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Westports Holdings Berhad
3rd Quarter 2017 Financial Report

10th November 2017

S.E.A. Container Hub

- **MFRS 15** will supersede MFRS 118 Revenue, MFRS 111 Construction Contracts and revenue related interpretations issued by the Malaysian Accounting Standards Board

- **3Q17** Volume -14%. Gateway +14% while transhipment -24%
- **YTD Sep17** Overall -8%. Gateway +8% as transhipment -13%. More favourable gateway : transhipment ratio, now at 30 : 70

MFRS 15 Revenue from Contracts with Customers

- It is effective for financial periods beginning on or after 1st January 2018, with earlier application permitted

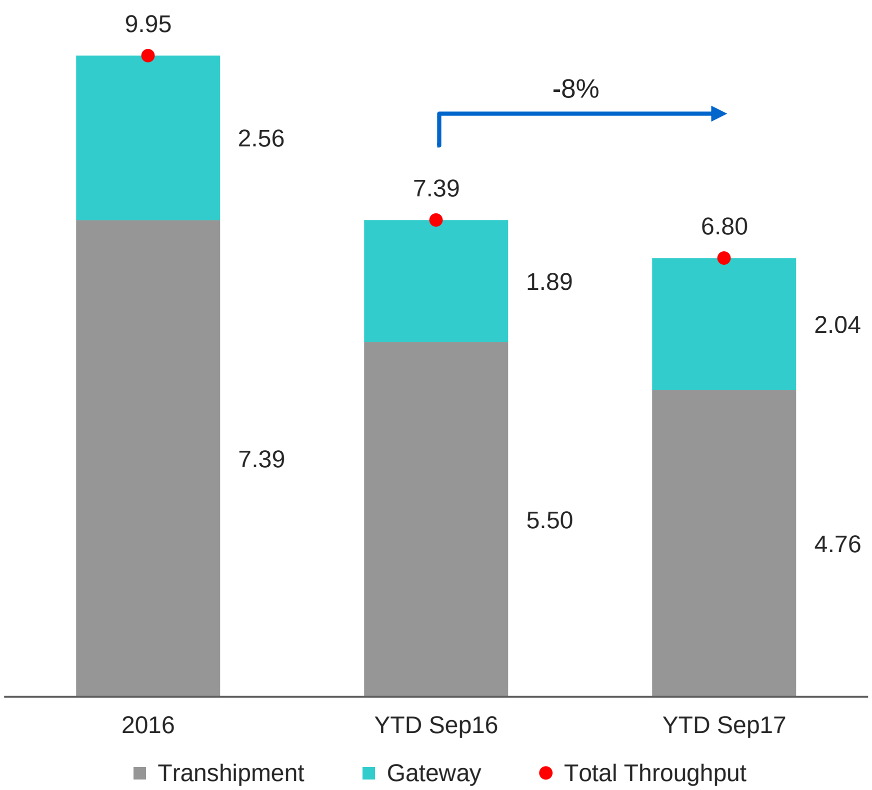
Measures taken towards compliance

- Essentially, under MFRS 15, marketing cost currently included under the Cost of Sales will have to net to revenue
- From 1st January 2017, the revenue from a selected portfolio of contracts of Westports would now be recognised on a net basis
- Westports will eventually fully comply with MFRS 15 in FY2018 by netting all marketing cost to revenue

Impact – neutral to the bottom line

- YTD Sep17 container revenue and container cost have both decline, this is partly attributable to marketing cost which is now netted to revenue (for a selected portfolio of contracts) when compared to the previous corresponding period
- GP, PBT and PAT absolute numbers are not affected at all by the steps taken towards compliance with MFRS 15

Total **Container** Throughput (million TEUs)



^May not add up due to rounding

Throughput Volume

- **3Q17** Asia-Australasia's volume improved with new services
- **YTD Sep17** Intra-Asia growth raised this trade lane to 56% of total while Asia-Europe reflected transition to Ocean Alliance
- **3Q17** Liquid bulk partly due to bunker volume re-classification since Jan17. Cement declined with lesser construction activities
- **YTD Sep17** Dry bulk reflected strong fertilizer import volume

Container Throughput By Trade Lanes

Trade Lane	3Q17 TEU m	3Q17 %Chg	YTDSep TEU m	YTDSep %Chg	YTDSep %Split
Intra-Asia	1.27	5.9%	3.78	7.5%	55.7%
Asia-Europe	0.29	-53.0%	1.45	-21.2%	21.4%
Asia-Australasia	0.24	18.7%	0.62	3.2%	9.1%
Asia-America	0.19	-2.2%	0.56	-7.3%	8.2%
Asia-Africa	0.08	-68.0%	0.24	-64.4%	3.6%
Others	0.07	131.3%	0.14	1.9%	2.0%
Total^	**2.14**	**-14.0%**	**6.80**	**-8.0%**	**100%**

Conventional Throughput (million Metric Tonne)

