

Logistics sector beats expectations amid war



RHB Research said Westports' first half of financial year 2026 results surprised on the upside, despite the full impact of the Middle East conflict.

PETALING JAYA: RHB Research has maintained an "overweight" call on the transportation sector, which performed ahead of expectations during its recent June reporting quarter.

Of the three stocks under its coverage, the research house said [Westports Holdings Bhd](#)  and [FM Global Logistics Holdings Bhd](#) 's results beat expectations, while [Tasco Bhd](#)  saw in-line results.

In a note to clients, RHB Research said Westports' first half of financial year 2026 (1H26) results surprised on the upside, despite the full impact of the Middle East conflict.

The stronger-than-expected tariff more than offset the surge in fuel costs and softer throughput brought about by the Middle East conflict.

During a recent analyst briefing, RHB Research said Westports' management guided for a strong volume turnaround in July, with throughput growth of 7% to 8%.

"We believe the fuel costs remain manageable despite surging 39% year-on-year in 1H26 as it remains below 23% of the total operating expenditure (the highest level in 2022 due to

the Russia-Ukraine war)," the research house added.

Post-results, RHB Research raised Westports FY26 to FY28 earnings forecasts by 7% (for each year) after lifting the FY26 tariff assumption from RM210 to RM220 (1H26: RM240).

On FM Global's FY26 June results, which beaten expectations, RHB Research said the positive deviation was mainly driven by stronger-than-expected sea freight margin amid higher volume.

During the company's analyst briefing, management said the volume uptrend persisted in July and August, driven primarily by underlying macroeconomic growth.

Post-FM Global's results, RHB Research raised FY27 earnings by 4% after imputing a higher sea freight volume assumption.

Meanwhile, RHB Economics remains constructive on Malaysia's export growth, which forecasts 21.7% growth in 2026, underpinned by resilient manufactured exports, particularly electronics and electrical products, alongside continued strength in commodity-related exports, notably natural gas.

"As such, we expect freight forwarders to continue to deliver growth in volume, barring any potential constraint in vessel space shortages among global carriers amid the Middle East conflict," it added.

RHB Research has maintained a "buy" call on sector heavyweight Westports, keeping the stock as its sole sector top pick.

The research house remained constructive on the stock despite the recent share price rally, as "we expect stronger throughput volume in 2H26".

In addition, it believes that higher fuel costs will continue to be manageable, which should ease by about 10% in 4Q26 following the deployment of 60 electric trucks by 3Q26.

An analyst with a local bank-backed brokerage also favours Westports for its defensive earnings profile while offering a consistent dividend payout (approximately 5% yield).

Its growth catalysts remain intact, underpinned by the sequential tariff hike," the analyst said.

The key risks within the sector include lower-than-expected twenty-foot equivalent units volume and higher-than- expected operating costs.

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