

7. INDUSTRY OVERVIEW



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25 June 2021

The Board of Directors
Swift Haulage Berhad
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Dear Sirs/Madam

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Independent Assessment of the Third-Party Logistics Industry in Malaysia

We, Vital Factor Consulting Sdn Bhd (Vital Factor), are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996. To date, we have assisted approximately 100 companies for initial public offerings as well as other corporate exercises such as mergers and acquisitions, and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above subject for inclusion into the prospectus of Swift Haulage Berhad in relation to its proposed listing on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of the readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report includes assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. While such statements are made based on, among others, secondary information, primary market research, and after careful analysis of data and information, the industry is subjected to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results. In light of these and other uncertainties, the inclusion of assessments, opinions and forward-looking statements may differ from actual events.

Yours sincerely

Wong Wai Ling
Director

Wong Wai Ling has a Bachelor of Arts degree from Monash University, Australia and a Graduate Diploma in Management Studies from the University of Melbourne, Australia. She has more than 20 years of experience in business consulting and market research including initial public offering for companies seeking listing on Bursa Securities.

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INDEPENDENT ASSESSMENT OF THE THIRD-PARTY LOGISTICS INDUSTRY IN MALAYSIA

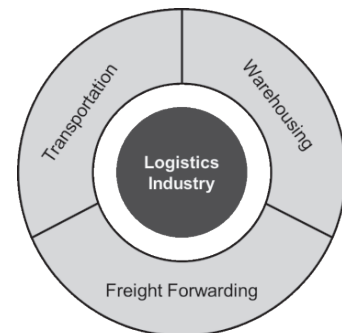
1. INTRODUCTION

- Swift Haulage Berhad and its subsidiaries (herein referred to as Swift Group) are an integrated logistics service provider involved in providing container haulage, land transportation focusing on road transportation, warehousing and container depot, and freight forwarding in Malaysia. The Group also has operations in Thailand focusing on cross-border transportation. For the FYE 2018, 2019 and 2020, Malaysia was its principal market which accounted for 96.5% (RM479.57 million), 96.2% (RM587.14 million) and 96.8% (RM537.95 million) of its total revenue respectively. Therefore, this report will focus on Malaysia.
- In the context of this report, logistics refers to the international and domestic movement and storage of goods and related services but does not include postal, courier, hired vehicles, and localised pick-up and delivery services. It also refers to third-party logistics, which is the provision of logistics services for external customers. In the context of this report, warehousing refers to public warehousing which involves the storage and management of goods for third parties and does not cover warehousing for internal use.

2. INDUSTRY STRUCTURE

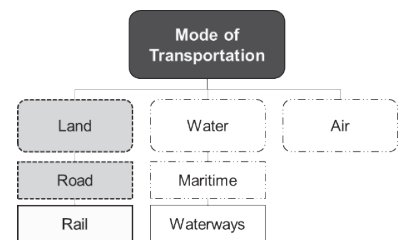
2.1 Overall Logistics Industry

- A supply chain comprises a series of activities starting from goods that are produced, extracted, manufactured, processed or procured, up to delivery to their respective final destinations. Logistics is part of the supply chain that plans, organises, manages and carry out the movement and storage of goods from one point to another.
- The logistics industry is segmented into transportation, warehousing and freight forwarding. Swift Group operates in all three sectors of the logistics industry.
- Transportation involves the physical movement of goods over land, sea and air. Goods transported are categorised as containerised or non-containerised. Containerised goods are goods packed within standardised 20-foot or 40-foot containers. Non-containerised goods are segmented into dry bulk such as grains and coal, general cargo transported separately such as cars, and oversized cargo that are too heavy or large to fit into a standard container, and liquid bulk such as crude oil, liquified natural gas and palm oil. Swift Group is involved in the transportation of containerised and non-containerised goods.



Swift Group operates in all the above segments of the logistics industry

- The common modes of transportation are as follows:
 - **Land transportation** can be further segmented into road and rail transportation:
 - road transportation is involved in the movement of containerised (referred to as container haulage), and non-containerised cargo; and
 - rail transportation uses the railway system for transportation of containerised and non-containerised cargo.



Swift Group provides as well as facilitates road transportation
 Swift Group facilitates maritime and air transportation through its freight forwarding services

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- **Water transportation** is categorised into maritime which is transportation across oceans and seas, and waterways such as rivers. Maritime transportation provides extensive coverage globally that promotes international freight.
- **Air transportation** delivers cargo using scheduled passenger or cargo flights, or chartered flight. It provides prompt and more secured deliveries relative to other modes of transportation, although at a higher cost.
- **Warehousing** is the process of storing goods in a warehouse or an open yard but does not include the storage of liquids or gases in storage tanks. It also includes the operation of warehouse facilities.