Cargo	2016 m MT	3Q17 m MT	3Q17 %Chg	YTDSep m MT	YTDSep %Chg
Dry Bulk	4.34	1.25	16%	3.44	12%
Liquid Bulk	4.92	0.94	-29%	3.13	-7%
Break Bulk	1.81	0.45	-6%	1.27	-9%
Cement	0.75	0.08	-28%	0.27	-56%
Total^	**11.80**	**2.72**	**-9%**	**8.12**	**-4%**
RORO k units	141.4	28.4	-26%	97.6	-11%

% Split based on data as of 5th October 2017

^May not add up due to rounding

Revenue & Cost

- **3Q17** Lower container revenue reflect net basis under MFRS15
- **YTD Sep17** Marine revenue declined with lesser vessel calls by 13%. Rental increased with step-up in tiered-rates on land lease

- **3Q17** Fuel cost +15% has moderated from previous quarters
- **YTD Sep17** Marine cost eased with amended tug & pilot boats arrangement. Lower manpower cost increase with less overtime

Segmental **Revenue** (RM million)

Operational Revenue	2016 RM m	3Q17 RM m	3Q17 %Chg	YTDSep RM m	YTDSep %Chg
Container	1,536	354	-7%	1,084	-4%
Conventional	147	37	-2%	107	-2%
Marine	84	20	-5%	59	-8%
Rental	37	10	14%	31	13%
Op. Revenue	**1,804**	**421**	**-6%**	**1,281**	**-4%**
Construction	231	71	190%	234	85%
Total Revenue^	2,035	492	4%	1,515	4%

Cost Of Sales Breakdown (RM million)

Operational Cost Of Sales	2016 RM m	3Q17 RM m	3Q17 %Chg	YTDSep RM m	YTDSep %Chg
Container	331	67	-18%	207	-14%
Conventional	22	6	-2%	16	-5%
Marine	36	7	-22%	25	-7%
Fuel	64	19	15%	60	36%
Electricity	33	8	-6%	24	-2%
Manpower	183	44	-4%	138	3%
Depreciation	145	40	9%	117	10%
Op. Cost	**813**	**192**	**-7%**	**587**	**-1%**
Construction	231	71	190%	234	85%
Total Cost^	1,044	263	14%	821	14%

^May not add up due to rounding

Overall Results & Profitability Margins

		3Q16	3Q17	%Chg	YTDSep16	YTDSep17	%Chg	On YTD Performance
Container	million TEUs	**2.49**	**2.14**	**-14%**	**7.39**	**6.80**	**-8%**	Transhipment -13%. Gateway +8% and constitute 30% of volume, export +9% while import +5%. Conventional decline partly due to bunker re-classification
Conventional	million MT	**3.00**	**2.72**	**-9%**	**8.47**	**8.12**	**-4%**	
Operational	RM million							Lower container revenue and cost both reflect MFRS15. Fuel cost hike eased to +36% from 1Q17 +84%. Electricity cost in line with lower volume. Depreciation increases reflects the container terminal expansion at CT8 and CT9
Revenue		450	421	-6%	1,335	1,281	-4%	
Cost Of Sales		-205	-192	-7%	-593	-587	-1%	
Gross Profit		244	229	-6%	742	693	-7%	YTDSep16 EBITDA would be RM733m if investment gain is excluded. Compared to YTDSep17, the current period EBITDA would be lower by 2% instead of -5%. If fuel cost were to be identical for the two periods, YTDSep17 EBITDA would be RM732m, nearly identical to previous period EBITDA without investment gain
EBITDA		**237**	**241**	**2%**	**753**	**716**	**-5%**	
	EBITDA *	52.8%	57.2%		54.9%	55.9%		
Results From Op. Activities		194	195	0%	628	581	-8%	
Profit Before Tax		**178**	**178**	**0%**	**581**	**531**	**-8%**	Excluding RM20m investment gain from previous year and if fuel cost were to be identical, PBT would decline -2% instead of reported -8%. YTDSep17 PBT include a reversal of impairment for receivable. Effective tax rate declined from 21% in 1Q17 to 15% in 3Q17. Further decline later with capitalisation of TOE & wharf
	PBT *	39.5%	42.2%		42.0%	41.5%		
Tax		-27	-27	2%	-99	-91	-8%	
	Tax Rate	-15.0%	-15.2%		-17.0%	-17.1%		
Profit After Tax^		**151**	**151**	**0%**	**482**	**441**	**-9%**	Excluding investment gain, PAT would be -5% from RM462m instead of -9%

* 2016 margins calculated by excluding investment gain

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Debt-To-Equity Ratio

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 RM1,350m	• 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
Utilisation of Proceeds	• Refinance previous SUKUK programme • Capital expenditure & assets acquisition • Working capital
Repayment	• 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

Current Construction Work At CT8 & CT9

CT8 Container Yard is now being utilized while CT9 Zone Y would be completed by end-Nov17

RM million	Dec2013	Dec2014	Dec2015	Dec2016	Sep2017
Cash & Cash Equivalents	342	445	396	421	429
Total ST & LT Borrowings	900	1,150	1,150	1,150	1,400
Net Debt-To-Equity Ratio (x)	**0.35**	**0.40**	**0.40**	**0.35**	**0.47**

