



WESTPORTS

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Westports Holdings Berhad
2nd Quarter 2018 Financial Report

25th July 2018



Throughput Volume

- **2Q18** Lowest decline rate of transshipment in the last 5 quarters due to residual impact from M&As among liners and the new alliances
- **YTDJun18** Intra-Asia trade lane's split increased to 61.4% from 54.1% in 1H2017 and Asia-Australasia benefited from additional services
- Total conventional volume declined due to much lower cement and dry bulk cargo even though break bulk tonnage handled increased

Container & Conventional Throughput

Container m TEU	2Q18	2Q17	% YoY	% Split	1Q18	% QoQ	YTDJun18	YTDJun17	% YoY	% Split
Transshipment	1.43	1.52	-6%	63.8%	1.48	-4%	2.92	3.34	-13%	64.8%
Gateway	0.81	0.70	16%	36.2%	0.77	6%	1.58	1.32	20%	35.2%
Total^	2.25	2.23	1%	100%	2.25	0%	4.50	4.66	-3%	100%
Intra-Asia	1.36	1.28	6%	60.6%	1.40	-3%	2.76	2.52	10%	61.4%
Asia-Europe	0.32	0.46	-32%	14.0%	0.31	3%	0.62	1.16	-46%	13.9%
Asia-Australasia	0.23	0.18	30%	10.3%	0.24	-2%	0.47	0.38	23%	10.4%
Asia-America	0.20	0.20	0%	8.9%	0.20	0%	0.40	0.37	8%	8.8%
Asia-Africa	0.08	0.07	4%	3.4%	0.07	4%	0.15	0.17	-9%	3.4%
Others	0.06	0.03	109%	2.8%	0.04	76%	0.10	0.06	58%	2.2%
Total^	2.25	2.23	1%	100%	2.25	0%	4.50	4.66	-3%	100%
Conventional m MT	2.83	2.61	8%	-	2.43	16%	5.26	5.40	-3%	-

^May not add up due to rounding

Revenue

- **2Q18** Container revenue declined with MFRS15 but QoQ growth reflected underlying trend as gateway constituted 36.2% of volume
- **YTDJun18** Adjusted container revenue per TEU would follow QoQ's trend. Higher conventional revenue with project cargo and RORO
- Marine reflected lesser vessel calls while rental increased with step-up in tier rates for land lease. No construction activities in 1H2018

Segmental Revenue (RM million)

Revenue RM million	2Q18	2Q17	% YoY	% Split	1Q18	% QoQ	YTDJun18	YTDJun17	% YoY	% Split
Container	325	357	-9%	82.6%	322	1%	647	730	-11%	83.1%
Conventional	39	35	13%	9.9%	33	17%	73	70	3%	9.3%
Marine	19	19	-2%	4.8%	18	2%	37	39	-3%	4.8%
Rental	11	10	7%	2.7%	11	-4%	22	21	7%	2.8%
Op. Revenue[^]	394	421	-6%	100%	385	2%	779	860	-9%	100%
Construction	0	80	nm	-	0	nm	0	163	nm	-
Total Revenue[^]	394	501	-21%	-	385	2%	779	1,022	-24%	-

[^]May not add up due to rounding

- **2Q18** Manpower cost increased mainly due to annual increments for basic salaries, higher deduction for EPF and allowances-incentives
- **YTDJun18** Higher depreciation charges with completion of terminal expansion by Dec2017. Container cost with full MFRS15 compliance
- Higher fuel cost with higher MOPS in US\$ offsetting lower total fuel consumption. Electricity cost reflected more reefers and also QCs

Cost Of Sales Breakdown (RM million)

Cost RM million	2Q18	2Q17	% YoY	% Split	1Q18	% QoQ	YTDJun18	YTDJun17	% YoY	% Split
Container	21	69	-70%	12.6%	20	5%	41	140	-71%	12.6%
Conventional	6	6	12%	3.8%	5	26%	11	10	9%	3.5%
Marine	7	8	-11%	4.3%	7	0%	15	17	-16%	4.5%
Fuel	25	19	32%	15.1%	23	12%	48	41	17%	14.6%
Electricity	9	8	3%	5.2%	8	5%	17	16	3%	5.2%
Manpower	51	46	12%	30.8%	51	2%	102	93	9%	31.2%
Depreciation	47	39	22%	28.2%	46	3%	93	77	20%	28.4%
Op. Cost[^]	167	195	-15%	100%	159	5%	326	396	-17%	100%
Construction	0	80	nm	-	0	nm	0	163	nm	-
Total Cost[^]	167	276	-39%	-	159	5%	326	558	-42%	-