Warehousing facilities can be private or public. Private warehousing facilities are for their own use while public warehousing facilities are used to store and manage goods for customers. Warehouses include ambient temperature for general goods, and temperature and humidity-controlled warehouses such as chillers, cold rooms, air-conditioned and humidity-controlled warehouses. Warehousing facilities can be bonded or non-bonded. Bonded warehousing facilities are designated secured areas or buildings where stored goods are exempted from customs duties and taxes.

A container depot is an open yard for the storage of empty shipping containers and laden containers held in transit.

Swift Group provides bonded and non-bonded warehousing for ambient temperature general cargo, as well as operations and management of warehousing services for private warehouses. Swift Group also provides container depot services.

- **Freight forwarding** is a service that is mainly involved in arranging cross-border transportation of freight, including land transportation of containerised and non-containerised goods, and warehousing where necessary.

A freight forwarder's main function is to organise and manage end-to-end transportation of goods on behalf of its customers. Among others, it involves arranging and booking cargo space on vessels such as ships or planes, preparing all relevant documentation, permits and approvals including those for customs and port authorities, clearing customs and ports, and ensuring that freight arrives at its destination promptly and safely. Swift Group provides sea, air and land freight forwarding services.

2.2 Value-added Logistics Services

- Some of the value-added logistics services include the following:
 - **Distribution logistics** focuses on domestic point to multipoint land transportation as well as warehousing where required. It includes picking and packing goods and delivering them to their respective destinations. A common form of distribution logistics is a central warehouse serving multiple retail outlets within an area or a country.
 - **E-fulfilment** involves fulfilling purchases made online which comprises storage and management of goods, and pick, pack and labelling parcels ready for delivery to buyers (referred to as the last-mile delivery).
 - **Warehousing related services** such as palletising, bulk breaking, minor product assembly, packaging, procurement, quality control, labelling or other related activities.

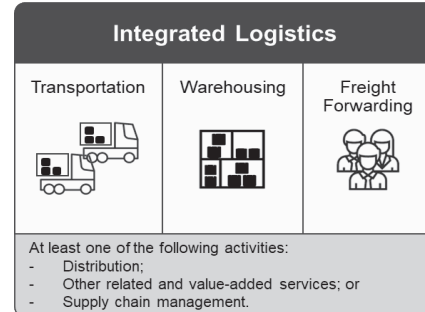
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2.3 Integrated Logistics Services

- According to MIDA, the main activities in integrated logistics services (ILS) include the provision of three main services including transportation, warehousing and freight forwarding with at least one additional value-added activity on an integrated basis. It also applies to international ILS (IILS) that provides end-to-end cross border logistics services. Swift Group is an IILS provider as they provide the three main logistics services and value-added services such as distribution logistics and e-fulfilment services.

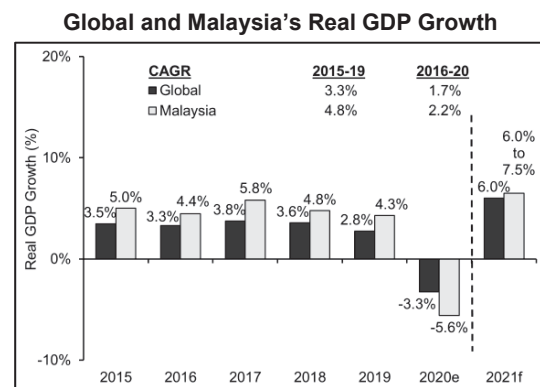


3. SUPPLY AND DEMAND DEPENDENCIES

3.1 Global and Malaysia's Economic Activities

- Logistics service providers are dependent on economic activities at the domestic and global levels which drives the demand for logistics services. Gross Domestic Product (GDP) is a measurement of the gross value added in the output of goods and services indicating its overall size in monetary terms. GDP growth is commonly measured by comparing a particular period with the preceding or corresponding period. Real GDP removes the effect of inflation or deflation, which provide "real" changes in output due to changes in the quantity of goods and services produced, rather than changes in their prices. GDP quoted in current prices without adjustments for inflation or deflation is termed nominal GDP. In the context of this report, all GDP figures are nominal GDP, unless specified otherwise.

- In 2020, the global economy was impacted severely by the COVID-19 pandemic, resulting in a global real GDP contraction of 3.3%. Malaysia was also adversely affected by the temporary closures of businesses and restrictions on movements including border closures resulting in lower trade, commerce and social activities, leading to a 5.6% decline in real GDP in 2020.



f = forecast (Sources: BNM; Vital Factor analysis)

- In the first quarter (Q1) of 2021, the global economy continued to recover with improvements in global manufacturing and trade activities with the US economy expanding by 0.4%, Euro Area registering a slower decline of 1.8% while China's economy continuing to grow by 18.3% (Source: Bank Negara Malaysia (BNM)).

