



## Westports Holdings Berhad

3<sup>rd</sup> Quarter 2018 Financial Report

9<sup>th</sup> November 2018



# Throughput Volume

- **3Q18** Transshipment turnaround with +12% growth after 5 consecutive YoY quarters of decline. Faster gateway with import of +21%
- **YTD Sep18** Intra-Asia underpinned total volume growth with split of 61.3% while Asia-Europe reduced decline rate with 3Q18 growth
- Conventional declined due to lower cement and dry bulk throughput. RORO increased by +55% in 3Q18 and YTD +20% to 117k units

## Container & Conventional Throughput

Container m TEU	3Q18	3Q17	% YoY	% Split	2Q18	% QoQ	YTD Sep18	YTD Sep17	% YoY	% Split
Transshipment	1.58	1.41	12%	64.6%	1.43	10%	4.50	4.76	-5%	64.8%
Gateway	0.87	0.73	19%	35.4%	0.81	6%	2.45	2.04	20%	35.2%
<b>Total^</b>	<b>2.45</b>	<b>2.14</b>	<b>14%</b>	<b>100%</b>	<b>2.25</b>	<b>9%</b>	<b>6.95</b>	<b>6.80</b>	<b>2%</b>	<b>100%</b>
Intra-Asia	1.48	1.29	15%	60.6%	1.38	8%	4.26	3.81	12%	61.3%
Asia-Europe	0.34	0.29	16%	13.9%	0.32	7%	0.97	1.46	-34%	13.9%
Asia-Australasia	0.24	0.25	-3%	9.8%	0.24	2%	0.71	0.63	14%	10.2%
Asia-America	0.19	0.19	0%	8.0%	0.20	-4%	0.60	0.56	6%	8.6%
Asia-Africa	0.09	0.08	6%	3.5%	0.08	10%	0.24	0.25	-3%	3.4%
Others	0.10	0.03	194%	4.2%	0.04	176%	0.17	0.10	81%	2.5%
<b>Total^</b>	<b>2.45</b>	<b>2.14</b>	<b>14%</b>	<b>100%</b>	<b>2.25</b>	<b>9%</b>	<b>6.95</b>	<b>6.80</b>	<b>2%</b>	<b>100%</b>
<b>Conventional m MT</b>	<b>2.57</b>	<b>2.72</b>	<b>-5%</b>	<b>-</b>	<b>2.83</b>	<b>-9%</b>	<b>7.83</b>	<b>8.12</b>	<b>-4%</b>	<b>-</b>

^ May not add up due to rounding

# Revenue

- **3Q18** Container revenue decline with MFRS15 but QoQ growth reflected underlying higher transshipment, gateway and VAS revenue
- **YTD Sep18** MFRS15 adjusted, container revenue per TEU would show improvement. Stable YTD conventional revenue despite volume decline due to higher break bulk and RORO revenue. YTD marine revenue with lesser vessel calls but QoQ shows actual improvement

## Segmental Revenue (RM million)

Revenue RM million	3Q18	3Q17	% YoY	% Split	2Q18	% QoQ	YTD Sep18	YTD Sep17	% YoY	% Split
Container	352	354	-1%	84.3%	325	8%	999	1,084	-8%	83.5%
Conventional	34	37	-6%	8.2%	39	-12%	107	107	0%	8.9%
Marine	20	20	-1%	4.8%	19	6%	57	59	-3%	4.8%
Rental	11	10	12%	2.7%	11	5%	33	31	9%	2.8%
<b>Op. Revenue<sup>^</sup></b>	<b>418</b>	<b>421</b>	<b>-1%</b>	<b>100%</b>	<b>394</b>	<b>6%</b>	<b>1,197</b>	<b>1,281</b>	<b>-7%</b>	<b>100%</b>
Construction	0	71	nm	-	0	nm	0	234	nm	-
<b>Total Revenue<sup>^</sup></b>	<b>418</b>	<b>492</b>	<b>-15%</b>	<b>-</b>	<b>394</b>	<b>6%</b>	<b>1,197</b>	<b>1,515</b>	<b>-21%</b>	<b>-</b>