[^]May not add up due to rounding

Overall Results & Profitability Margins

		2Q18	2Q17	%Chg	1Q18	% QoQ	YTDJun18	YTDJun17	%Chg	On YTD Performance
Container	m TEUs	2.25	2.23	1%	2.25	0%	4.50	4.66	-3%	Transshipment -13% while gateway +20%. Export : import ratio at 50 : 50 while 80% of export boxes are laden. Conventional decline due to lower cement and dry bulk cargo.
Conventional	m MT	2.83	2.61	8%	2.43	16%	5.26	5.40	-3%	
Op. Revenue		394	421	-6%	385	2%	779	860	-9%	Lower container revenue and cost reflect MFRS15. Higher depreciation with CT8-CT9. Manpower reflected salary, EPF, incentives & allowances. Electricity up with reefers. Fuel cost up with higher MOPS even though container ops consumed lesser fuel.
Op. Cost Of Sales		-167	-195	-15%	-159	5%	-326	-396	-17%	
Gross Profit		227	226	1%	226	1%	453	464	-2%	Excluding especially much higher depreciation charges, EBITDA level is almost identical. Both GP and also EBITDA margins improved with the lower operational revenue following compliance with MFRS15. Using annualized EBIT over equity and borrowings, ROCE is about 20%.
EBITDA		237	236	1%	234	1%	472	475	-1%	
EBITDA %		60.3%	56.0%		60.9%		60.6%	55.3%		
Results From Op. Act.		184	191	-4%	183	1%	367	386	-5%	
Profit Before Tax		162	174	-7%	164	-1%	325	354	-8%	PBT declined by 8% with higher finance costs following drawdown of Sukuk to part-finance expansion. Total borrowings increased from RM1.3bn in Jun17 to RM1.5bn now. Slight PBT margin improvement is due to lower operational revenue. YTD statutory corporate tax rate.
PBT %		41.0%	41.4%		42.5%		41.7%	41.1%		
Tax		-40	-26	55%	-40	0%	-80	-64	25%	
Tax %		-24.6%	-14.7%		-24.3%		-24.5%	-18.0%		
Profit After Tax[^]		122	149	-18%	124	-2%	246	290	-15%	Profit After Tax eased by 15% after providing for tax rate of 24%.

[^]May not add up due to rounding

Cash Flows & Total Borrowings

Consolidated Cash Flows					Sukuk Musharakah Medium Term Note (SMTN)	
RM million	2Q18	2Q17	YTDJun18	YTDJun17		
Operating Profit Before Working Capital Changes	237	236	472	475	Tenure	<ul style="list-style-type: none"> 20 year Sukuk Musharakah Medium Term Note program obtained on 20 April 2011 Valid unless it has been redeemed, cancelled or repurchased by WMSB
Cash Generated From Operations	130	220	214	517	Nominal Value	RM2,000 million available for issuance
Net Cash Generated From Operating Activities	93	170	151	445	Drawdown	<ul style="list-style-type: none"> 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
Net Cash Used In Investing Activities	-88	-146	-117	-374	Total RM1,500m	
Net Cash Used In Financing Activities	-13	87	-297	-105	Utilisation of Proceeds	<ul style="list-style-type: none"> Refinance previous SUKUK programme Capital expenditure & assets acquisition Working capital
Net Change In Cash & Cash Equivalents	-8	111	-263	-34	Repayment Schedule	<ul style="list-style-type: none"> 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
Cash & Cash Equivalents As At Starting Period	270	243	524	388		
Cash & Cash Equivalents As At 30 th June	262	354	262	354		

May not add up due to rounding

- YTDJun18 **capital expenditure** included the RM43m progressive payment for purchase of land from PKNS
- Cash** of RM298m with pledged bank deposits of RM36m
- Total Sukuk **borrowings of RM1,500m**. First repayment in Aug19 of RM100m
- Net **debt-to-equity ratio** of 0.53x as at Jun18

