



## Westports Holdings Berhad

4<sup>th</sup> Quarter 2018 Financial Report  
30<sup>th</sup> January 2019



# Throughput Volume

- **4Q18** Transshipment growth momentum accelerated further from turnaround of +12% to +18%. Strong gateway growth of +12%
- **2018** Intra-Asia underpinned total container growth with 61.5% split. Asia-Europe reduced decline rate with 4Q18 growth of +49%. Lower conventional with lesser cement and dry bulk cargoes but higher liquid bulk throughput. RORO +13% after boost in 3Q18

## Container & Conventional Throughput

Container m TEU	4Q18	4Q17	% YoY	% Split	3Q18	% QoQ	2018	2017	% YoY	% Split
Transshipment	1.73	1.46	18%	67.0%	1.58	9%	6.23	6.22	0%	65.4%
Gateway	0.85	0.76	12%	33.0%	0.87	-2%	3.30	2.81	18%	34.6%
<b>Total^</b>	<b>2.58</b>	<b>2.22</b>	<b>16%</b>	<b>100%</b>	<b>2.45</b>	<b>5%</b>	<b>9.52</b>	<b>9.02</b>	<b>6%</b>	<b>100%</b>
Intra-Asia	1.56	1.35	16%	60.5%	1.52	2%	5.86	5.16	14%	61.5%
Asia-Europe	0.39	0.26	49%	15.1%	0.35	12%	1.37	1.72	-21%	14.3%
Asia-Australasia	0.23	0.24	-6%	8.7%	0.25	-8%	0.94	0.87	9%	9.9%
Asia-America	0.20	0.19	2%	7.7%	0.20	-1%	0.80	0.76	5%	8.4%
Asia-Africa	0.08	0.07	14%	2.9%	0.09	-15%	0.32	0.31	1%	3.3%
Others	0.13	0.11	12%	5.0%	0.04	195%	0.24	0.21	16%	2.6%
<b>Total^</b>	<b>2.58</b>	<b>2.22</b>	<b>16%</b>	<b>100%</b>	<b>2.45</b>	<b>5%</b>	<b>9.52</b>	<b>9.02</b>	<b>6%</b>	<b>100%</b>
<b>Conventional m MT</b>	<b>2.86</b>	<b>2.81</b>	<b>2%</b>	<b>-</b>	<b>2.57</b>	<b>11%</b>	<b>10.69</b>	<b>10.93</b>	<b>-2%</b>	<b>-</b>

^May not add up due to rounding

# Revenue

- **4Q18** Container revenue decline with MFRS15, higher underlying transshipment, gateway and VAS. Lower dry bulk and cement revenue
- **2018** MFRS15 adjusted, container revenue per TEU would have increased. Conventional revenue reflected lower overall volume with dry bulk being the biggest contributor. Marine revenue lowered with lesser vessel calls but berthing more bigger vessels, cascading effect

## Segmental Revenue (RM million)

Revenue RM million	4Q18	4Q17	% YoY	% Split	3Q18	% QoQ	2018	2017	% YoY	% Split
Container	351	366	-4%	83.9%	352	0%	1,350	1,451	-7%	83.6%
Conventional	36	38	-7%	8.6%	34	4%	143	145	-2%	8.8%
Marine	20	19	3%	4.8%	20	1%	77	78	-1%	4.8%
Rental	11	11	6%	2.7%	11	1%	45	42	8%	2.8%
<b>Op. Revenue<sup>^</sup></b>	<b>418</b>	<b>435</b>	<b>-4%</b>	<b>100%</b>	<b>418</b>	<b>0%</b>	<b>1,615</b>	<b>1,716</b>	<b>-6%</b>	<b>100%</b>
Construction	0	139	nm	-	0	nm	0	373	nm	-
<b>Total Revenue<sup>^</sup></b>	<b>418</b>	<b>574</b>	<b>-27%</b>	<b>-</b>	<b>418</b>	<b>0%</b>	<b>1,615</b>	<b>2,089</b>	<b>-23%</b>	<b>-</b>

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

- **4Q18** Fuel cost +23% mainly due to higher MOPS price. Manpower cost due to basic salaries and allowances with higher headcount for additional terminal equipment. Electricity cost increased more due to implementation of Imbalance Cost Pass-Through surcharge
- **2018** Higher depreciation with completed CT9 in Dec17 while QoQ reflected stable cost level. No terminal construction activity in 2018

## Cost Of Sales Breakdown (RM million)

Cost RM million	4Q18	4Q17	% YoY	% Split	3Q18	% QoQ	2018	2017	% YoY	% Split
Container	25	74	-67%	15.2%	23	5%	89	282	-68%	13.5%
Conventional	4	5	-18%	2.7%	5	-8%	21	22	-4%	3.1%
Marine	7	7	1%	4.6%	7	0%	29	32	-8%	4.4%
Fuel	27	22	23%	16.6%	28	-4%	103	82	26%	15.6%
Electricity	9	8	16%	5.8%	9	3%	35	32	10%	5.4%
Manpower	42	41	4%	26.1%	52	-18%	196	179	10%	29.7%
Depreciation	47	45	6%	29.1%	47	0%	187	162	15%	28.3%
<b>Op. Cost<sup>^</sup></b>	<b>162</b>	<b>203</b>	<b>-20%</b>	<b>100%</b>	<b>172</b>	<b>-5%</b>	<b>660</b>	<b>790</b>	<b>-16%</b>	<b>100%</b>
Construction	0	139	nm	-	0	nm	0	373	nm	-
<b>Total Cost<sup>^</sup></b>	<b>162</b>	<b>341</b>	<b>-53%</b>	<b>-</b>	<b>172</b>	<b>-5%</b>	<b>660</b>	<b>1,163</b>	<b>-43%</b>	<b>-</b>

