

AmlInvestment upgrades transportation and logistics sector | The Edge Markets



KUALA LUMPUR (Jan 11): AmlInvestment Bank Research has upgraded the transportation and logistics sector to "overweight" (from "neutral"), and said the seaport segment will continue to be buoyed by the recovery in global trade, while the air travel industry finally sees light at the end of the tunnel with vaccination programmes getting under way worldwide.

In a note today, the research house said the logistics segment will continue to ride on e-commerce during and beyond the Covid-19 pandemic.

AmlInvestment projects container throughput at both Westports Holdings Bhd ("buy"; fair value [FV]: RM4.83) and the ports of MMC Corp Bhd ("buy"; FV: RM1.56) to grow by 3% in 2021 (after contracting by an estimated 1% to 2% in 2020) and shall return to pre-pandemic growth

levels of 3% to 5% in 2022.

“To ride on the recovery in the air travel segment, we prefer airport operator Malaysia Airports Holdings Bhd ("buy"; FV: RM6.64) over airline AirAsia Group Bhd ("sell"; FV: 66 sen) as it is a foregone conclusion that the latter will have to raise a significant amount of fresh capital to patch up its damaged balance sheet, which will be highly dilutive to its existing shareholders.

“The parcel delivery segment will continue to be the winner even post-pandemic. The National Postal and Courier Industry Lab (NPCIL) is set to strengthen the industry and this will benefit all existing players, especially those that already have a strong footprint in the country, like Pos Malaysia Bhd ("buy"; FV: RM1.33) and GD Express Carrier Bhd (non-rated),” it said.