



**ARTOF
SUPPLY CHAIN SDN. BHD.**
(1343712-H)

Impact of COVID-19 on the Malaysian Logistics Sector

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Introduction

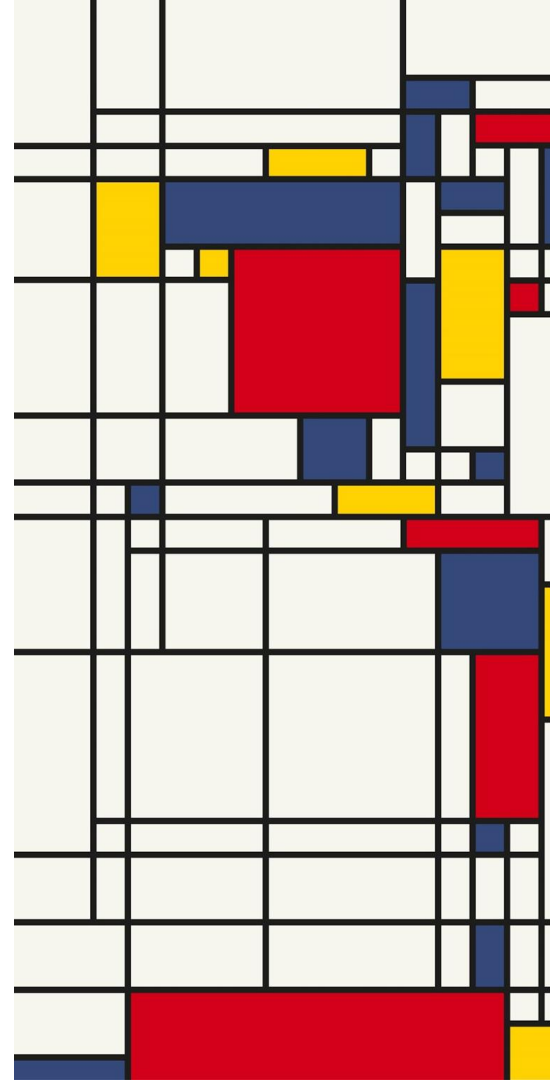
- Art of Supply Chain had started a project to analyze the Malaysian Logistics sector
- Publicly available data limited and often outdated
- This presentation focuses on pallet/box 3PL's



M'sian 3PL market characteristics

General

- Malaysia trading nation
- Different internal markets (Borneo/Peninsular)
- No 'neighbourly' competition (TH, MY, SG)



M'sian 3PL market characteristics

Local players

- Heavy on assets
- Specialization based on assets/regulations, not industry
- (Cheap) labor, not technology focused
- Traditional, relationship based
- Family owned (2nd or 3rd generation)



M'sian 3PL market characteristics

MNC's

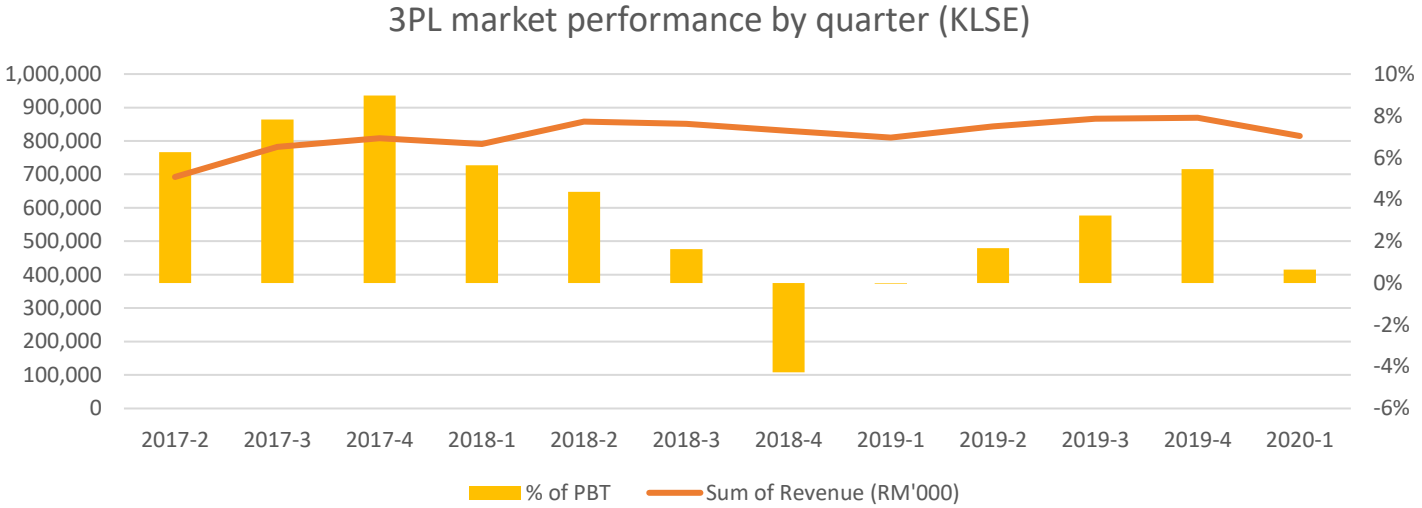
- Usually low on assets
- Focus on MNC's
- Except where they bought into Malaysian market

