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# Westports Holdings Berhad
# 4th Quarter 2016 Financial Report

## 10th February 2017


# Results



| | | 4Q15 | 4Q16 | %Chg | 2015 | 2016 | %Chg | On YTD Performance |
|---|---|---|---|---|---|---|---|---|
| **Container** | million TEUs | 2.34 | 2.55 | 9% | 9.05 | 9.95 | 10% | Transhipment +13% and constituted 74.3% of total TEUs. Gateway improved at 4Q16 and YTD posted +3% |
| **Conventional** | million MT | 2.50 | 3.33 | 33% | 10.23 | 11.80 | 15% | |
| Revenue | RM million | 477 | 573 | 20% | 1,682 | 2,035 | 21% | Container revenue +17% with tariff revision and higher volume. Higher revenue and volume at dry and liquid bulk |
| **Operational Revenue** | | **416** | **469** | **13%** | **1,578** | **1,804** | **14%** | |
| Cost Of Sales | | -247 | -324 | 31% | -799 | -1,044 | 31% | YTD fuel cost -9% despite +20% in 4Q16. Manpower cost +8% with increased in operational headcount |
| **Operational Costs** | | **-186** | **-220** | **18%** | **-696** | **-813** | **17%** | |
| Gross Profit | | 230 | 249 | 9% | 882 | 991 | 12% | Improved GP and EBITDA levels with higher container volume and revenue per TEU. Benefited from fuel cost. Results from Op include full impairment for receivables |
| EBITDA | | 222 | 235 | 6% | 869 | 987 | 14% | |
| Results From Op Activities | | 182 | 191 | 5% | 714 | 819 | 15% | |
| **Profit Before Tax** | | **166** | **174** | **5%** | **650** | **755** | **16%** | Reported PBT includes RM20m investment gain and excluding that, PBT would be +13% to RM734m. Lower effective tax rate of 15.6% with ITA for capex at CT8 |
| Tax | | -34 | -19 | -43% | -145 | -118 | -19% | |
| | Tax % | -20.2% | -11.0% | | -22.3% | -15.6% | | |
| **Profit After Tax^** | | **133** | **155** | **17%** | **505** | **637** | **26%** | Excluding investment gain, PAT is +22% to RM617m |

