WESTPORTS

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Westports Holdings Berhad
1st Quarter 2018 Financial Report

25th April 2018

Throughput Volume

- **1Q18** Less transhipment due to residual impact from M&As among liners and new alliances. SEA hub for Ocean Alliance
- Balanced gateway growth. Intra-Asia up from 50.4% in 1Q17

- **1Q18** Higher break bulk with ECRL-construction project cargo
- Lower liquid bulk with one less bunker operator while dry bulk declined with lesser shipments of agricultural commodities

Container Throughput (TEU million)

Trade Lane	2017 TEU m	2017 %Chg	1Q18 TEU m	1Q18 %Chg	1Q18 %Split
Intra-Asia	5.15	8%	1.39	12%	61.4%
Asia-Europe	1.72	-32%	0.31	-56%	13.6%
Asia-Australasia	0.87	6%	0.24	16%	10.4%
Asia-America	0.76	-4%	0.20	15%	8.7%
Asia-Africa	0.31	-64%	0.07	-20%	3.3%
Others	0.22	26%	0.06	84%	2.6%
Total^	**9.02**	**-9%**	**2.25**	**-7%**	**100%**

Transhipment	6.22	-16%	1.48	-18%	65.9%
Gateway	2.81	10%	0.77	25%	34.1%
Total	**9.02**	**-9%**	**2.25**	**-7%**	**100%**

Conventional Throughput (million Metric Tonne)

Cargo	2017 m MT	2017 %Chg	1Q18 m MT	1Q18 %Chg	1Q18 %Split
Dry Bulk	4.79	10%	0.92	-13%	38.1%
Liquid Bulk	4.12	-16%	1.06	-13%	43.6%
Break Bulk	1.69	-6%	0.41	10%	17.0%
Cement	0.34	-55%	0.03	-76%	1.3%
Total^	**10.93**	**-7%**	**2.43**	**-13%**	**100%**
RORO k units	138.2	-2%	37.5	5%	

% Split based on data as of 9th April 2018

^May not add up due to rounding

Revenue & Cost

- **1Q18** Container revenue/cost with full compliance to MFRS15
- Lower agricultural commodities volume at conventional. Marine saw lesser vessel calls. Rental with step-up rates on land lease
- **1Q18** Manpower due to increments, allowances and incentives
- Depreciation with completion of CT9 expansion. Fuel cost with higher MOPS offsetting lower fuel usage and stronger Ringgit

Segmental **Revenue** (RM million)

Operational Revenue	2017 RM m	2017 %Chg	1Q18 RM m	1Q18 %Chg	1Q18 %Split
Container	1,451	-6%	322	-14%	83.6%
Conventional	145	-1%	33	-6%	8.7%
Marine	78	-7%	18	-5%	4.8%
Rental	42	12%	11	7%	2.9%
Op. Revenue	**1,716**	**-5%**	**385**	**-12%**	**100%**
Construction	373	62%	0	nm	
Total Revenue^	2,089	3%	385	-26%	

Cost Of Sales Breakdown (RM million)

Operational Cost Of Sales	2017 RM m	2017 %Chg	1Q18 RM m	1Q18 %Chg	1Q18 %Split
Container	282	-15%	20	-72%	12.5%
Conventional	22	-3%	5	5%	3.2%
Marine	32	-12%	7	-20%	4.6%
Fuel	82	28%	23	3%	14.2%
Electricity	32	-2%	8	3%	5.2%
Manpower	179	-2%	51	6%	31.7%
Depreciation	162	12%	46	19%	28.7%
Op. Cost	**790**	**-3%**	**159**	**-20%**	**100%**
Construction	373	62%	0	nm	
Total Cost^	1,163	11%	159	-44%	

^May not add up due to rounding

Overall Results & Profitability Margins

	2016	2017	%Chg	1Q17	1Q18	%Chg	On YTD Performance
Container million TEUs	**9.95**	**9.02**	**-9%**	**2.43**	**2.25**	**-7%**	Transhipment -18%. Gateway +25% and constitute 34% of total. Export : import at 50 : 50. Conventional decline due to lower bunker and agricultural commodities.
Conventional million MT	**11.80**	**10.93**	**-7%**	**2.79**	**2.43**	**-13%**	
Operational RM million							Lower container revenue and cost reflect full MFRS15. Depreciation reflected CT9 expansion while manpower cost included salary increments. Electricity up despite lower volume due to reefers. Marine cost eased with revised tug-pilot boats setup.
Revenue	1,804	1,716	-5%	439	385	-12%	
Cost Of Sales	-813	-790	-3%	-200	-159	-20%	
Gross Profit	991	926	-7%	239	226	-5%	Gross Profit declined by a lesser 5% rate despite 7% container volume reduction due to much lower operational cost. GP and EBITDA margins improved with lower operational revenue (numerator) after full application of MFRS15. Excluding especially higher depreciation, the EBITDA amount declined by 2% only.
EBITDA	**987**	**930**	**-6%**	**239**	**234**	**-2%**	
EBITDA	53.6%	54.2%		54.5%	60.9%		
Results From Op. Activities	819	745	-9%	195	183	-6%	
Profit Before Tax	**755**	**677**	**-10%**	**179**	**164**	**-9%**	Profit Before Tax declined by 9% due to higher finance costs following drawdown of Sukuk to part-finance the new facilities expansion. Total borrowings increased from RM1.2bn in Mar17 to RM1.5bn now. PBT margin improvement reflected the lower operational revenue (numerator). Statutory corporate tax rate for 1Q18.
PBT	40.7%	39.4%		40.8%	42.5%		
Tax	-118	-25	-78%	-38	-40	4%	
Tax Rate	-15.6%	-3.7%		-21.3%	-24.3%		
Profit After Tax^	**637**	**652**	**2%**	**141**	**124**	**-12%**	Profit After Tax eased by 12% to RM124m after effective tax rate of 24%.