<sup>^</sup>May not add up due to rounding

- **3Q18** Fuel cost increased by +49% with much higher MOPS price. Manpower cost is the biggest component of operational cost with increases mainly due to basic salaries and allowances as total headcount increased by +6% with added facilities compared to last year
- **YTDsep18** Higher depreciation with completed CT9 in Dec17 while QoQ reflected stable cost level. No terminal construction activity

## Cost Of Sales Breakdown (RM million)

Cost RM million	3Q18	3Q17	% YoY	% Split	2Q18	% QoQ	YTDsep18	YTDsep17	% YoY	% Split
Container	23	67	-65%	13.6%	21	11%	64	207	-69%	12.9%
Conventional	5	6	-16%	2.8%	6	-24%	16	16	0%	3.3%
Marine	7	7	2%	4.3%	7	2%	22	25	-11%	4.4%
Fuel	28	19	49%	16.3%	25	11%	76	60	27%	15.2%
Electricity	9	8	17%	5.3%	9	5%	26	24	8%	5.2%
Manpower	52	44	17%	30.2%	51	1%	154	138	12%	30.9%
Depreciation	47	40	17%	27.4%	47	0%	140	117	19%	28.1%
<b>Op. Cost<sup>^</sup></b>	<b>172</b>	<b>192</b>	<b>-11%</b>	<b>100%</b>	<b>167</b>	<b>3%</b>	<b>498</b>	<b>587</b>	<b>-15%</b>	<b>100%</b>
Construction	0	71	nm	-	0	nm	0	234	nm	-
<b>Total Cost<sup>^</sup></b>	<b>172</b>	<b>263</b>	<b>-35%</b>	<b>-</b>	<b>167</b>	<b>3%</b>	<b>498</b>	<b>821</b>	<b>-39%</b>	<b>-</b>

<sup>^</sup>May not add up due to rounding

# Overall Results & Profitability Margins

		3Q18	3Q17	%Chg	2Q18	% QoQ	YTDsep18	YTDsep17	%Chg	On YTD Performance
<b>Container</b>	m TEUs	<b>2.45</b>	<b>2.14</b>	<b>14%</b>	<b>2.25</b>	<b>9%</b>	<b>6.95</b>	<b>6.80</b>	<b>2%</b>	Transshipment -5% while gateway +20%. Import +22% while export +18%. About 82% of gateway boxes are laden. Conventional decline due to lower cement and dry bulk cargo.
<b>Conventional</b>	m MT	<b>2.57</b>	<b>2.72</b>	<b>-5%</b>	<b>2.83</b>	<b>-9%</b>	<b>7.83</b>	<b>8.12</b>	<b>-4%</b>	
Op. Revenue		418	421	-1%	394	6%	1,197	1,281	-7%	Lower container revenue and cost reflect MFRS15. Higher rental with step-up in tier rates for land lease. Higher depreciation with CT8-CT9 facilities. Manpower cost reflected salary and headcount increase while electricity up with reefers. Fuel cost up especially with higher MOPS.
Op. Cost Of Sales		-172	-192	-11%	-167	3%	-498	-587	-15%	
Gross Profit		246	229	7%	227	8%	699	693	1%	Excluding much higher depreciation charges, EBITDA improved. Both GP and EBITDA margins also improved with the lower operational revenue following compliance with MFRS15. Based on annualized EBIT divided by equity and borrowings, ROCE is approximately 20%.  PBT is lowered by 5% partly due to higher finance costs after drawdown of Sukuk to part-finance CT8-CT9 expansion. Total borrowings from RM1.3bn in Jun17 to RM1.5bn now. PBT margin improvement is also due to lower operational revenue. YTD statutory corporate tax rate.
<b>EBITDA</b>		<b>258</b>	<b>241</b>	<b>7%</b>	<b>237</b>	<b>9%</b>	<b>730</b>	<b>716</b>	<b>2%</b>	
EBITDA %		61.8%	57.2%		60.3%		61.0%	55.9%		
Results From Op. Act.		203	195	4%	184	11%	570	581	-2%	
<b>Profit Before Tax</b>		<b>182</b>	<b>178</b>	<b>2%</b>	<b>162</b>	<b>13%</b>	<b>507</b>	<b>531</b>	<b>-5%</b>	
PBT %		43.6%	42.2%		41.0%		42.4%	41.5%		
Tax		-40	-27	47%	-40	0%	-119	-91	31%	
Tax %		-21.9%	-15.2%		-24.6%		-23.5%	-17.1%		
<b>Profit After Tax<sup>^</sup></b>		<b>142</b>	<b>151</b>	<b>-6%</b>	<b>122</b>	<b>17%</b>	<b>388</b>	<b>441</b>	<b>-12%</b>	Profit After Tax eased by 12% after providing for tax rate of 24%.