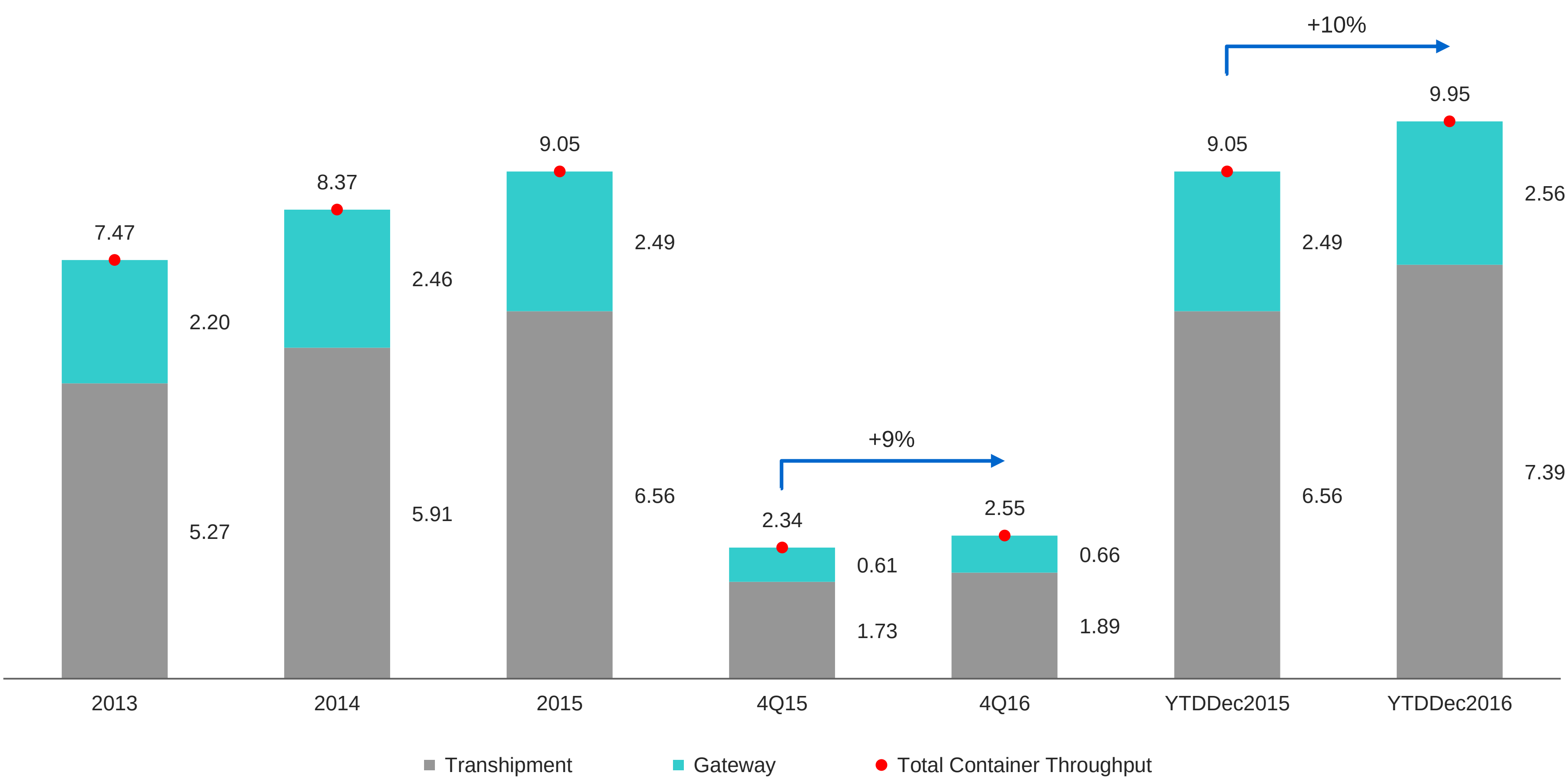
^May not add up due to rounding

# **Container** – Transhipment & Gateway Throughput



- **4Q16** transhipment +9% and supported by exports, gateway growth improved +8% to 0.7m TEUs
- **2016** growth of +10%, underpinned by transhipment +13% which constituted 74.3% of total volume