* 2016 margins calculated by excluding investment gain

^May not add up due to rounding

Cash Flows & Total Borrowings

Consolidated **Cash Flows**		
RM million	1Q17	1Q18
Operating Profit Before Working Capital Changes	239	235
Cash Generated From Operations	297	84
Net Cash Generated From Operating Activities	**275**	**58**
Net Cash Used In Investing Activities	-228	-28
Net Cash Used In Financing Activities	-191	-284
Net Change In Cash & Cash Equivalents	**-144**	**-254**
Cash & Cash Equivalents As At 1st January	388	524
Cash & Cash Equivalents As At 31st March	243	270

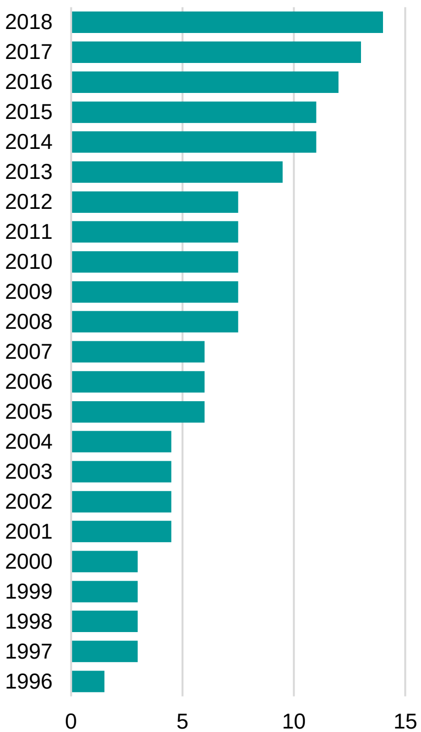
Sukuk Musharakah Medium Term Note (SMTN)	
Tenure	• 20 year Sukuk Musharakah Medium Term Note program obtained on 20 April 2011 • Valid unless it has been redeemed, cancelled or repurchased by WMSB
Nominal Value	RM2,000 million available for issuance
Drawdown Total RM1,500m	• 03 May 2011 of RM450 million • 01 April 2013 of RM250 million • 23 Oct 2013 of RM200 million • 03 April 2014 of RM250 million • 07 August 2017 of RM200 million • 13 December 2017 of RM150 million
Utilisation of Proceeds	• Refinance previous SUKUK programme • Capital expenditure & assets acquisition • Working capital
Repayment Schedule	• RM450 million – 6 tranches, 2021-2026 • RM250 million – 4 tranches, 2025-2028 • RM200 million – 5 tranches, 2024-2028 • RM250 million – 4 tranches, 2021-2024 • RM200 million – 2 tranches, 2019-2020 • RM150 million – 3 tranches, 2021-2027

- 1Q18 **capex** of RM19m only after completion of CT8-CT9 container terminal expansion
- **Cash and deposits of RM270m** with pledged deposits of RM36m after distributing 2nd interim dividend of RM271m in Mar18

