

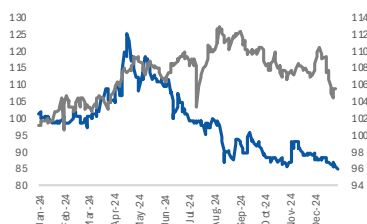
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Recommendation:	HOLD
Current Price:	RM 0.68
Previous Target Price:	RM 1.00
Target Price:	↓ RM 0.73
Capital Upside/ Downside:	7.4%
Dividend Yield (%):	3%
Total Upside/ Downside:	9.9%

Stock information	
Board	MAIN
Sector	Logistics
Bursa/ Bloomberg Code	5140/ TASCOKM
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	800.0
Market Cap (RM' m)	544.0
52-Week Price Range (RM)	1.02-0.68
Beta (x)	0.8
Free float (%)	31.4
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.1

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 (%)	-4.9	-4.9	-18.1
Relative (%)	-4.7	-4.2	-19.4

Tasco Berhad

Sluggish DBS segment performance

Executive Summary

- Tasco's 3QFY25 CNP recorded at RM10.0m after excluding forex impact has declined -27.5% yoy and -28.6% qoq, bringing 9MFY25 CNP to RM34.7m (-21.0% yoy), came slightly below expectations at 72%/67% of ours/consensus forecast, mainly due to weaker-than-expected DBS sales following a solar panel customer's plant closure.
- Tweaking FY25F/FY26F CNP lower by -3%/-11% to reflect weaker-than-expected 3Q results and expectation of thinner IBS margins amid global trade uncertainties and potential ocean freight rate declines.
- Downgrade to HOLD with a lower TP of RM0.73 (from RM1.00) after adjusting PER to 9x (from 11x) to reflect near-term challenges in freight forwarding and DBS segment headwinds.

Results slightly below expectations. After excluding RM4.2m forex impact in this quarter, 9MFY25 core net profit came in at RM34.7m (-21.0% yoy), slightly missed expectations as it accounts to 72% of our estimate at RM48.5m and 67% of the consensus projection of RM51.6m. The shortfall primarily stemmed from weaker-than-expected sales in the Domestic Business Segment (DBS), caused by the closure of a solar panel customer's production plant.

YoY. 3QFY25 core net profit decreased by 27.5% yoy to RM10.0m, mainly due to weaker performance in the DBS segment, where PBT dropped 36.6% yoy. In contrast, the International Business Segment (IBS) saw PBT grew 48.7% yoy, supported by stronger sales from its ocean freight forwarding business. Overall, quarterly revenue declined by 12.3% yoy to RM243.5m.

QoQ. Core net profit declined by 28.6% qoq, dragged by lower sales in both the DBS (-17% qoq) and IBS (-18.5% qoq) segments. This was likely due to customers frontloading in the previous quarter in anticipation of US tariffs.

Outlook. We turn more cautious over Tasco's near-term outlook after the DBS segment missed expectations this quarter, compounded by uncertainties in global trade. Overcapacity in the ocean fleet and the potential easing of the Red Sea crisis could drive freight rates down, placing additional pressure on Tasco's freight forwarding business.

Earnings Revision. We have tweaked our FY25F CNP lower by 3% to RM46.8m, reflecting weaker-than-expected 3Q results. For FY26F, we lowered our earnings forecast by 11% to RM64.8m to account for thinner margins in the IBS segment.

Valuation. We downgrade Tasco to a **HOLD** recommendation with a target price of **RM0.73** (previously RM1.00), after applying a lower PER multiple of 9x (from 11x), which is -0.5 stdv relative to its three-year mean, alongside our reduced earnings forecast.

Risk. Forex fluctuations could dampen both earnings and customer sales. DBS segment may encounter headwinds from inflationary pressures and weaker economic growth.

Earnings Summary

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	1481.4	1606.8	1072.7	1057.7	1151.6
EBITDA	129.1	163.9	137.2	142.9	164.2
Pre-tax profit	88.1	120.6	73.8	56.0	76.4
Net profit	65.3	90.8	61.7	46.8	64.8
Core net profit	65.3	90.8	61.7	46.8	64.8
Core EPS (sen)	8.2	11.4	7.7	5.9	8.1
P/E (x)	8.5	6.1	8.9	11.8	8.5
P/B (x)	0.9	0.8	0.8	0.7	0.7
EV/EBITDA (x)	4.8	2.8	5.1	5.1	4.2
Dividend Yield (%)	3.6%	5.1%	3.4%	2.5%	3.5%
Net Gearing (%)	22.3%	Net Cash	31.1%	34.8%	28.5%