- Total outstanding **SMTN** of RM1.35bn. Recent drawdown in Aug2017. And using RM50m of unsecured Revolving Credit Facility (**RCF**)
- SMTN and RCF borrowings are denominated in Ringgit and have been utilised mainly for container terminal expansion

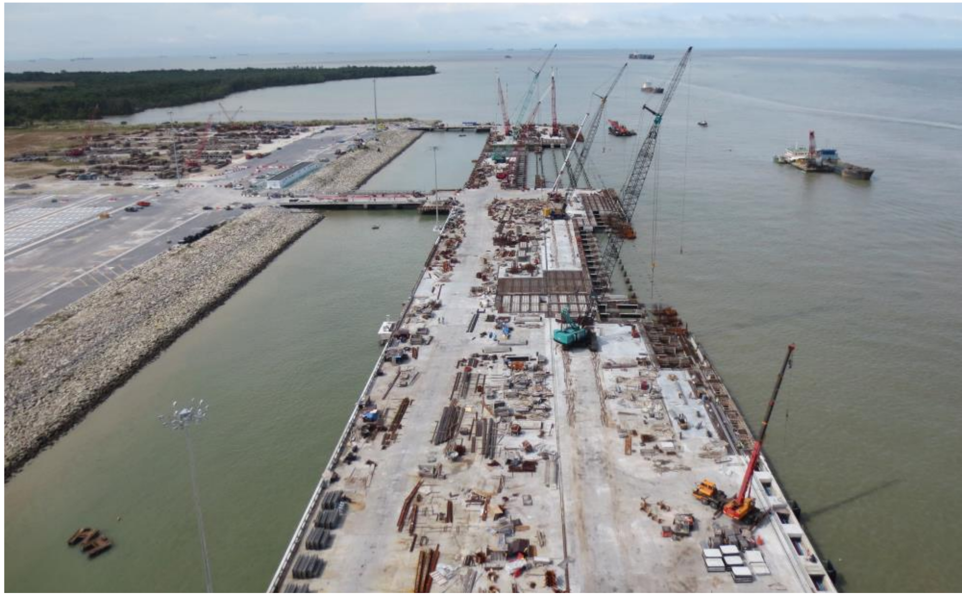
- **Cash balance** of RM429m after the 1st interim dividend payment of RM217m on 15th August while also meeting funding requirements of the ongoing CT8-CT9 expansion
- Net **debt-to-equity ratio** of 0.47x as at Sep17

CT8 & CT9 Expansion

Updated Expansion Plan

CT8	Facilities	• 600 metres of **wharf** and container yard • Back-of-the-terminal facilities: **2nd container gate**, marshaling centre and container freight station • 14 units of **Quay Cranes** • 15 units of **Rubber Tyred Gantry Cranes** • Terminal tractors and trailers
	Timeline	• Commenced in January 2015 • **Phase 1** completed 300-metre wharf. Operational since May2016 with 4 new 52-metre high QCs • **Phase 2** additional 300 metres of wharf, CT8 container yard and more TOEs. Wharf completed in Aug2017
	Capacity	• When all the facilities have been completed & terminal handling equipment is delivered, total capacity is expected to increase to **13.5 million TEUs** per annum
	Capex	• Current total capex for CT8 of **RM1.17 billion** • Capex in 2017 for Phase 2 development • Funded mainly by internally generated funds and short-term bank borrowings
CT9	Facilities	• 600 metres of **wharf** • 2 units of **Quay Cranes** • 13 units of **Rubber Tyred Gantry Cranes** • Terminal tractors and spreaders
	Timeline	• **Phase 1** to be completed by Dec2017
	Capex	• Wharf construction work and additional TOEs cost **RM545 million** • Funded mainly by internally generated funds and short-term bank borrowings

Current Construction Work At CT8 & CT9



CT9 wharf at various stages of construction – prestressed beams, planks and concrete topping

Capital Expenditure By Components

RM million	2015	2016	YTD'17	2017f	2018f	2-yr proj
Construction	104	227	230	463	18	480
Equipment	117	224	257	300	130	430
CT8 & CT9	**221**	**451**	**487**	**763**	**148**	**910**
Maintenance	31	40	17	88	2	90
Total Capex^	**252**	**491**	**504**	**851**	**149**	**1,000**

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Dividend And Outlook

Dividend Distribution Track Record

	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
1st Interim Dividend	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
  - 1st interim dividend of RM217.3m for 1H 2017
- **Maintaining payout ratio** even with container terminal capacity expansion

Outlook 2017

New Rubber Tyred Gantry cranes ready to be deployed at the recently completed container yard

- **Container volume** – lower than previous year's throughput level by between 7% and 12%
- **Investment Tax Allowance** is facilitating ongoing terminal expansion capex requirements
- Approval-in-Principle for **CT10-CT19** proposed expansion. To commence detailed studies soon

Thank You

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http://westportsholdings.com/
http://westportsmalaysia.com/

2016 Annual Report
http://ir.chartnexus.com/westportsholdings/docs/ar2016_hres.pdf

2016 Sustainability Report
http://ir.chartnexus.com/westportsholdings/docs/Westports%20201704%20Sustainability%20Rep%202016.pdf

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