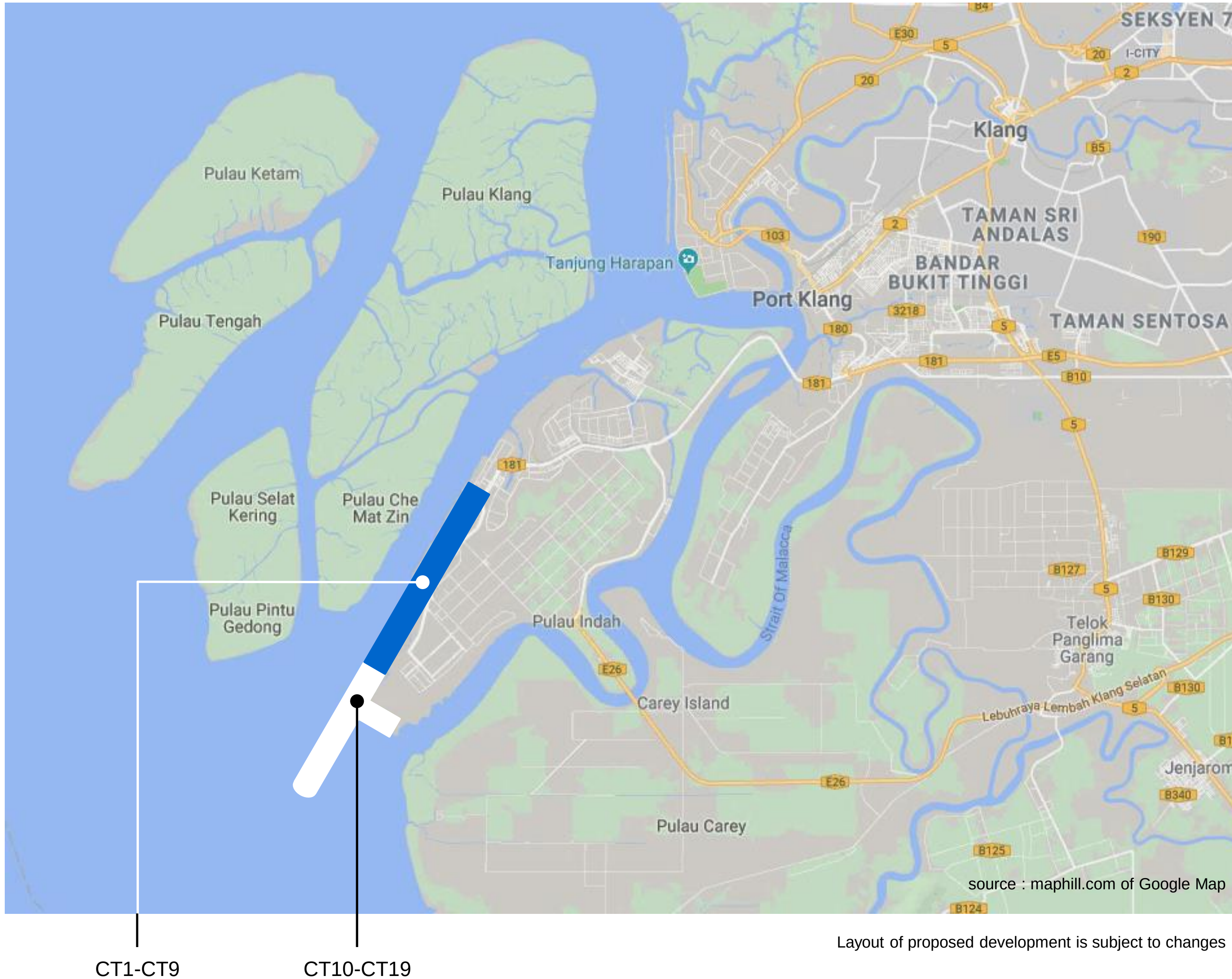
- Total **borrowings of RM1,500m**, all outstanding in **SMTN**. The first repayment under the current Sukuk programme is in Aug19 of RM100m
- Net **debt-to-equity ratio** increased to 0.56x as at Mar18 due to lower retained earnings after dividend payment

Container Terminal Expansion

Terminal Capacity m TEUs



- Track record of building **capacity** from 2m TEUs in 1996 to current capacity of 14m TEUs with active utilisation
- Approval-in-Principle for **CT10 to CT19** expansion that could raise capacity to 30m TEUs per annum. Detailed studies are in progress



Layout of proposed development is subject to changes

Dividend & Outlook

Dividend Distribution Track Record

	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
2nd Interim Div	7.95 sen	2H 2017	21 Feb 2018	06 Mar 2018
1st Interim Div	6.372 sen	1H 2017	01 Aug 2017	15 Aug 2017
2nd Interim Div	6.70 sen	2H 2016	22 Feb 2017	08 Mar 2017
1st Interim Div	7.30 sen	1H 2016	09 Aug 2016	23 Aug 2016
2nd Interim Div	5.78 sen	2H 2015	17 Feb 2016	02 Mar 2016
1st Interim Div	5.32 sen	1H 2015	13 Aug 2015	26 Aug 2015
2nd Interim Div	6.15 sen	2H 2014	26 Feb 2015	11 Mar 2015
1st Interim Div	5.10 sen	1H 2014	07 Aug 2014	20 Aug 2014
2nd Interim Div	5.22 sen	2H 2013	26 Feb 2014	11 Mar 2014

- **Payout ratio of 75%**
  - Semi-annual distribution of dividend since IPO
- **Maintained** payout ratio even with **heavy capex** for CT8-CT9 container terminal capacity expansion from 2015 to 2017

Outlook 2018

CMA CGM's largest vessel, CMA CGM Antoine De Saint Exupery on its maiden call at Westports

- **Container volume** growth of low single-digit percentage rate in 2018
- **Tariff revision** scheduled in Sep2018
- **Operational enhancement** with new TOS
- **Evaluate land** acquisitions for CT10-CT19 expansion

Thank You

Westports Holdings Berhad
http://westportsholdings.com/
http://westportsmalaysia.com/

2017 Annual Report
http://ir.chartnexus.com/westportsholdings/docs/ar2017.pdf

2017 Sustainability Report
http://ir.chartnexus.com/westportsholdings/docs/Westports%20201704%20Sustainability%20Rep%202017.pdf

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