

COMPANY RESULTS

Mapletree Logistics Trust (MLT SP)

4QFY24: Downside Limited By Higher Yield

MLT eked out positive rental reversions of 2.9% in 4QFY24 driven by Singapore (+11.1%), despite the drag from China (-10.0%). Portfolio occupancy was stable at 96.0% as of Mar 24. MLT's properties in Tier 1 cities, such as Shanghai and Guangzhou, are well located and resilient. Properties in Tier 2 cities suffered negative rental reversion at low teens and the weakness is expected to persist. MLT provides FY25 distribution yield of 6.2% (FLT: 6.7%). Maintain BUY. Target price: S\$1.89.

4QFY24 RESULTS

Year to 31 Mar (S\$m)	4QFY24	yoy % chg	Remarks
Gross Revenue	181.0	+1.2	Affected by depreciation of JPY, CNY, MYR and KRW against the SGD.
Net Property Income (NPI)	155.3	+0.6	Borrowing costs increased 6.9% yoy.
Distributable income	110.4	+1.1	Includes distribution of divestment gains of S\$12.0m.
DPU (S cent)	2.211	-2.5	Number of units increased 3.7% yoy.

Source: MLT, UOB Kay Hian

RESULTS

- Mapletree Logistics Trust (MLT) reported DPU of 2.211 S cents for 4QFY24 (-2.5% yoy), which is in line with our expectation. The results included divestment gains of S\$12.0m.
- Hampered by strong SGD.** Gross revenue and NPI increased by 1.2% and 0.6% yoy in 4QFY24 as contributions from overseas assets were curtailed by a strong SGD (JPY: -11% yoy, CNY: -2% yoy, MYR -5% yoy and KRW: -2% yoy). On a constant currency basis, revenue and NPI would have grown by 3.6% and 3.0% yoy respectively. Higher contribution from existing properties and new acquisitions were offset by weaker performance in China.
- Persistent weakness from China.** MLT achieved positive rental reversion of 2.9% in 4QFY24 (Singapore: 11.1%, Vietnam: 4.0%, Malaysia: 3.1%, South Korea: 2.6% and China: -10.0%). Excluding China, positive rental reversion would be 7.1%. Portfolio occupancy was stable at 96.0% as of Mar 24. Vietnam and India maintained full occupancy. Occupancies for Australia, Japan and Malaysia were maintained at above 98%.
- Translation loss from overseas properties.** MLT incurred net fair value loss of S\$1.8m due to properties in Australia (cap rate expanded 75-100bp and rental growth) and China (lower occupancy and rental decline), which is partially offset by gains in Japan (cap rate compressed 40bp and rental growth) and Hong Kong (rental growth). There was currency translation loss of S\$470.9m as 80.6% of MLT's AUM reside overseas. NAV per unit declined 4.2% yoy to S\$1.38.
- Resilient balance sheet.** MLT's aggregate leverage was healthy at 38.9% as of Mar 24. Its average debt duration was 3.8 years. Its average cost of debt was 2.7% for 4QFY24, compared with 2.5% in 3QFY24. Adjusted interest coverage ratio was healthy at 3.1x.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	731	734	736	756	760
EBITDA	512	508	527	543	546
Operating profit	512	508	527	543	546
Net profit (rep./act.)	545	303	287	289	288
Net profit (adj.)	274	281	287	289	288
EPU (S\$ cent)	5.7	5.7	5.7	5.7	5.7
DPU (S\$ cent)	9.0	9.0	8.4	8.4	8.3
PE (x)	23.7	23.9	23.6	23.6	23.8
P/B (x)	0.9	1.0	1.0	1.0	1.1
DPU Yld (%)	6.7	6.7	6.2	6.2	6.2
Net margin (%)	74.6	41.3	39.0	38.2	37.9
Net debt/(cash) to equity (%)	60.9	67.0	76.9	80.2	83.6
Interest cover (x)	4.1	3.7	3.1	2.9	2.9
ROE (%)	7.2	4.0	3.9	4.0	4.0
Consensus DPU (S\$ cent)	n.a.	n.a.	8.6	7.9	8.7
UOBKH/Consensus (x)	-	-	0.98	1.06	0.96