## Total Container Throughput (million TEUs)



# Container – Throughput By Trade Lane

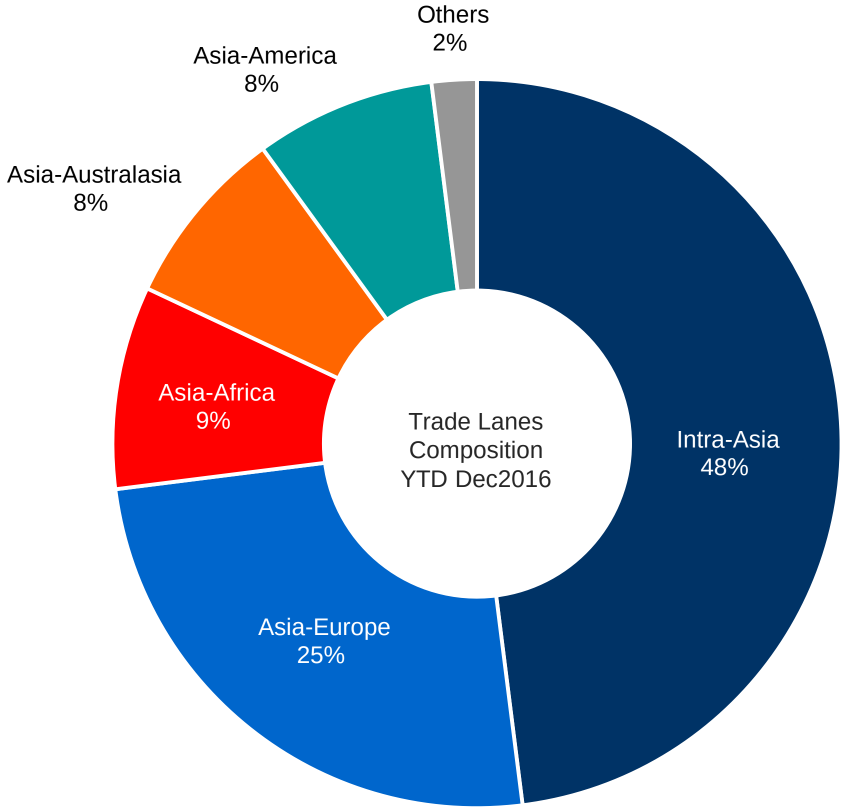


- **4Q16** Asia-Africa volume eased due to realignment of selected services on that trade lane
- **2016** Intra-Asia underpinned volume handled and growth. Asia-Europe improved in second-half

## Container Throughput By Trade Lanes

| | % Changes YoY | | |
|---|---|---|---|
| Trade Lane | 4Q16 | YTDDec16 | TEUs m |
| Intra-Asia | 12.1% | 11.1% | 4.78 |
| Asia-Europe | 21.7% | 10.5% | 2.53 |
| Asia-Africa | -24.6% | -7.6% | 0.86 |
| Asia-Australasia | 1.9% | -2.0% | 0.81 |
| Asia-America | 4.0% | 49.2% | 0.79 |
| Others | -5.7% | 1.3% | 0.17 |
| **Total^** | **+9.0%** | **+9.9%** | **9.95** |

^May not add up due to rounding




Based on data as of 25th January 2017

# Conventional – Throughput Volume

- **4Q16** liquid bulk grew with bunkering. Cement volume eased with less major construction works
- **2016** dry bulk improved with sugar and grains throughput while break bulk with steel products

## Total Conventional Throughput (million tonnes)

| | Year | | | Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 4Q15 | 4Q16 | % | 2015 | 2016 | % |
| Dry Bulk | 3.70 | 3.99 | 4.01 | 1.12 | 1.25 | 12% | 4.01 | 4.34 | 8% |
| Liquid Bulk | 4.30 | 3.76 | 3.57 | 0.80 | 1.55 | 93% | 3.57 | 4.92 | 38% |
| Break Bulk | 1.70 | 1.66 | 1.59 | 0.32 | 0.41 | 28% | 1.59 | 1.81 | 14% |
| Cement | 0.90 | 0.94 | 1.06 | 0.26 | 0.12 | -53% | 1.06 | 0.75 | -30% |
| **Total^** | **10.60** | **10.35** | **10.23** | **2.50** | **3.33** | **33%** | **10.23** | **11.80** | **15%** |
| RORO (k units) | 108.4 | 166.0 | 162.5 | 37.2 | 32.2 | -13% | 162.5 | 141.4 | -13% |

^May not add up due to rounding

# Revenue



- **4Q16** higher container revenue due to 9% increase in volume handled and higher revenue per TEU
- **2016** much higher construction revenue reflected progress especially at the CT8 Phase 1 expansion

## Segmental Revenue (RM million)

| | Year | | | Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 4Q15 | 4Q16 | % | 2015 | 2016 | % |
| Container | 1,105 | 1,251 | 1,317 | 352 | 401 | 14% | 1,316 | 1,536 | 17% |
| Conventional | 137 | 137 | 144 | 34 | 37 | 9% | 144 | 147 | 2% |
| Marine | 74 | 77 | 81 | 21 | 20 | -1% | 81 | 84 | 3% |
| Rental | 32 | 38 | 35 | 8 | 10 | 23% | 35 | 37 | 5% |
| **Operational Revenue** | **1,348** | **1,503** | **1,578** | **416** | **469** | **13%** | **1,578** | **1,804** | **14%** |
| Construction | 364 | 59 | 103 | 61 | 104 | 71% | 103 | 231 | 123% |
| Total Revenue^ | 1,712 | 1,562 | 1,682 | 476 | 573 | 20% | 1,681 | 2,035 | 21% |