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

# Overall Results & Profitability Margins

	4Q18	4Q17	%Chg	3Q18	% QoQ	2018	2017	%Chg	On YTD Performance
<b>Container</b> m TEUs	<b>2.58</b>	<b>2.22</b>	<b>16%</b>	<b>2.45</b>	<b>5%</b>	<b>9.52</b>	<b>9.02</b>	<b>6%</b>	Transshipment recovered to +0% as gateway +18%. Import +19% while export +17%. And 82% of gateway boxes are laden. Less conventional cargoes of cement and dry bulk.
<b>Conventional</b> m MT	<b>2.86</b>	<b>2.81</b>	<b>2%</b>	<b>2.57</b>	<b>11%</b>	<b>10.69</b>	<b>10.93</b>	<b>-2%</b>	
Op. Revenue	418	435	-4%	418	0%	1,615	1,716	-6%	Lower container revenue and cost with MFRS15. Higher rental with step-up in tier rates for land lease. Higher depreciation with CT8-CT9 facilities. Manpower cost reflected salary and headcount. Electricity up with reefers and volume handled. Fuel cost up due to higher MOPS.
Op. Cost Of Sales	-162	-203	-20%	-172	-5%	-660	-790	-16%	
Gross Profit	256	232	10%	246	4%	954	926	3%	Excluding much higher depreciation charges, EBITDA improved. GP and EBITDA margins also improved with lower operational revenue after full adoption of MFRS15. Based on EBIT divided by equity and borrowings, ROCE is 20%. Less Other Income as some one-off recoveries in 2017.
<b>EBITDA</b>	<b>267</b>	<b>214</b>	<b>25%</b>	<b>258</b>	<b>4%</b>	<b>998</b>	<b>930</b>	<b>7%</b>	
EBITDA %	64.0%	49.3%		61.8%		61.8%	54.2%		
Results From Op. Act.	213	164	30%	203	5%	782	745	5%	
<b>Profit Before Tax</b>	<b>194</b>	<b>145</b>	<b>33%</b>	<b>182</b>	<b>6%</b>	<b>701</b>	<b>677</b>	<b>4%</b>	PBT +4% despite Finance Costs +16% after drawdown of Sukuk to part-finance CT8-CT9 expansion. Total borrowings from RM1.3bn in Jun17 to RM1.5bn. PBT margin improvement is also due to lower operational revenue. Statutory corporate tax rate without ITA.
PBT %	46.4%	33.4%		43.6%		43.4%	39.4%		
Tax	-48	66	nm	-40	21%	-168	-25	561%	
Tax %	-24.9%	45.1%		-21.9%		-23.9%	-3.7%		
<b>Profit After Tax<sup>^</sup></b>	<b>146</b>	<b>211</b>	<b>-31%</b>	<b>142</b>	<b>2%</b>	<b>533</b>	<b>652</b>	<b>-18%</b>	Profit After Tax eased by 18% 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	4Q18	4Q17	2018	2017		
Operating Profit Before Working Capital Changes	276	217	1,005	926	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	279	349	738	1,187	Nominal Value	RM2,000 million available for issuance
<b>Net Cash Generated From Operating Activities</b>	<b>223</b>	<b>332</b>	<b>588</b>	<b>1,085</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	-18	-288	-198	-799	Total RM1,500m	
Net Cash Used In Financing Activities	-13	85	-508	-150	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>192</b>	<b>129</b>	<b>-118</b>	<b>136</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	214	395	524	388		
Cash & Cash Equivalents As At 31 <sup>st</sup> December	407	524	407	524		

May not add up due to rounding

- 2018 **capital expenditure** of RM210m included also the RM116m total payment for the purchase of PKNS land
- Cash** of RM444m 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 0.44x as at Dec18

# Future Expansion Of Westports 2

## Completed CT1 to CT9

- From 2m TEUs in 1996 to current capacity of 14m TEUs
- Comfortable terminal utilisation levels that can accommodate further growth in the coming years
- CT9 can accommodate another 1m TEUs with additional TOEs

## Proposed expansion

- Obtained **Approval-in-Principle** for proposed expansion to increase terminal capacity
- Conducting detailed **studies**
  - Advanced stages and near completion
  - Scheduled to be completed by end of 1<sup>st</sup> Quarter 2019
- **Land acquisition**
  - Acquired 'land below the sea' adjacent to CT9
  - 154-hectare (381.0-acre) land formerly owned by PKNS
  - Leasehold of 99 years
  - Completed payment. Total purchase consideration of RM116.2m



## Dividend Distribution Track Record

	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
2nd Interim Div	6.33 sen	2H 2018	18 Feb 2019	01 Mar 2019
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 2019



Inside the cabin of the newest Quay Cranes used in servicing Ultra Large Container Vessels

- **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 single-digit percentage rate in 2019
- Near-completion of detailed studies to facilitate planning for **terminal expansion**
- **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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