- Real GDP of the global economy is projected to grow by 6.0% in 2021, a revision from 5.5% and this was driven by fiscal measures in several major economies and the continuing vaccination rollout.

- However, the uncertainties on the effectiveness of the vaccines against the new COVID-19 strains remains a key concern. In addition, the reintroduction of containment measures due to the resurgence of COVID-19 cases in some of the economies may contribute to an uneven pace of global recovery. As for Malaysia, the economy is expected to recover in 2021 with expected real GDP growth ranging from 6.0% to 7.5% underpinned by recovery in external

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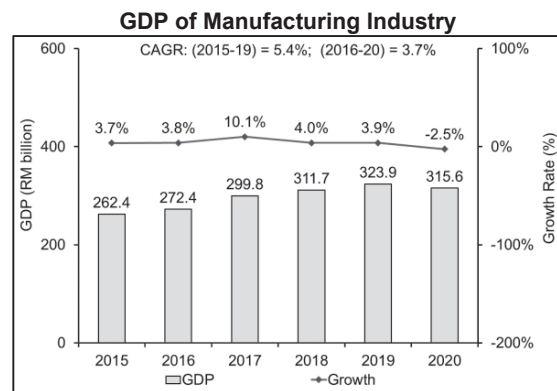
demand and gradual improvements in domestic economic activity. In Q1 2021, Malaysia's real GDP recorded a smaller decline of 0.5% (Source: BNM).

- On 1 June 2021, the Government of Malaysia announced the implementation of the Full Movement Control Order (FMCO) where all sectors were not allowed to operate except for "essential services" initially from 1 June 2021 to 14 June 2021 before it was further extended to 28 June 2021. This measure was implemented to contain the escalating number of COVID-19 cases in the country.

3.2 Manufacturing Industry

- Malaysia's manufacturing industry is one of the key drivers of growth for the logistics industry as raw and input materials, and intermediate and finished products, will need to be stored and transported to various locations. Commonly, it also involves imports and exports of goods.

- In 2020, the GDP of the manufacturing industry declined by 2.5% amounting to RM315.6 billion, which represented 22.3% of Malaysia's GDP. The contraction of the manufacturing industry was due to restriction in operations, supply-chain disruptions and subdued demand conditions which weighed on production activities (Source: BNM).

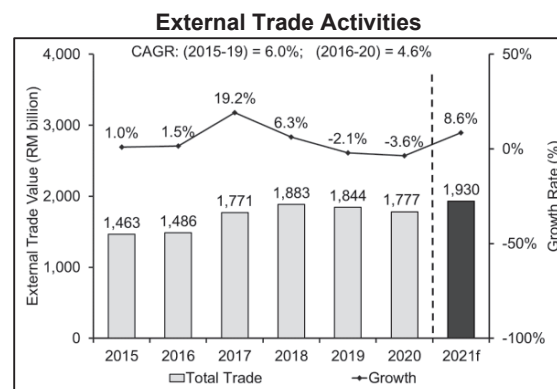


(Source: Department of Statistics, Malaysia (DOSM))

- However, production activities, particularly in the electrical and electronics (E&E) industry rebounded quickly as operating restrictions were lifted by Q3 2020.
- The real GDP of Malaysia's manufacturing industry is expected to grow by 8.8% in 2021 underpinned by the stronger demand for semiconductor equipment which is associated with remote working, e-commerce and cloud-based services, as well as demand for healthcare products during the COVID-19 pandemic.
- In Q1 2021, real GDP of the manufacturing industry grew by 6.6% which was mainly driven by external demand for E&E products and the recovery in the consumer related manufacturing sectors (Source: BNM).

3.3 External Trade Activities

- Global trade activities are some of the key drivers of the logistics industry. In 2020, the import and export value of Malaysia's external trade activities contracted by 6.3% and 1.4% respectively. This resulted in a decline in external trade activities by 3.6% from RM1,844 billion in 2019 to RM1,777 billion in 2020.



f = forecast (Source: DOSM; BNM)