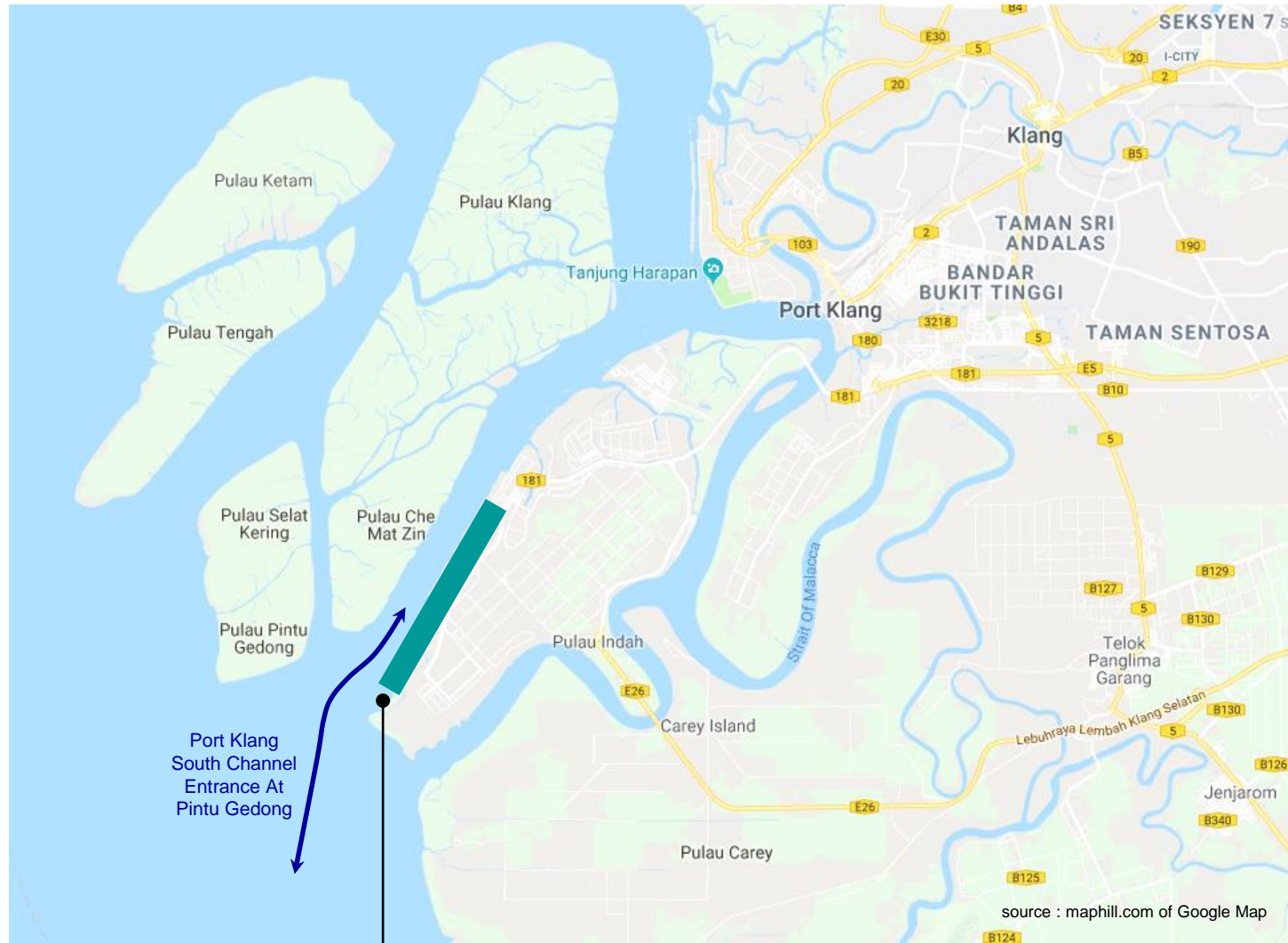
Future Expansion Of Westports 2

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 8 detailed **studies**
- Terminal design** to take into consideration, among others
 - Port Klang south channel entrance at Pintu Gedong
 - Minimise dredging where possible for environmental and cost considerations
 - Avoid altering the natural surrounding current tidal flow patterns
- Land acquisition**
 - Successful bid for the 154-hectare (381.0-acre) land owned by PKNS
 - Leasehold of 99 years
 - Total purchase consideration of RM116.2m to be paid in 5 equal instalments
 - Acquisition to be completed by Dec18



CT10 Onwards

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



Evergreen's Ever Golden 20,150-TEU vessel making its regular call at Westports

- **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

- **Container volume** growth of low single-digit percentage rate in 2018
- **Tariff revision** scheduled for 2018
- **8 detailed studies** to facilitate and crystallise planning for long-term terminal 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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