^May not add up due to rounding

# Cost Of Sales



- **4Q16** container costs eased with less impact from tariff. Fuel cost with higher fuel price and volume
- **2016** manpower reflected higher minimum wage and operational headcount. Depreciation for CT8

## Cost Of Sales Breakdown (RM million)

| | Year | | | Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 4Q15 | 4Q16 | % | 2015 | 2016 | % |
| Container | 201 | 226 | 242 | 71 | 90 | 27% | 242 | 331 | 37% |
| Conventional | 19 | 22 | 23 | 5 | 5 | 1% | 23 | 22 | -5% |
| Marine | 31 | 31 | 31 | 8 | 10 | 21% | 31 | 36 | 17% |
| Fuel | 88 | 94 | 70 | 16 | 20 | 20% | 70 | 64 | -9% |
| Electricity | 21 | 27 | 29 | 7 | 8 | 17% | 29 | 33 | 14% |
| Manpower | 150 | 164 | 169 | 44 | 48 | 9% | 169 | 183 | 8% |
| Depreciation | 101 | 124 | 132 | 34 | 38 | 13% | 132 | 145 | 10% |
| **Operational Cost** | **611** | **688** | **696** | **186** | **220** | **18%** | **696** | **813** | **17%** |
| Construction | 364 | 59 | 103 | 61 | 104 | 71% | 103 | 231 | 123% |
| Total Cost^ | 975 | 747 | 799 | 247 | 324 | 31% | 799 | 1,044 | 31% |

