

COMPANY RESULTS

Mapletree Logistics Trust (MLT SP)

3QFY25: Cautious Stance In View Of Upcoming Uncertainties

China incurred a negative rental reversion of -10.2% in 3QFY25 and the weakness is expected to persist in the near term. MLT also cautioned moderation in positive rental reversion in Hong Kong (weak consumption) and South Korea (excess supply). Management is closely monitoring trade policies under the Trump administration and the potential negative impact on international trade and logistics. MLT provides FY26 distribution yield of 6.4% (FLT: 7.3%). Maintain HOLD. Target price: S\$1.35.

3QFY25 RESULTS

Year to 31 Mar (S\$m)	3Q FY25	yoy % chg	Remarks
Gross Revenue	182.4	-0.9	Affected by depreciation of JPY and KRW against the SGD.
Net Property Income (NPI)	157.2	-1.4	Borrowing costs increased 8.7% yoy.
Distributable income	101.3	-9.7	Includes distribution of divestment gains of S\$7.5m vs S\$12.4m last year.
DPU (S cent)	2.003	-11.1	Number of units increased 1.5% yoy.

Source: MLT, UOB Kay Hian

RESULTS

- Mapletree Logistics Trust (MLT) reported DPU of 2.003 S cents for 3QFY25 (-11.1% yoy), which is in line with expectations. Distribution of divestment gain was lower at S\$7.5m compared with S\$12.4m last year. Excluding divestment gains, DPU would have declined 7.5% yoy. MLT has suspended its Distribution Reinvestment Plan starting 3QFY25.
- Headwinds from weakness in regional currencies.** Gross revenue and NPI declined 0.9% and 1.4% yoy respectively in 3QFY25. Growth in contributions from Singapore, Australia and Hong Kong was offset by the absence of contribution from divested properties and depreciation of JPY (-7.2% yoy) and KRW (-9.5% yoy) against the SGD. Revenue from China fell 11.2% yoy in 9MFY25. On a constant currency basis, gross revenue would have increased 0.6% yoy and NPI would be flat.
- Portfolio occupancy edged slightly higher by 0.3ppt qoq to 96.3%** in 3QFY25. Logistics properties in Australia, India and Vietnam were fully occupied. Occupancies in Singapore and South Korea improved 0.4ppt and 0.8ppt qoq to 96.3% and 96.9% respectively due to successful backfilling of vacant spaces.
- Weathering the slowdown in China.** MLT generated positive rental reversion of 3.4% in 3QFY25 despite China registering continued negative rental reversion of -10.2%. Excluding China, MLT clocked a positive rental reversion of 5.4%. Singapore and Japan also generated healthy positive rental reversions of 7.5% and 5.4% respectively. Australia clocked an exceptionally strong positive rental reversion of 27.9% due to renewal of a small lease that was contracted five years ago before the COVID-19 pandemic.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	731	734	733	745	749
EBITDA	512	508	521	519	522
Operating profit	512	508	521	519	522
Net profit (rep./act.)	545	303	273	278	274
Net profit (adj.)	274	281	280	278	274
EPU (S\$ cent)	5.7	5.7	5.6	5.5	5.3
DPU (S\$ cent)	9.0	9.0	8.2	8.1	8.0
PE (x)	22.3	22.5	22.9	23.3	23.8
P/B (x)	0.9	0.9	1.0	1.0	1.0
DPU Yld (%)	7.1	7.1	6.4	6.4	6.3
Net margin (%)	74.6	41.3	37.2	37.2	36.6
Net debt/(cash) to equity (%)	60.9	67.0	74.0	77.2	80.6
Interest cover (x)	4.1	3.7	3.3	3.0	2.9
ROE (%)	7.2	4.0	3.7	3.9	3.9
Consensus DPU (S\$ cent)	-	-	8.1	8.1	8.2
UOBKH/Consensus (x)	-	-	1.01	1.00	0.97

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	S\$1.27
Target Price	S\$1.35
Upside	6.3%
(Previous TP)	S\$1.41)

COMPANY DESCRIPTION

MLT is an Asia-focused logistics REIT with a portfolio of 188 logistics properties with AUM of S\$13.4b across Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Vietnam as of Jun 24.

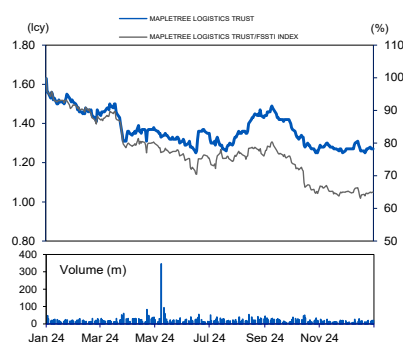
STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MLT SP
Shares issued (m):	5,057.8
Market cap (S\$m):	6,423.5
Market cap (US\$m):	4,748.3
3-mth avg daily t'over (US\$m):	17.5

Price Performance (%)

52-week high/low				S\$1.64/S\$1.24	
1mth	3mth	6mth	1yr	YTD	
1.6	(10.6)	(6.6)	(21.1)	0.0	
Major Shareholders				%	
Temasek Hldgs				33.5	
FY25 NAV/Share (S\$)				1.31	
FY25 Net Debt/Share (S\$)				1.06	

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- **Aggregate leverage was stable at 40.3%.** Average cost of debt was unchanged at 2.7% for the fourth consecutive quarter. MLT cautioned that cost of debt would rise as loans are refinanced and interest rate swaps are rolled over at higher interest rates in 4QFY25 and FY26. Management guided for cost of debt to be slightly higher at 2.8% at end-FY25 and 3.0% at end-FY26.