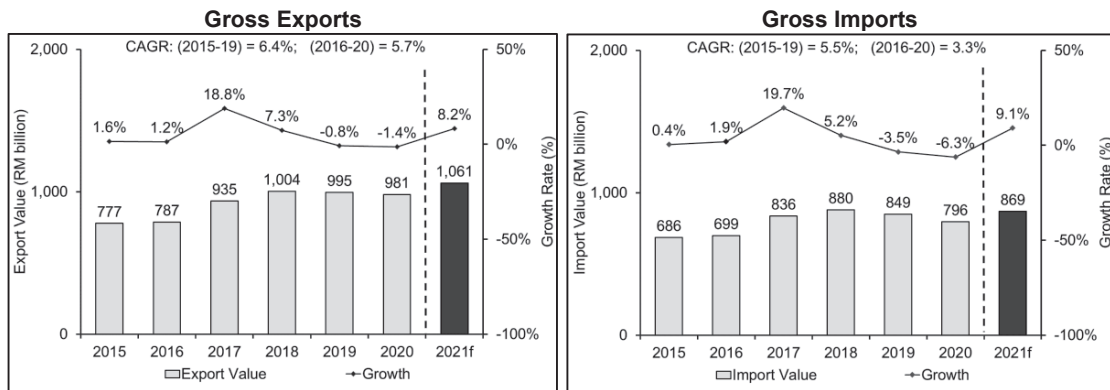
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- The decline in external trade in 2019 was due to the softer global demand attributed to the US-China and Japan-South Korea trade tensions and unfavourable external economic conditions. In 2020, external trade activities slowed down further due to restrictions in travel and transportation activities due to the COVID-19 pandemic. Malaysia's external trade activities in terms of value are expected to grow by 8.6% in 2021.

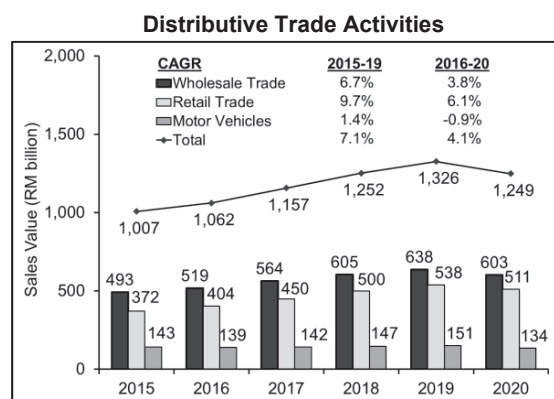


f = forecast (Source: DOSM; BNM)

- In 2020, Malaysia's gross exports declined by 1.4%. This was mainly contributed by the decline in the exports of mining goods due to the slowdown in global industrial demand and a slump in global prices. Malaysia's gross exports are expected to rebound by 8.2% in 2021 due to the improvements in external demand from the US and China, as well as strong global demand for E&E products and higher commodity prices and production.
- Similarly, in 2020, Malaysia's gross imports declined by 6.3% and this was due to lower imports of intermediate and capital goods as a result of slower economic and investment activities. Gross imports are expected to increase by 9.1% in 2021, driven mainly by intermediate imports in line with the expected growth in manufactured exports, as well as consumption imports driven by demand for imported food and beverages (Source: BNM).

3.4 Domestic Distributive Trades

- The distributive trade comprises the sales value of wholesale and retail trades, and the sales, maintenance and repair of motor vehicles. The chart provides segmentation for motor vehicles as their values are relatively large compared to other wholesale and retail trade goods. Distributive trade requires the movement of goods within the domestic market.
- The wholesale and retail trades in Malaysia have been growing steadily at a CAGR of 6.7% and 9.7% respectively between 2015 and 2019 before the COVID-19 pandemic.



(Source: DOSM)

- In 2020, the wholesale, retail and motor vehicle trade fell by 5.5%, 4.9% and 10.9% respectively. This was mainly due to the impact of COVID-19. In Q1 2021, the distributive trade grew slightly by 0.4%.

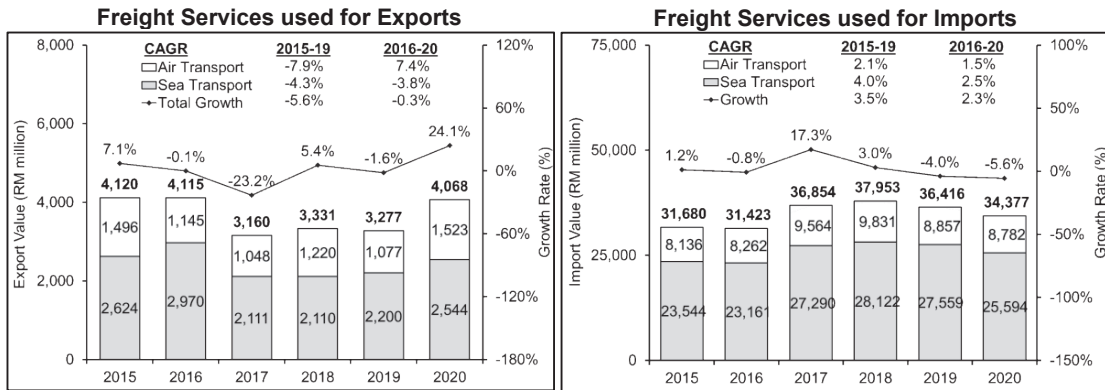
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4. PERFORMANCE OF THE TRANSPORTATION SECTOR

