61.7	48.3	72.5

Key Ratios

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
P/E (x)	8.8	6.3	9.3	11.9	7.9
EBIT margin	6.8%	8.3%	8.1%	8.9%	8.9%
PBT margin	6.0%	7.5%	6.9%	7.0%	7.3%
PAT margin	4.6%	5.7%	6.0%	6.1%	6.4%
NP margin	4.4%	5.7%	5.8%	5.9%	6.2%
Core NP margin	4.4%	5.7%	5.8%	5.9%	6.2%
ROE	11.2%	13.7%	8.8%	8.5%	8.9%
ROA	10.1%	13.0%	7.1%	7.6%	8.9%
Net gearing	22.3%	Net Cash	31.1%	26.3%	14.0%

Valuations

	FY26F
Core EPS (RM)	0.091
P/E multiple (x)	11
Fair Value (RM)	1.00

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	87.5	241.1	167.1	198.8	237.4
Receivables	338.8	289.4	313.2	402.5	375.5
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	301.4	303.9	319.7	212.3	227.5
Total Current Assets	727.6	834.4	800.0	813.6	840.4
Fixed Assets	518.1	586.1	758.4	732.5	702.9
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	847.5	818.3
Short-term Debt	70.7	31.5	125.5	150.0	135.0
Payables	421.8	478.7	457.0	359.9	337.6
Other Current Liabilities	108.4	143.3	108.0	125.7	134.7
Total Current Liabilities	600.9	653.5	690.4	635.5	607.3
Long-term Debt	147.0	186.0	258.7	247.3	216.3
Other non-current liabilities	40.2	31.9	25.0	23.0	23.0
Total Non-current Liabilities	187.2	217.9	283.7	270.3	239.3
Shareholder's equity	516.9	595.7	629.4	674.4	725.1
Minority interest	68.1	68.2	69.6	80.9	87.0
Equity	584.9	663.9	699.0	755.3	812.1

Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	88.1	120.6	73.8	75.6	85.1
Depreciation & amortisation	29.0	30.8	49.9	65.9	69.6
Changes in working capital	-37.6	95.4	-36.5	-54.7	-1.1
Others	22.2	-2.4	-7.1	10.7	7.0
Operating cash flow	101.7	244.4	80.1	97.5	160.5
Net capex	-46.8	-94.2	-207.1	-87.0	-93.3
Others	-1.7	4.2	4.9	0.4	0.3
Investing cash flow	-48.5	-90.0	-202.2	-86.6	-93.0
Changes in borrowings	-28.8	43.8	-77.5	-28.9	-8.5
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-18.0	-12.0	-28.0	-19.3	-21.7
Others	-29.6	-32.5	152.8	69.1	1.3
Financing cash flow	-76.4	-0.8	47.4	21.0	-28.9
Net cash flow	-23.2	153.6	-74.7	31.9	38.6
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	198.8
Ending cash	87.5	241.1	167.1	198.8	237.4

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
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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

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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