Market disruptors

- iKargo



Impact on Malaysian logistics market



Q1 2020 break even, Q2 expected to be same or worse

Impact

Revenues

Revenues fell up to 70% depending on customer base (essential or not)

- Transport: greatly reduced movement
- Warehouse: revenue made from in/out
- Ocean: greatly reduced movement
- Airfreight: charters



Impact

Cash

- Government assistance: moratorium on loan repayment and salary payment
- Fuel price reduction up to 30%
- Cash reserves 7-8% of revenue
- Cash required to pre-finance import costs



Impact

2020

More pain still to come for 3PL's

1. Costs will increase

- Government assistance until end of this year
- Fuel price increase

2. Revenues under pressure

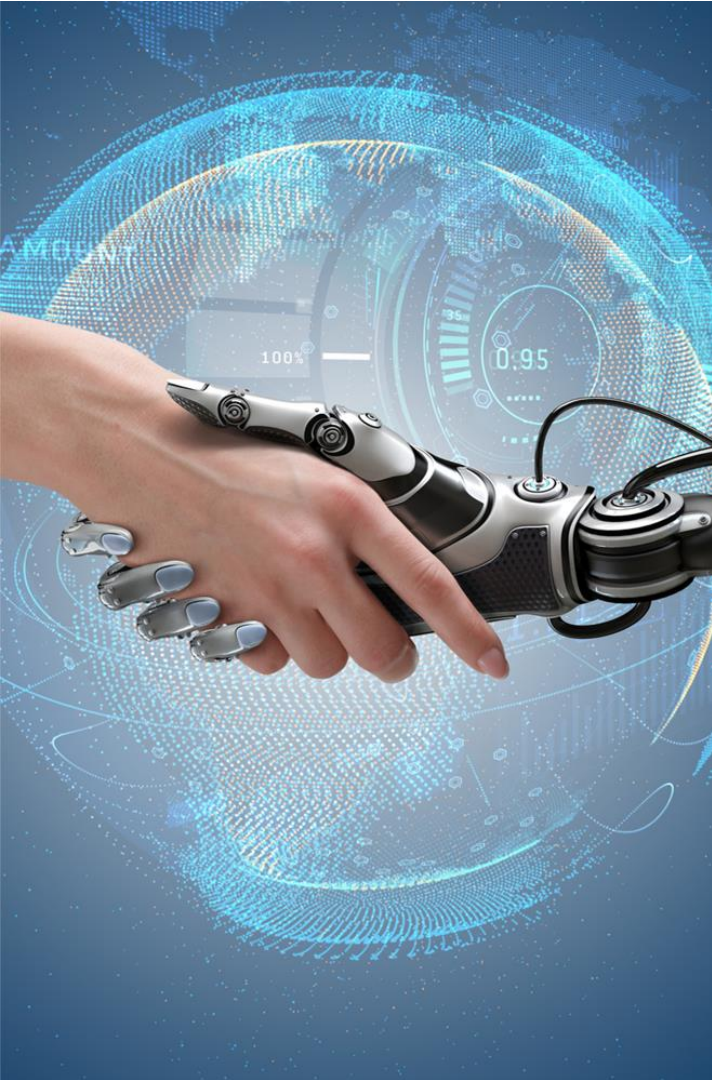
- Reduction in demand expected (10-30%)
- Increase of competition

3. Cash flow problem

- Technology conundrum

4. Other risks (US/CN, CN, COVID 2nd wave)





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