4.1 Freight Services used for Exports and Imports

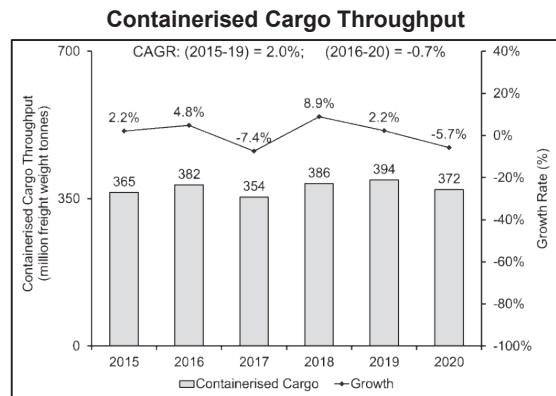


(Source: DOSM)

- In 2020, freight services used for exports grew by 24.1% where both air and sea freight grew by 41.4% and 15.6% respectively. In 2020, freight services used for imports declined by 5.6%, where both air freight and sea freight declined by 0.8% and 7.1% respectively.

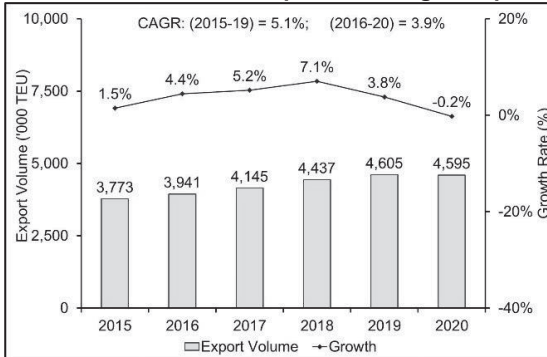
4.2 Sea Freight Transportation

- Swift Group's container haulage, sea freight and freight forwarding services are focused on containerised goods. Before the COVID-19 pandemic, containerised cargo throughput based on freight weight tonnes recorded a CAGR of 2.0% between 2015 and 2019. In 2020, containerised cargo fell by 5.7% in freight weight tonnes, which accounted for 65.9% of the total sea freight cargo throughput comprising containerised and non-containerised cargo.



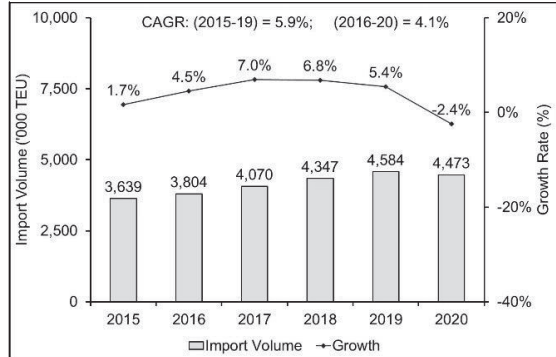
(Source: Ministry of Transport Malaysia (MoT))

Number of Containers Exported through Seaports



TEU = Twenty-foot equivalent unit (Source: MoT)

Number of Containers Imported through Seaports



- In 2020, sea freight transportation based on container throughput declined by 0.2% and 2.4% for exports and imports respectively. Total container movements were only slightly impacted by the COVID-19 pandemic as the Government of Malaysia designated ports, shipping and

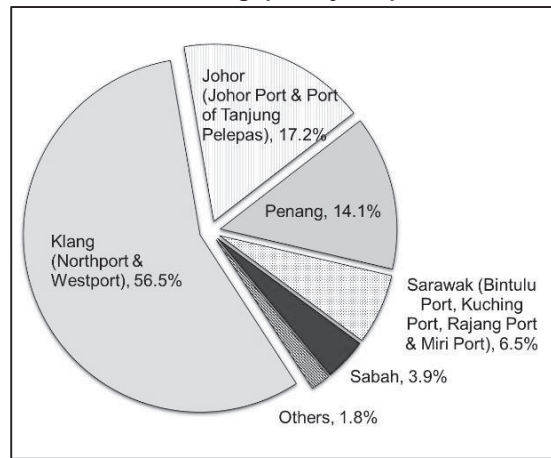
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land transportation services as “essential services”, thereby exempting them from lockdown measures. In Q1 2021, container throughput grew by 7.9% and 6.9% compared to Q1 2020. In 2020, the container port market was largely dominated by ports in Port Klang (56.5%), ports in Johor (17.2%), and Penang Port (14.1%) which accounted for 87.8% of the total container throughput among 12 seaports in Malaysia. Other ports include Kuantan Port and Tanjung Bruas Port in Melaka, which collectively accounted for 1.8%. while Sabah and Sarawak ports collectively accounted for 10.4% of the container throughput in Malaysia.