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$1.35
Target Price	S\$1.89
Upside	+40.0%
(Previous TP)	S\$1.87)

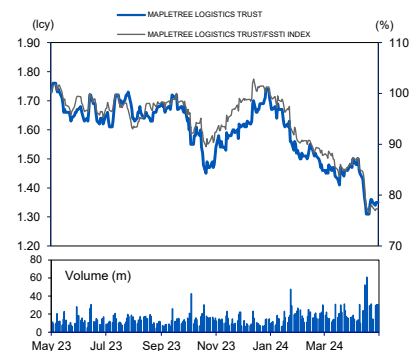
COMPANY DESCRIPTION

MLT is an Asia-focused logistics REIT with a portfolio of 187 logistics properties with AUM of S\$13.3b across Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Vietnam as of Dec 23.

STOCK DATA

GICS sector	Real Estate			
Bloomberg ticker:	MLT SP			
Shares issued (m):	4,994.0			
Market cap (S\$m):	6,741.8			
Market cap (US\$m):	4,954.0			
3-mth avg daily t'over (US\$m):	21.8			
Price Performance (%)				
52-week high/low	S\$1.76/S\$1.31			
1mth	3mth	6mth	1yr	YTD
(7.5)	(12.9)	(8.2)	(22.4)	(22.4)
Major Shareholders				
%				
Temasek Hldgs	33.0			
-	-			
-	-			
FY25 NAV/Share (S\$)	1.34			
FY25 Net Debt/Share (S\$)	1.12			

PRICE CHART



Source: Bloomberg

ANALYST(S)

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STOCK IMPACT

- Stability from geographical diversification.** Outlook is clouded by geopolitical uncertainties and potential trade conflict. Rental rates across most of MLT's markets are expected to remain stable despite economic slowdown. Unfortunately, negative rental reversion in China is likely to persist. Management also sees continued headwinds from weakness of regional currencies against the SGD. Cost of debt could trend higher as loans are refinanced and hedges are replaced at higher interest.
- Repositioning towards modern logistics properties near population centres.** MLT will focus on rejuvenating its portfolio towards modern high-specs logistics properties. Management intends to expand in growth markets, such as Malaysia, Vietnam and India. Hong Kong and Japan are attractive due to tight supply. Australia and South Korea have experienced cap rate expansion but capital values remain elevated.
- Acquisitions partially funded by divestments.** MLT completed 12 acquisitions in Australia, India, Japan, Malaysia and South Korea totalling S\$1.1b in FY24. It will divest properties with older specifications and limited redevelopment potential. MLT has announced nine divestments worth S\$220m at an average premium of 13% above valuation (Singapore: 3, Malaysia: 5 and Japan: 1).
- Growth markets benefit from structural shift in supply chain.** MLT has announced four acquisitions to deepen its presence in growth markets such as India (Delhi), Malaysia (Kuala Lumpur) and Vietnam (Ho Chi Minh City and Hanoi), which provide NPI yield of 7.2%, 5.7% and 7.5% respectively. The India property is a newly-completed single-storey warehouse leased to the largest 3PL player in India. The two four-storey ramp-up warehouses at Shah Alam in Malaysia are leased to a Chinese e-commerce logistics provider and a Singapore 3PL provider. The four single-storey warehouses at Binh Duong province are leased to a 3PL provider for solar panels and fast-moving consumer goods. The four single-storey warehouses at Hung Yen province are leased to a Japanese electronics company and Vietnamese conglomerate.
- Strengthening portfolio through redevelopment.** MLT intends to unlock value of existing properties through repositioning, enhancement or redevelopment:
 - MLT will redevelop 51 Benoi Road into a six-storey Grade A ramp-up logistics property. The redevelopment will provide uplift to GFA by 2.3x to 887,000sf. Management estimated yield on cost at 6.2% based on total development cost at S\$205m. Construction commenced in Jul 23 and is currently 22% completed. The redevelopment is scheduled to complete by 1H25.
 - MLT has acquired two parcels of leasehold industrial properties at Subang Jaya, which are located next to its existing Subang 3 and 4 logistics properties, for RM65.6m (S\$21.2m). It plans to amalgamate the four industrial properties to be redeveloped into a six-storey ramp-up meqahub with 1.4m sf of logistics space. Management estimated yield on cost at 7% based on total investment cost of RM536m (S\$173m). MLT is seeking approval for land amalgamation from relevant authorities. The redevelopment is expected to complete by 1H28.