Source: Company, Apex Securities

Results Note

Friday, 21 Feb, 2025

Results Comparison

FYE Mar (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue	243.5	277.4	(12.3)	295.7	(17.7)	789.1	804.3	(1.9)	Sales affected by closure of production from a customer
Gross profit	35.8	41.3	(13.1)	39.3	(8.8)	110.6	116.2	(4.8)	
Pre-tax profit	18.5	19.5	(5.0)	11.4	62.0	38.5	58.4	(34.0)	
Net profit	14.2	13.8	3.1	8.1	75.2	29.4	43.9	(33.0)	
Core net profit	10.0	13.8	(27.5)	14.0	(28.6)	34.7	43.9	(21.0)	
Core EPS (sen)	1.3	1.7	(27.5)	1.8	(28.6)	4.3	5.5	(21.0)	
GP margin (%)	14.7	14.9		13.3		14.0	14.4		
PBT margin (%)	7.6	7.0		3.9		4.9	7.3		
Core net profit margin (%)	4.1	5.0		4.7		4.4	5.5		

Source: Company, Apex Securities

Segmental Breakdown

FYE Mar (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
Revenue								
International Business Solutions								
Air Freight Forwarding Division	63.8	78.3	(18.5)	82.3	(22.4)	209.9	182.7	14.9
Ocean Freight Forwarding Division	38.6	23.7	62.8	45.9	(15.8)	111.6	78.1	42.8
Supply Chain Solutions Division	10.8	7.8	39.6	10.7	0.8	31.5	22.1	43.0
International Business Solutions	113.3	109.8	3.2	138.9	(18.5)	353.0	282.9	24.8
Domestic Business Solutions								
Contract Logistics Division	68.0	97.9	(30.5)	89.8	(24.2)	244.9	317.3	(22.8)
Cold Supply Chain Division	36.7	42.7	(14.2)	40.1	(8.5)	117.8	126.2	(6.6)
Trucking Division	25.5	27.0	(5.6)	26.9	(5.2)	73.4	77.9	(5.7)
Domestic Business Solutions	130.2	167.6	(22.3)	156.8	(17.0)	436.1	521.4	(16.4)
Total	243.5	277.4	(12.3)	295.7	(17.7)	789.1	804.3	(1.9)
Profit before tax (PBT)								
International Business Solutions								
Air Freight Forwarding Division	1.8	2.0	(9.9)	3.2	(42.9)	6.6	5.6	18.0
Ocean Freight Forwarding Division	1.4	(0.1)	nm	1.5	(11.3)	3.6	0.8	351.4
Supply Chain Solutions Division	1.9	1.4	31.0	1.1	76.7	3.6	4.5	(21.6)
International Business Solutions	5.1	3.4	48.7	5.8	(12.8)	13.8	10.9	25.7
Domestic Business Solutions								
Contract Logistics Division	6.1	9.7	(37.1)	8.0	(23.6)	20.3	27.6	(26.4)
Cold Supply Chain Division	3.5	4.2	(16.8)	3.6	(1.7)	10.6	11.4	(6.8)
Trucking Division	1.4	3.4	(59.8)	1.5	(7.7)	4.7	6.2	(23.1)
Domestic Business Solutions	11.0	17.4	(36.6)	13.1	(15.8)	35.7	45.2	(21.0)
Others	2.4	2.3	4.5	(7.5)	nm	(10.9)	2.3	nm
Total	18.5	23.1	(19.8)	11.4	62.1	38.5	58.4	(34.0)
PBT margin (%)								
International Business Solutions								
Air Freight Forwarding Division	2.9%	2.6%		3.9%		3.2%	3.1%	
Ocean Freight Forwarding Division	3.6%	-0.2%		3.4%		3.2%	1.0%	
Supply Chain Solutions Division	17.4%	18.5%		9.9%		11.3%	20.6%	
International Business Solutions	4.5%	3.1%		4.2%		3.9%	3.9%	
Domestic Business Solutions								
Contract Logistics Division	9.0%	10.0%		8.9%		8.3%	8.7%	
Cold Supply Chain Division	9.6%	9.9%		8.9%		9.0%	9.0%	
Trucking Division	5.3%	12.5%		5.5%		6.5%	7.9%	
Domestic Business Solutions	8.5%	10.4%		8.3%		8.2%	8.7%	
Aggregate Total	7.6%	8.3%		3.9%		4.9%	7.3%	

Source: Company, Apex Securities

Results Note

Friday, 21 Feb, 2025

Financial Highlights

Income Statement

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	1481.4	1606.8	1072.7	1057.7	1151.6
Gross Profit	203.9	199.9	153.7	153.4	183.5
Other income	4.7	4.7	10.5	10.5	3.2
Admin and general expenses	-108.5	-71.5	-76.9	-79.3	-92.1
Profit from operations	100.2	133.2	87.3	77.2	94.8
EBITDA	129.1	163.9	137.2	142.9	164.2
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	56.0	76.4
Tax	-20.4	-28.3	-9.1	-6.7	-9.2
Profit After Tax	67.7	92.3	64.8	49.2	67.2
Minority Interest	2.5	1.5	3.0	2.4	2.4
Net Profit	65.3	90.8	61.7	46.8	64.8
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	65.3	90.8	61.7	46.8	64.8