Container Throughput* by Seaports, 2020



* Total number of TEU in 2020 = 9.07 million TEU. Includes imports and exports, excluding transshipments (Source: MoT)

- Swift Group’s container haulage services are mainly to and from Malaysia’s largest port locations namely Port Klang, Johor and Penang.

Container Throughput* from Seaports in Port Klang, Johor and Penang									
	Port Klang ⁽¹⁾ (‘000 TEU)	%age of total (%)	Growth (%)	Johor ports ⁽²⁾ (‘000 TEU)	%age of total (%)	Growth (%)	Penang Port (‘000 TEU)	%age of total (%)	Growth (%)
2015	3,956	53.4	1.3	1,247	16.8	3.8	1,216	16.4	5.0
2016	4,102	53.0	3.7	1,287	16.6	3.2	1,343	17.3	10.4
2017	4,336	52.8	5.7	1,401	17.1	8.9	1,430	17.4	6.5
2018	4,749	54.1	9.5	1,490	17.0	6.4	1,422	16.2	-0.5
2019	5,034	54.8	6.0	1,597	17.4	7.2	1,407	15.3	-1.1
2020	5,121	56.5	1.7	1,562	17.2	-2.2	1,278	14.1	-9.1

* Includes imports and exports, excluding transshipments (Source: MoT)

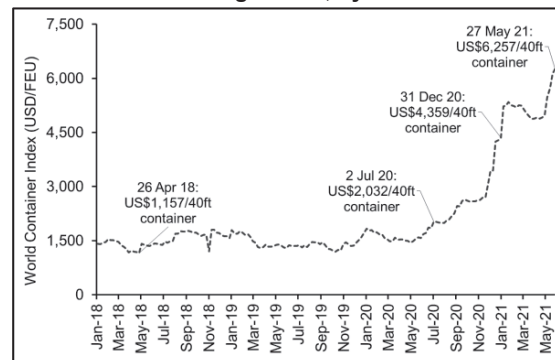
Notes: (1) Combined Northport and Westport; (2) Combined Johor Port and Port of Tanjung Pelepas

- Between 2015 and 2019, container throughput in Port Klang and Johor ports have been recording positive growth every year, while Penang Port experienced negative growth in container throughput in 2018 and 2019. In 2020, container throughput from Port Klang continued to experience growth, while Johor ports and Penang Port experienced a decline in container throughput. In Q1 2021, container throughput in Port Klang continues to register growth while ports in Johor and Penang declined compared to Q1 2020.

4.3 Sea Freight Rate

- Sea freight rate has been increasing since the beginning of the COVID-19 pandemic. In 2018, the weekly freight rate on 26 April 2018 was at US\$1,157/forty-foot equivalent unit (FEU). It has been fluctuating around an average weekly rate of US\$1,518/FEU until the second half of 2020. Since then, the sea freight rate kept increasing from US\$2,032/FEU on 2 July 2020 to

Sea Freight Rate, by Week



(Source: Vital Factor analysis)

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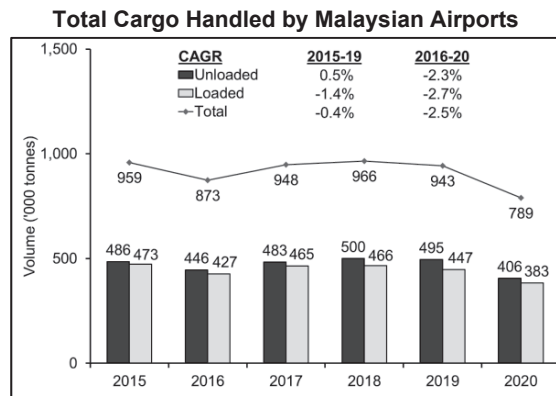
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US\$4,359/FEU on 31 December 2020 and reached its three-year peak at US\$6,527/FEU on the last week of May 2021.

- The increase in freight rates was mainly driven by the increase in demand for container shipping resulting from many economies, especially the US, bouncing back from an initial slowdown during the early part of the COVID-19 pandemic. Additionally, some economies continued to face lockdowns which caused empty containers to be stuck in these countries causing a shortage of empty containers. This situation is exacerbated by an imbalance in trade between China and the US where China exports more than it imports, thereby creating an insufficient supply of empty containers for China's export requirements. This caused the price of new containers to increase substantially, which was ultimately reflected in the sea freight rates. The increase in sea freight rate largely affects consignors (sending parties) or consignees (receiving parties) as they are the ones who have to pay for the sea freight rates.