EARNINGS REVISION/RISK

- We kept our FY25 DPU forecast unchanged as we have already factored in weakness from Mainland China, which accounted for 18.8% of portfolio valuation.

VALUATION/RECOMMENDATION

- We roll over our valuation to the next financial year. Our target price of S\$1.89 is based on the Dividend Discount Model (cost of equity: 7.0%, terminal growth: 2.8%).

SHARE PRICE CATALYST

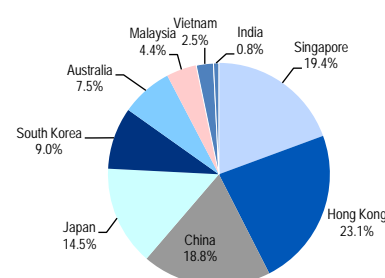
- Accretive acquisitions to rejuvenate and reposition towards modern specifications logistics facilities, domestic consumption and e-commerce.
- Positive contributions from redevelopment projects in Singapore and Malaysia.

KEY OPERATING METRICS

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	yoy % chg	qoq % chg*
DPU (S cents)	2.268	2.271	2.268	2.253	2.211	-2.5%	-1.9%
Occupancy	97.0%	97.1%	96.9%	95.9%	96.0%	-1ppt	0.1ppt
Aggregate Leverage	36.8%	39.5%	38.9%	38.8%	38.9%	2.1ppt	0.1ppt
Weighted Financing Cost	2.7%	2.50%	2.50%	2.50%	2.70%	0ppt	0.2ppt
% Borrowing in Fixed Rates	84%	82%	83%	83%	84%	0ppt	1ppt
WALE by NLA (years)	3.1	3.1	3.0	2.9	3.0	-0.1yrs	0.1yrs
Debt Maturity (years)	3.8	3.8	3.8	3.7	3.8	0yrs	0.1yrs
Rental Reversions	3.1%	4.2%	0.2%	3.8%	2.9%	-0.2ppt	-0.9ppt

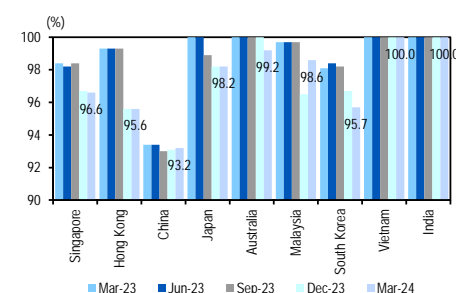
Source: MLT

AUM BY COUNTRY



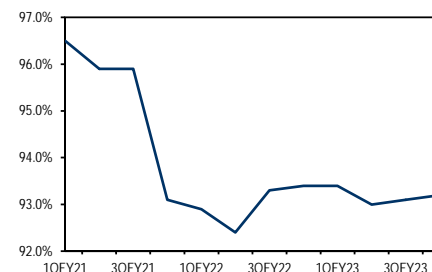
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OCCUPANCY LEVELS BY COUNTRY