STOCK IMPACT

- **Weary of escalation in trade conflict.** MLT will closely monitor the shifting trade policies under the Trump administration and the potential negative impact on international trade and logistics. It will build resilience through its portfolio rejuvenation strategy. MLT will focus on acquiring modern high-specs logistics properties in growth markets, such as India and Vietnam. It is keen to expand in Japan, which is a matured market, due to the attractive yield spread.
- **Looming threats from escalation of trade conflict.** The incoming Trump administration has threatened to impose tariffs of up to 60% on imports from China. Additional tariffs imposed by the US, its largest export market, could lead to job losses in the manufacturing sector, causing further weakness in consumer confidence and domestic consumption. Thus, demand for logistics space could be affected, further postponing any potential recovery.
- **Tier 2 cities in China suffered negative rental reversion.** MLT incurred negative rental reversion of -10.2% for China in 3QFY25 (Tier 1 cities: -3.1%, Tier 2 cities: -10.5%). According to CBRE, the nation-wide vacancy rate remained elevated at 21.5% in 3Q24. China accounted for a sizeable 51% and 47% respectively of leases expiring by NLA in 4QFY25 and FY26 respectively. Management expects negative rental reversion in the low teens to persist for another 1-2 quarters, followed by moderation to negative high single-digit thereafter.
- **Set a cautious tone for Hong Kong and South Korea.** Hong Kong was hampered by weakness in consumer spending and a soft property market. Vacancy rate increased 2.2ppt yoy to 7.5% in 4Q24 (2.1% if we exclude new facility at Chek Lap Kok). Rents have softened due to negative net absorption. MLT's occupancy rate is high at 97.7% in Hong Kong, supported by limited supply of Grade A logistics space. South Korea is affected by excess supply with a high vacancy of 30-40% for cold storage and 17-18% for ambient warehouses. Some investors are converting cold storage into dry facilities. Management expects the positive rental reversion to moderate for both Hong Kong and South Korea.
- **Redevelopment project in Singapore on track for completion in 1H25.** MLT will redevelop 51 Benoi Road into a six-storey Grade A ramp-up logistics property. The redevelopment will provide a 2.3x uplift to GFA to 887,000sf. Management estimated yield on cost at 7% based on total development cost of S\$205m. MLT has secured two new tenants in the consumer goods and industrial sectors. The redevelopment project is 11% pre-committed.

EARNINGS REVISION/RISK

- We maintained our existing DPU forecast given that 3QFY25 results were within our expectations.

VALUATION/RECOMMENDATION

- **Maintain HOLD.** We have raised our assumption for risk-free rate from 2.75% to 3.00% due to the elevated Singapore government yield. Our target price of S\$1.35 is based on the Dividend Discount Model (cost of equity: 7.25% (previous: 7.0%), terminal growth: 1.5%).

SHARE PRICE CATALYST

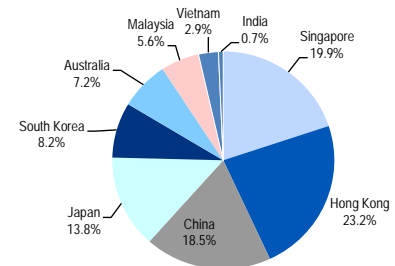
- Accretive acquisitions to rejuvenate and reposition towards modern specifications logistics facilities, domestic consumption and e-commerce; positive contributions from redevelopment projects in Singapore and Malaysia.

KEY OPERATING METRICS

Key Metrics	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	yoy % Chg	qoq % Chg
DPU (S cents)	2.253	2.211	2.068	2.027	2.003	-11.1%	-1.2%
Occupancy	95.9%	96.0%	95.7%	96.0%	96.3%	0.4ppt	0.3ppt
Aggregate Leverage	38.8%	38.9%	39.6%	40.2%	40.3%	1.5ppt	0.1ppt
Weighted Financing Cost	2.5%	2.7%	2.7%	2.7%	2.7%	0.2ppt	0ppt
% Borrowing in Fixed Rates	83%	84%	83%	84%	82%	-1ppt	-2ppt
WALE by NLA (years)	2.9	3.0	2.9	2.8	2.7	-0.2yrs	-0.1yrs
Debt Maturity (years)	3.7	3.8	3.7	3.6	3.5	-0.2yrs	-0.1yrs
Rental Reversions	3.8%	2.9%	2.6%	-0.6%	3.4%	-0.4ppt	4ppt