<sup>^</sup>May not add up due to rounding

# Cash Flows & Total Borrowings

Consolidated Cash Flows					Sukuk Musharakah Medium Term Note (SMTN)	
RM million	3Q18	3Q17	YTD Sep18	YTD Sep17		
Operating Profit Before Working Capital Changes	258	234	730	709	Tenure	<ul style="list-style-type: none"> <li>20 year Sukuk Musharakah Medium Term Note program obtained on 20 April 2011</li> <li>Valid unless it has been redeemed, cancelled or repurchased by WMSB</li> </ul>
Cash Generated From Operations	244	321	458	838	Nominal Value	RM2,000 million available for issuance
<b>Net Cash Generated From Operating Activities</b>	<b>213</b>	<b>308</b>	<b>365</b>	<b>753</b>	Drawdown	<ul style="list-style-type: none"> <li>03 May 2011 of RM450 million</li> <li>01 April 2013 of RM250 million</li> <li>23 Oct 2013 of RM200 million</li> <li>03 April 2014 of RM250 million</li> <li>07 August 2017 of RM200 million</li> <li>13 December 2017 of RM150 million</li> </ul>
Net Cash Used In Investing Activities	-63	-137	-180	-511	Total RM1,500m	
Net Cash Used In Financing Activities	-197	-130	-494	-235	Utilisation of Proceeds	<ul style="list-style-type: none"> <li>Refinance previous SUKUK programme</li> <li>Capital expenditure &amp; assets acquisition</li> <li>Working capital</li> </ul>
<b>Net Change In Cash &amp; Cash Equivalents</b>	<b>-47</b>	<b>41</b>	<b>-310</b>	<b>7</b>	Repayment Schedule	<ul style="list-style-type: none"> <li>RM450 million – 6 tranches, 2021-2026</li> <li>RM250 million – 4 tranches, 2025-2028</li> <li>RM200 million – 5 tranches, 2024-2028</li> <li>RM250 million – 4 tranches, 2021-2024</li> <li>RM200 million – 2 tranches, 2019-2020</li> <li>RM150 million – 3 tranches, 2021-2027</li> </ul>
Cash & Cash Equivalents As At Starting Period	262	354	524	388		
Cash & Cash Equivalents As At 30 <sup>th</sup> June	214	395	214	395		

May not add up due to rounding

- YTD Sep18 **capital expenditure** of RM160m included also the RM94m progressive payment for purchase of PKNS land
- Cash** of RM251m with pledged bank deposits of RM37m
- Unchanged total Sukuk **borrowings of RM1,500m**. The first SMTN repayment is in Aug19 of RM100m
- Net **debt-to-equity ratio** of 0.57x as at Sep18