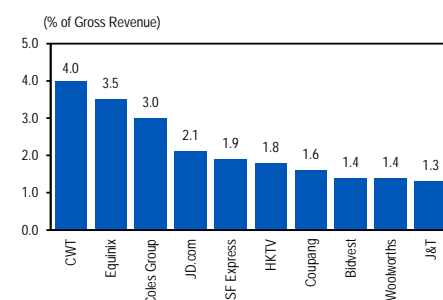
Source: MLT

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	736.3	755.8	759.9
EBITDA	508.2	527.5	543.1	546.5
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	508.2	527.5	543.1	546.5
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(137.2)	(172.7)	(186.2)	(190.3)
Pre-tax profit	393.1	354.8	356.9	356.2
Tax	(63.1)	(42.6)	(42.8)	(42.7)
Minorities	(2.6)	(0.8)	(0.8)	(0.8)
Preferred dividends	(24.3)	(24.3)	(24.3)	(24.3)
Net profit	303.1	287.1	289.0	288.4
Net profit (adj.)	281.0	287.1	289.0	288.4

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	573.5	362.3	500.4	498.4
Pre-tax profit	371.0	354.8	356.9	356.2
Working capital changes	15.0	19.8	7.8	1.6
Other operating cashflows	187.5	(12.3)	135.8	140.6
Investing	(844.3)	(385.1)	0.0	0.0
Capex (growth)	(1,027.6)	(445.8)	0.0	0.0
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	177.8	60.7	0.0	0.0
Others	5.6	0.0	0.0	0.0
Financing	280.6	32.8	(488.7)	(502.3)
Distribution to unitholders	(409.6)	(421.6)	(424.2)	(423.7)
Issue of shares	200.0	0.0	0.0	0.0
Proceeds from borrowings	665.3	645.4	140.0	130.0
Others/interest paid	(175.1)	(191.0)	(204.5)	(208.6)
Net cash inflow (outflow)	9.8	10.0	11.7	(3.9)
Beginning cash & cash equivalent	302.5	304.8	314.8	326.5
Changes due to forex impact	(7.5)	0.0	0.0	0.0
Ending cash & cash equivalent	304.8	314.8	326.5	322.7

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	13,140.3	13,711.1	13,711.1	13,711.1
Other LT assets	186.8	186.8	186.8	186.8
Cash/ST investment	304.8	314.8	326.5	322.7
Other current assets	180.4	159.5	162.1	162.7
Total assets	13,812.3	14,372.3	14,386.6	14,383.3
ST debt	275.0	275.0	275.0	275.0
Other current liabilities	346.1	395.1	404.7	406.7
LT debt	5,034.6	5,680.0	5,820.0	5,950.0
Other LT liabilities	672.2	672.2	672.2	672.2
Shareholders' equity	7,466.4	7,331.9	7,196.6	7,061.3
Minority interest	18.0	18.0	18.0	18.0
Total liabilities & equity	13,812.3	14,372.3	14,386.6	14,383.3

KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	69.2	71.6	71.9	71.9
Pre-tax margin	53.6	48.2	47.2	46.9
Net margin	41.3	39.0	38.2	37.9
ROA	2.2	2.0	2.0	2.0
ROE	4.0	3.9	4.0	4.0
Growth				
Turnover	0.4	0.3	2.7	0.5
EBITDA	(0.7)	3.8	3.0	0.6
Pre-tax profit	(40.2)	(9.8)	0.6	(0.2)
Net profit	(44.4)	(5.3)	0.6	(0.2)
Net profit (adj.)	2.7	2.2	0.6	(0.2)
EPU	(0.7)	1.3	(0.0)	(0.9)
Leverage				
Debt to total capital	41.5	44.8	45.8	46.8
Debt to equity	71.1	81.2	84.7	88.2
Net debt/(cash) to equity	67.0	76.9	80.2	83.6
Interest cover (x)	3.7	3.1	2.9	2.9

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