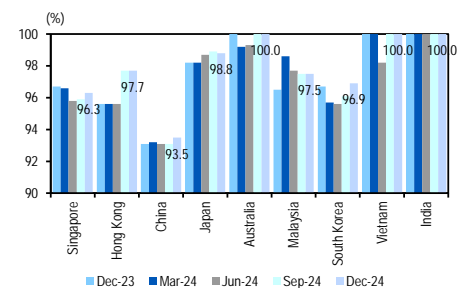
Source: MLT

PORTFOLIO VALUATION BY COUNTRY



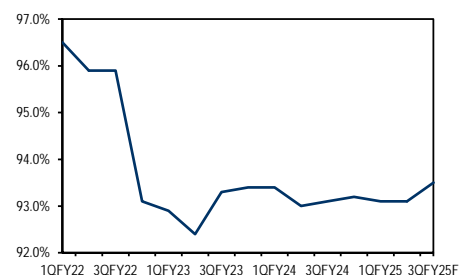
Source: MLT

OCCUPANCY LEVELS BY COUNTRY



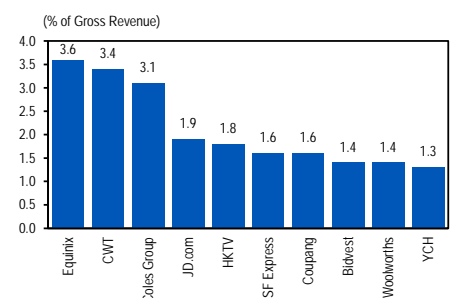
Source: MLT

OCCUPANCY RATE – MAINLAND CHINA



Source: MLT

TOP 10 TENANTS BY GROSS REVENUE



Source: MLT

PROFIT & LOSS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Net turnover	733.9	733.1	745.4	749.4
EBITDA	508.2	520.7	519.1	522.4
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	508.2	520.7	519.1	522.4
Total other non-operating income	22.2	(7.4)	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(137.2)	(157.1)	(175.1)	(182.0)
Pre-tax profit	393.1	356.2	343.9	340.3
Tax	(63.1)	(57.7)	(41.3)	(40.8)
Minorities	(2.6)	(0.4)	(0.8)	(0.8)
Perpetual Securities	(24.3)	(25.1)	(24.3)	(24.3)
Net profit	303.1	273.1	277.6	274.4
Net profit (adj.)	281.0	280.4	277.6	274.4

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	573.5	551.2	475.0	476.1
Pre-tax profit	371.0	363.6	343.9	340.3
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	15.0	8.2	4.7	1.6
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	187.5	179.5	126.4	134.2
Investing	(844.3)	(314.7)	0.0	0.0
Capex (growth)	(1,027.6)	(432.2)	0.0	0.0
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	177.8	117.5	0.0	0.0
Others	5.6	0.0	0.0	0.0
Financing	280.6	(218.1)	(465.0)	(478.8)
Distribution to unitholders	(409.6)	(413.3)	(411.6)	(408.5)
Issue of shares	200.0	0.0	0.0	0.0
Proceeds from borrowings	665.3	369.8	140.0	130.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(175.1)	(174.6)	(193.4)	(200.3)
Net cash inflow (outflow)	9.8	18.4	10.1	(2.7)
Beginning cash & cash equivalent	302.5	304.8	323.2	333.3
Changes due to forex impact	(7.5)	0.0	0.0	0.0
Ending cash & cash equivalent	304.8	323.2	333.3	330.5

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	13,140.3	13,433.1	13,433.1	13,433.1
Other LT assets	186.8	162.3	162.3	162.3
Cash/ST investment	304.8	323.2	333.3	330.5
Other current assets	180.4	107.1	108.6	109.1
Total assets	13,812.3	14,025.8	14,037.4	14,035.1
ST debt	275.0	299.4	299.4	299.4
Other current liabilities	346.1	366.8	372.4	374.2
LT debt	5,034.6	5,380.0	5,520.0	5,650.0
Other LT liabilities	672.2	715.6	715.6	715.6
Shareholders' equity	7,466.4	7,238.7	7,104.7	6,970.7
Minority interest	18.0	25.2	25.2	25.2
Total liabilities & equity	13,812.3	14,025.8	14,037.4	14,035.1

KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	69.2	71.0	69.6	69.7
Pre-tax margin	53.6	48.6	46.1	45.4
Net margin	41.3	37.2	37.2	36.6
ROA	2.2	2.0	2.0	2.0
ROE	4.0	3.7	3.9	3.9
Growth				
Turnover	0.4	(0.1)	1.7	0.5
EBITDA	(0.7)	2.5	(0.3)	0.6
Pre-tax profit	(40.2)	(9.4)	(3.4)	(1.1)
Net profit	(44.4)	(9.9)	1.7	(1.1)
Net profit (adj.)	2.7	(0.2)	(1.0)	(1.1)
EPU	(0.7)	(1.7)	(1.9)	(1.9)
Leverage				
Debt to total capital	41.5	43.9	44.9	46.0
Debt to equity	71.1	78.5	81.9	85.3
Net debt/(cash) to equity	67.0	74.0	77.2	80.6
Interest cover (x)	3.7	3.3	3.0	2.9

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