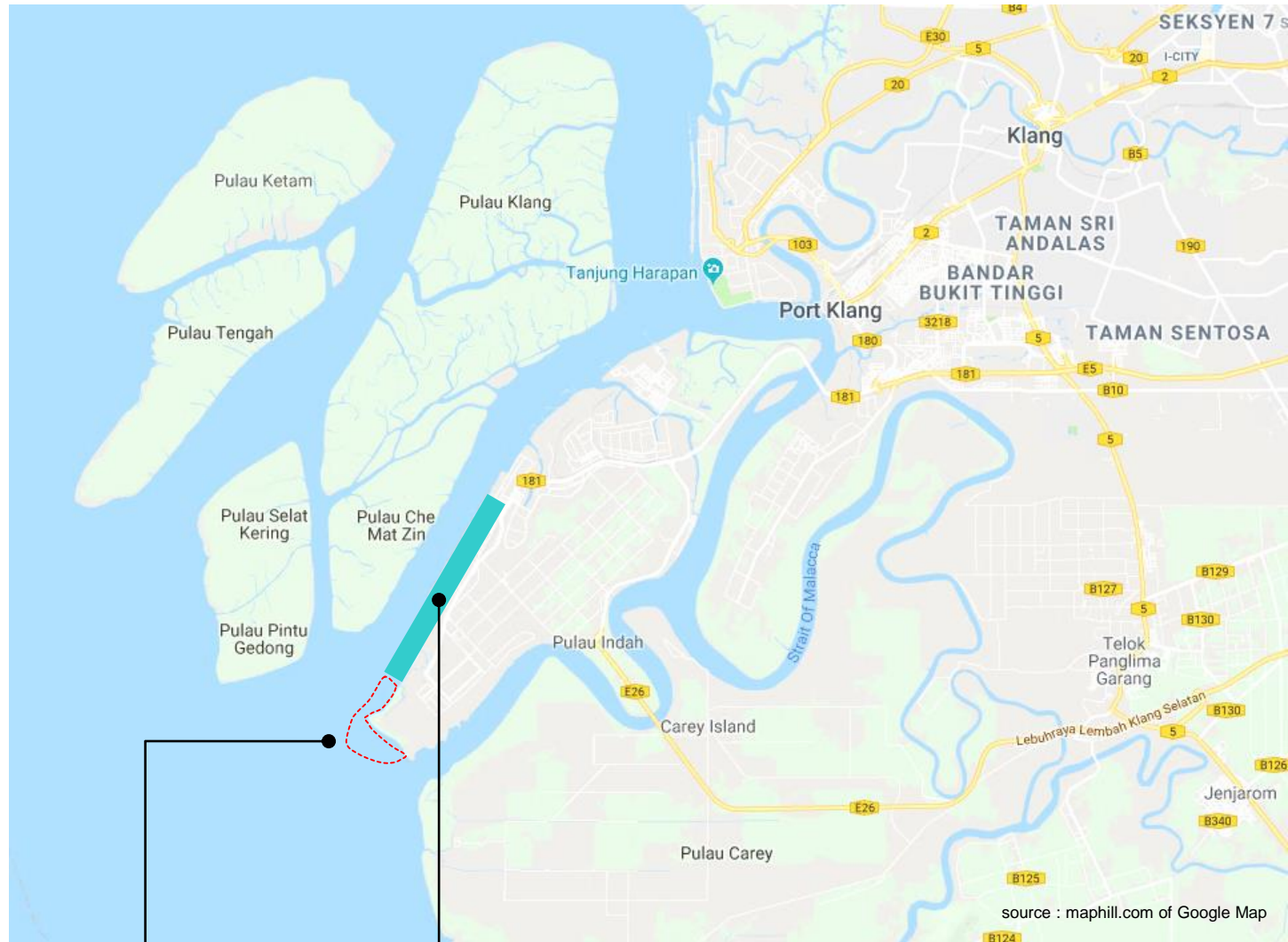
# Future Expansion Of Westports 2

## Completed CT1 to CT9

- From 2m TEUs in 1996 to current capacity of 14m TEUs
- CT9 can accommodate another 1m TEUs with additional TOEs

## Proposed expansion

- Obtained **Approval-in-Principle** for proposed expansion to raise capacity to 30m TEUs per annum
- Conducting detailed **studies**
  - At various stages of progress and most studies are between 60% and 80% completion
  - Scheduled to be completed by 1<sup>st</sup> Quarter 2019
- Land acquisition**
  - 154-hectare (381.0-acre) land owned by PKNS
  - Leasehold of 99 years
  - Total purchase consideration of RM116.2m
  - Paid 4 instalments and final instalment by 2<sup>nd</sup> December 2018



'Land Below The Sea'

CT1 to CT9 Container Wharves

source : maphill.com of Google Map

Layout of proposed development is subject to changes

## Dividend Distribution Track Record

	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
1st Interim Div	5.40 sen	1H 2018	07 Aug 2018	20 Aug 2018
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

## Outlook 2018



Flag-off ceremony at Westports with Proton's first exports since Geely becomes a partner

- **Payout ratio of 75%**

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

- **Container volume** growth of low single-digit percentage rate in 2018
- Ongoing detailed studies to facilitate planning for **terminal expansion** and regular engagement with the Government
- **Tariff revision** scheduled for March 2019



# 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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