Key Ratios

FYE Mar	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	8.2	11.4	7.7	5.9	8.1
P/E (x)	8.5	6.1	8.9	11.8	8.5
P/B (x)	0.9	0.8	0.8	0.7	0.7
EV/EBITDA (x)	4.8	2.8	5.1	5.1	4.2
DPS (sen)	2.5	3.5	2.4	1.8	2.4
Dividend Yield (%)	3.6%	5.1%	3.4%	2.5%	3.5%
EBITDA margin (%)	8.7%	10.2%	12.8%	13.5%	14.3%
EBIT margin (%)	6.8%	8.3%	8.1%	7.3%	8.2%
PBT margin (%)	6.0%	7.5%	6.9%	5.3%	6.6%
PAT margin (%)	4.6%	5.7%	6.0%	4.7%	5.8%
NP margin (%)	4.4%	5.7%	5.8%	4.4%	5.6%
CNP margin (%)	4.4%	5.7%	5.8%	4.4%	5.6%
ROE (%)	11.2%	13.7%	8.8%	6.3%	8.2%
ROA (%)	4.8%	5.9%	3.7%	2.8%	4.0%
Gearing (%)	37.2%	32.8%	55.0%	53.6%	44.3%
Net gearing (%)	22.3%	Net Cash	31.1%	34.8%	28.5%

Valuations

FY26F
Core EPS (RM)
0.081
P/E multiple (x)
9.0
Fair Value (RM)
0.73
ESG premium/discount
0.0%
Implied Fair Value (RM)
0.73

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	87.5	241.1	167.1	139.3	125.6
Receivables	338.8	289.4	313.2	414.1	380.4
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	301.4	303.9	319.7	206.3	224.6
Total Current Assets	727.6	834.4	800.0	759.8	730.6
Fixed Assets	518.1	586.1	758.4	772.6	793.3
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	887.7	908.6
Short-term Debt	70.7	31.5	125.5	150.0	135.0
Payables	421.8	478.7	457.0	363.3	339.3
Other Current Liabilities	108.4	143.3	108.0	122.2	133.0
Total Current Liabilities	600.9	653.5	690.4	635.4	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	662.3	707.6
Minority interest	68.1	68.2	69.6	79.5	84.9
Equity	584.9	663.9	699.0	741.7	792.6

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	88.1	120.6	73.8	56.0	76.4
Depreciation & amortisation	29.0	30.8	49.9	65.7	69.4
Changes in working capital	-37.6	95.4	-36.5	-60.6	2.8
Others	22.2	-2.4	-7.1	13.1	8.0
Operating cash flow	101.7	244.4	80.1	74.2	156.5
Net capex	-46.8	-94.2	-207.1	-84.6	-92.1
Others	-1.7	4.2	4.9	0.4	0.3
Investing cash flow	-48.5	-90.0	-202.2	-84.2	-91.8
Changes in borrowings	-28.8	43.8	-77.5	-72.7	-60.3
Issuance of shares	0.0	0.0	0.0	0.0	1.0
Dividends paid	-18.0	-12.0	-28.0	-14.1	-19.4
Others	-29.6	-32.5	152.8	69.1	0.3
Financing cash flow	-76.4	-0.8	47.4	-17.6	-78.4
Net cash flow	-23.2	153.6	-74.7	-27.6	-13.7
Forex	-0.2	-0.1	0.5	-0.7	0.3
Others	-0.1	0.1	0.2	0.5	-0.4
Beginning cash	110.9	87.5	241.1	167.1	139.3
Ending cash	87.5	241.1	167.1	139.3	125.6

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★★	Committed to achieving net-zero GHG emissions by 2050, with an interim target of 45% reduction by 2030
Waste & Effluent	★★★	Implemented scheduled and non-scheduled waste management practices, with a focus on recycling and reducing landfill contributions
Energy	★★★	Adoption of green logistics, increasing energy efficiency through sustainable fleet management and warehouse operations
Water	★★★	Conducts environmental awareness training and assessments to monitor and optimize water usage
Compliance	★★★	Certified under ISO 14001:2015 Environmental Management System, with rigorous compliance to environmental regulations

Social

Diversity	★★★	Prioritizes local hiring, supports gender equality, and provides a family-friendly work environment, including nursing room facilities
Human Rights	★★★	Adheres to the UN human rights principles, ensures compliance with labour laws, and enforces anti-discrimination policies
Occupational Safety and Health	★★★	Comprehensive workplace safety programs, regular training, and zero work-related fatalities in FY24
Labour Practices	★★★	Supports fair wages, employee upskilling, and talent retention through structured training programs and employee engagement initiatives

Governance

CSR Strategy	★★★	Committed to social and environmental responsibility, with active CSR programs benefiting local communities
Management	★★★	Strong corporate governance structure, with clear division of responsibilities between Board members and executives
Stakeholders	★★★	Regular engagement with investors, customers, and regulators, ensuring transparency and accountability including atleast 4x results briefing and 1 AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:**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.**ESG Rating Framework:**

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.