4.4 Air Freight Transportation

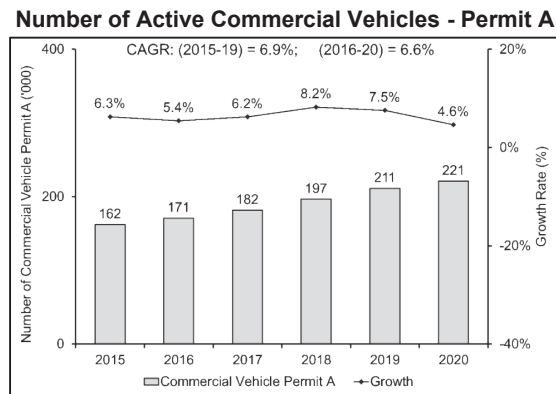
- In 2020, the total air cargo handled by airports in Malaysia declined by 16.3%, which was mainly contributed by the abrupt cessation of scheduled air passenger services (Source: Malaysian Aviation Commission). This is because a large proportion of air freight uses scheduled passenger aircraft. The total airfreight volume in 2020 was approximately 789,000 tonnes, of which 79.6% was handled by Kuala Lumpur International Airport (KLIA), KLIA 2 and Penang Airport.



(Source: Ministry of Transport, Malaysia (MoT))

4.5 Commercial Vehicle Permits

- Operators providing land transportation to third parties are required to obtain Permit A for their commercial vehicles from the Commercial Vehicles Licensing Board. In 2020, despite the decline in external trade activities, the number of active Permit A licensees on the road increased by 4.6% to 221,000 permits.



(Source: MoT)

5. REGULATIONS GOVERNING THE INDUSTRY AND MASTERPLAN

- Some licences required to provide logistics services in Malaysia include the following:
 - companies providing non-bonded warehousing services is required to obtain an ordinary warehousing licence from MIDA;
 - companies providing bonded warehousing services must apply for a licence from the Royal Malaysian Customs Department;
 - companies providing transportation services to third parties using commercial vehicles are required to obtain Carrier Licence A from the Public Transport Commission for operators in Peninsular Malaysia and Commercial Vehicles Licensing Board for operators in Sabah and Sarawak;

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- companies that qualify for a Freight Forwarding Agent/Customs Agent licence must first obtain an ILS status from MIDA before acquiring the licence from the Royal Malaysian Customs Department; and
- for companies to be qualified for ILS status, they must provide warehousing, transportation and freight forwarding including customs clearance, plus at least one of distribution, supply chain management or other related and value-added logistics services. In addition, they must manage at least 20 units of commercial vehicles and 5,000 square metres of warehouse space. The approved ILS company will be issued the Freight Forwarding Agent/Customs Agent licence by the Royal Malaysian Customs Department (*Source: MIDA*).

6. COMPETITIVE LANDSCAPE

- The logistics industry in Malaysia is fragmented with a large number of operators. As of 4 March 2021, there were 1,373 operators registered with the Federation of Malaysian Freight Forwarders (FMFF) and 129 operators registered with the Association of Malaysian Hauliers (AMH). It should also be noted that there are operators who are not members of either FMFF and/or AMH. The industry is expected to consolidate in the future as existing operators in the industry continue to adopt a merger and acquisition strategy to enlarge their market share.
- The following are operators of logistics services that are listed on Bursa Securities as well as Swift Group which are presented in descending order of revenue:

Operators in the Industry	FYE ⁽¹⁾	Revenue ⁽²⁾ (RM'000)	GP ⁽²⁾ (RM'000)	GP Margin ⁽²⁾ (%)	NP/(NL) ⁽²⁾ (RM'000)	NP/(NL) Margin ⁽²⁾ (%)
TASCO Bhd ⁽³⁾	Mar-20	747,438	109,302	14.6	9,906	1.3
CJ Century Logistics Holdings Bhd ⁽⁴⁾	Dec-20	635,707	85,740	13.5	1,046	0.2
Tiong Nam Logistics Holdings Bhd ⁽⁵⁾	Mar-20	604,248	117,222	19.4	2,183	0.4
Swift Group	Dec-20	555,838	185,739	33.4	42,480	7.6
Freight Management Holdings Bhd ⁽⁶⁾	Jun-20	551,609	155,988	28.3	12,746	2.3
Xin Hwa Holdings Bhd ⁽⁷⁾	Mar-20	117,270	43,429	37.0	1,120	1.0
Complete Logistic Services Bhd ⁽⁸⁾	Mar-20	108,169	17,969	16.6	46,241	42.7*
See Hup Consolidated Bhd ⁽⁹⁾	Mar-20	95,564	n.a.	n.a.	(7,847)	(8.2)
Tri-Mode System (M) Bhd ⁽¹⁰⁾	Dec-20	83,432	14,883	17.8	5,538	6.6
Transocean Holdings Bhd ⁽¹¹⁾	Dec-20	16,992	n.a.	n.a.	(2,825)	(16.6)

* Included gains on disposal of investment in subsidiaries; FYE = financial year ended; GP = gross profit; NP = net profit after tax; NL = net loss after tax; n.a. = information not available

(1) Latest audited financial information from annual reports and Swift Group's audited financial statements.