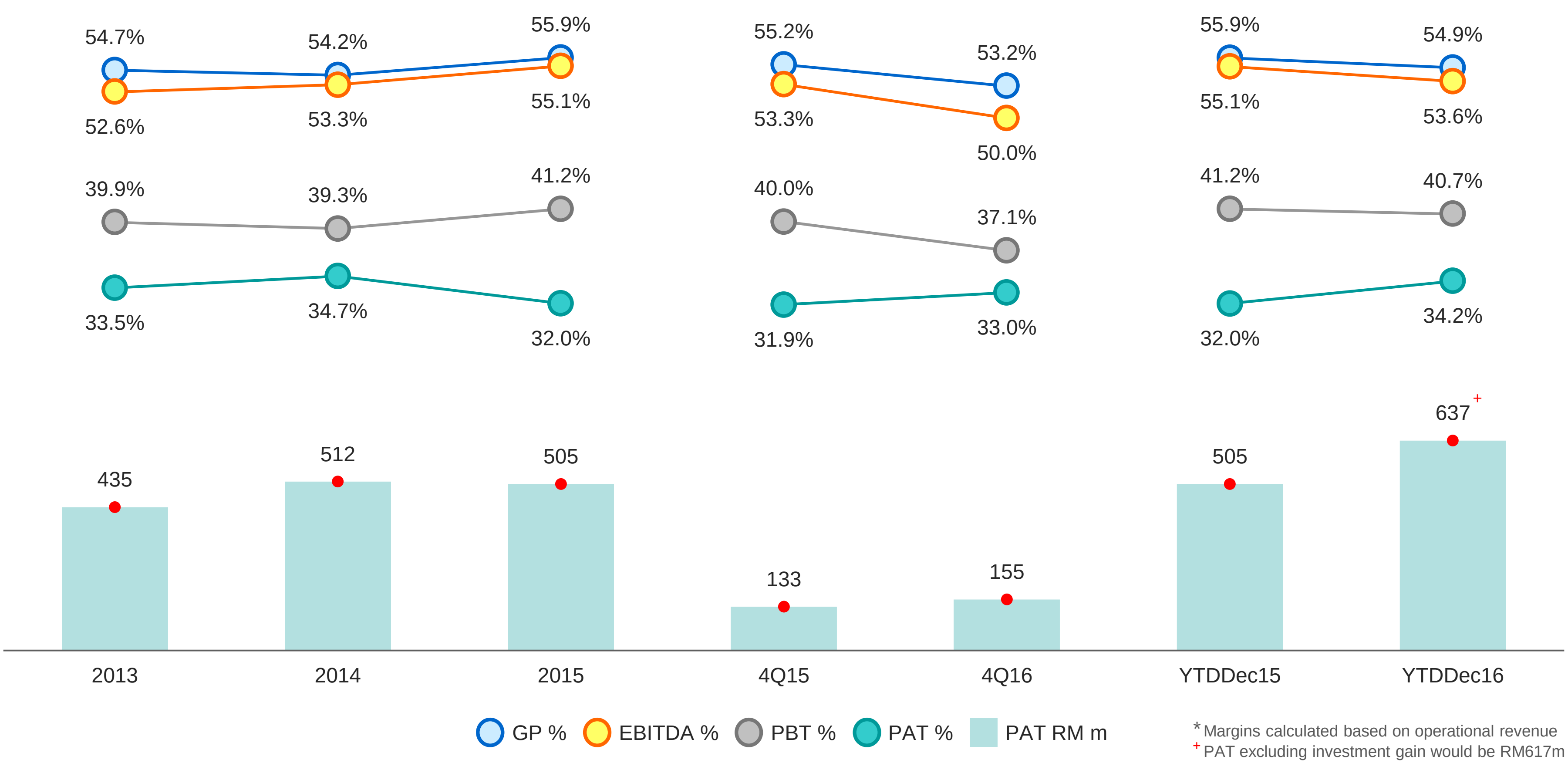
^May not add up due to rounding

# Profitability Margins



- EBITDA, PBT and PAT margins calculated excluded investment gain. **4Q16** EBITDA and PBT margins eased due to higher fuel cost and **2016** with higher marketing cost. PAT margin reflected ITA benefit

## Profitability Margins* (%) And Profit After Tax (RM million)




*Margins calculated based on operational revenue

+PAT excluding investment gain would be RM617m

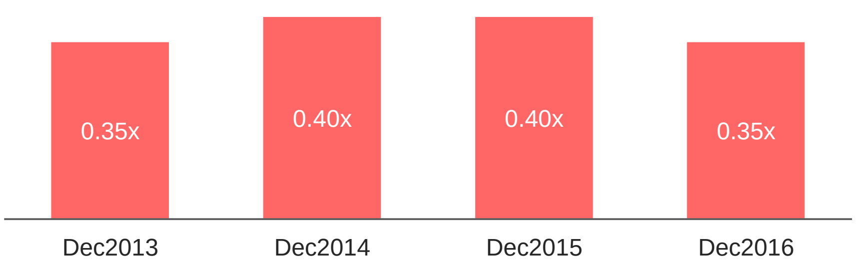
# Debt-To-Equity Ratio



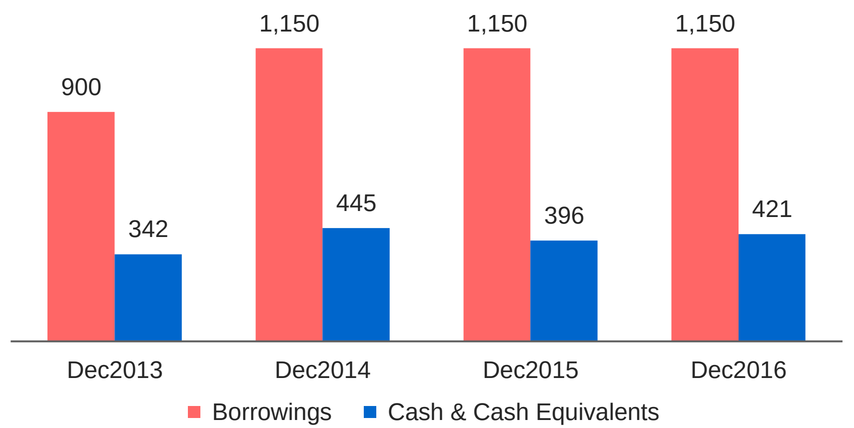
| Sukuk Musharakah Medium Term Note (SMTN) | |
|---|---|
| Tenure | • 20 year Sukuk Musharakah Medium Term Note program obtained on 20 April 2011<br>• Valid unless it has been redeemed, cancelled or repurchased by WMSB |
| Nominal Value | RM2,000 million available for issuance |
| Drawdown | • 03 May 2011 of RM450 million<br>• 01 April 2013 of RM250 million<br>• 23 Oct 2013 of RM200 million<br>• 03 April 2014 of RM250 million<br>• Total drawdown RM1,150 million |
| Utilisation of Proceeds | • Refinance previous SUKUK programme<br>• Capital expenditure<br>• Assets acquisition<br>• Working capital |
| Repayment | • RM450 million – 6 tranches, 2021-2026<br>• RM250 million – 4 tranches, 2025-2028<br>• RM200 million – 5 tranches, 2024-2028<br>• RM250 million – 4 tranches, 2021-2024 |

- **Net debt-to-equity ratio** improved to 0.35x despite capital expenditure especially for the CT8 Phase 1 expansion
- **Cash balance** improved to RM421m even after transfer for the 1st interim dividend payment in Aug2016 of RM249m

## Net Debt-To-Equity Ratio




## Total Borrowings And Cash & Equivalents (RM million)



# CT8 & CT9 Expansion

## Updated Expansion Plan

| | | |
|---|---|---|
| **CT8** | Facilities | • 600 metres of **wharf** and container yard<br>• Back-of-the-terminal facilities: **2nd container gate**, marshaling centre and container freight station<br>• 14 units of **Quay Cranes**<br>• 15 units of **Rubber Tyred Gantry Cranes**<br>• Terminal tractors and trailers |
| | Timeline | • Commenced in January 2015<br>• **Phase 1** completed 300-metre wharf. Operational since May2016 with 4 new 52-metre high QCs<br>• **Phase 2** additional 300 metres of wharf, CT8 container yard and more TOEs. To be operational by mid-2017 |
| | 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**<br>• Capex in 2017 for Phase 2 development<br>• Funded mainly by internally generated funds and short-term bank borrowings |
| **CT9** | Facilities | • 600 metres of **wharf**<br>• 2 units of **Quay Cranes**<br>• 13 units of **Rubber Tyred Gantry Cranes**<br>• Terminal tractors and spreaders |
| | Timeline | • **Phase 1** to be completed by Dec2017 |
| | Capex | • Wharf construction work and additional TOEs cost **RM545 million**<br>• Funded mainly by internally generated funds and short-term bank borrowings |

## Current Construction Work At CT8

Prestressed beam and ongoing concrete works for CT8 Phase 2 300-metre wharf

## Capital Expenditure By Components (RM million)

| | 2015 | 2016 | 2017f | 2018f | 2-year proj |
|---|---|---|---|---|---|
| Construction | 104 | 227 | 463 | 18 | 480 |
| Equipment | 117 | 224 | 300 | 130 | 430 |
| **CT8 & CT9** | **221** | **451** | **763** | **148** | **910** |
| Maintenance | 31 | 40 | 88 | 2 | 90 |
| **Total Capex^** | **252** | **491** | **851** | **149** | **1,000** |

^May not add up due to rounding

# Dividend And Outlook



## Dividend Distribution Track Record

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

## Outlook 2017


Newly delivered Rubber Tyred Gantry Cranes that are in the Testing & Commissioning Phase

- **Payout ratio of 75%**
  - Semi-annual distribution of dividend
  - FY2016 dividend payment of 14.0 sen
- **2H 2016 2nd interim dividend of RM228m**
  - Maintaining payout ratio even with expansion

- **Container volume** – projecting moderate growth compared to the previous year
- **Conventional volume** – expecting identical overall volume as the previous year
- **Investment Tax Allowance** facilitates container terminal's ongoing higher capex requirements

# Thank You

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

Westports Holdings Berhad 2015 Annual Report
http://ir.chartnexus.com/westportsholdings/docs/ar2015_low.pdf

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