(2) Revenue derived may also include other business activities, products or services.

(3) Provides air and sea freight forwarding, contract logistics, trucking and cold supply chain services.

(4) Provides total logistics, procurement logistics and courier services.

(5) Provides logistics and warehousing services, property development and hotel and dormitory operations.

(6) Provides logistics services.

(7) Provides land freight transport, warehousing and distribution services.

(8) Provides logistics, warehousing and marine transport services.

(9) Provides transportation and logistics services, trading of general merchandise and construction activities.

(10) Provides sea and air freight, container haulage, freight forwarding, warehousing and marine insurance.

(11) Provides logistics solutions, as well as manufacturing and trading of tyre products.

The criteria for selecting the above were based on public listed companies that provide container haulage, road transportation, warehousing and freight forwarding services. Information on the companies was extracted from their respective annual reports.

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7. MARKET SIZE AND MARKET SHARE

The following market sizes and shares of Swift Group for container haulage are as follows:

2020 - Container Haulage	Malaysia	Pen. Malaysia	Port Klang ⁽¹⁾	Johor ports ⁽²⁾	Penang Port	Kuantan Port	Tanjung Bruas Port
Market Size^{(a)(3)}(‘000 TEU)	9,068	8,126	5,121	1,562	1,278	150	14
Swift Group^(b)(‘000 TEU)	589	589	290	73	166	53	6
Swift Group’s share (%)	6.5	7.2	5.7	4.6	13.0	35.7	42.1

TEU = 20-foot equivalent unit. Sources: (a) MoT (b) Swift Group

(1) Northport and Westport on a combined basis; (2) Johor Port and Port of Tanjung Pelepas on a combined basis; (3) Includes imports and exports of laden containers, excluding transshipments.

2020	Malaysia ^{(a)(1)} (tonnes)	Swift Group ^(b) (tonnes)	Swift Group’s share (%)
Air freight	789,138	803	Less than 1%

Sources: (a) MoT (b) Swift Group; (1) Includes loaded and unloaded, but exclude cargo in transit

There were no publicly available statistics or data on the market size for third-party warehousing and container depot services, therefore it is not possible to derive market share.

8. LOOKING AHEAD IN THE LOGISTICS INDUSTRY IN MALAYSIA

The logistics industry plays an important role in the economy, enabling all forms of trade and distribution activities. Logistics form an integral part of the supply chain both domestically and internationally, transporting raw and input materials to be processed or manufactured, as well as intermediate and finished products to intermediaries and end-users.

In 2020, the GDP of the manufacturing and distributive trade sectors represented 22.3% and 16.9% of Malaysia’s total GDP respectively and logistics play an essential role in the movement and storage of goods in these sectors. The manufacturing sector in Malaysia is a major contributor to the nation’s export revenue and this is supported by the exports of manufactured goods which accounted for 86.4% (RM847.66 billion) of Malaysia’s total exports in 2020. E&E products accounted for the largest share at 39.4% (RM386.11 billion) of Malaysia’s total exports in 2020.

In 2020, the logistics industry in Malaysia was affected by border closures and lower economic and trade activities due to the adverse impact of the COVID-19 pandemic. The lockdown in China at the beginning of 2020 disrupted their manufacturing activities which in turn impacted on the global supply chain. As the COVID-19 pandemic began to spread outside of China, many countries implemented lockdown measures which interrupted economic activities. The various restrictions imposed and closure of international borders disrupted the flow of import and export of goods globally including Malaysia.

With the rollout of vaccines which commenced at the end of 2020, the global economy is expected to recover in 2021. However, the recovery is expected to vary across economies, with recovery dependent on each of the country’s ability to contain the COVID-19 pandemic as well as the effectiveness of fiscal measures implemented. Malaysia’s economy is expected to recover in 2021, on the back of global recovery and demand, continuing growth in manufacturing as well as continuing support from fiscal stimulus measures. However, Malaysia’s recovery will be subject to the downside risks relating to the resurgence of the COVID-19 infections globally and domestically, the reintroduction of containment measures, the effectiveness of the vaccines amidst the new strains of COVID-19, the rate of the rollout of vaccines, progress of major infrastructure projects and volatility of the financial markets.