WESTPORTS

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Westports Holdings Berhad

Second Quarter Financial Report ended 30 June 2014

(“2Q 2014”)

23 July 2014

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1. KEY HIGHLIGHTS

Dividend Distribution Highlights

Dividend Distribution Details	
Distribution Period	1 January 2014 – 30 June 2014
Distribution Type	First Interim Dividend
Dividend per Share ("DPS") (sen)	5.10
Entitlement Date	11 August 2014
Payment Date	20 August 2014

Key highlights of 2Q 2014

Financial Performance

Total revenue **+1.9%** YoY

Operational revenue **+14.8%** YoY

EBITDA **+5.5%** YoY

Normalised EBITDA **+13.5%** YoY

PAT **+2.4%** YoY

Normalised PAT **+11.7%** YoY

Operational Performance

Container throughput **+14.0%** YoY

Conventional throughput **-6.6%** YoY

Key highlights of 1H 2014

Financial Performance

Total revenue **+3.0%** YoY

Operational revenue **+13.1%** YoY

EBITDA **+12.8%** YoY

Normalised EBITDA **+12.4%** YoY

PAT **+16.7%** YoY

Normalised PAT **+16.2%** YoY

Operational Performance

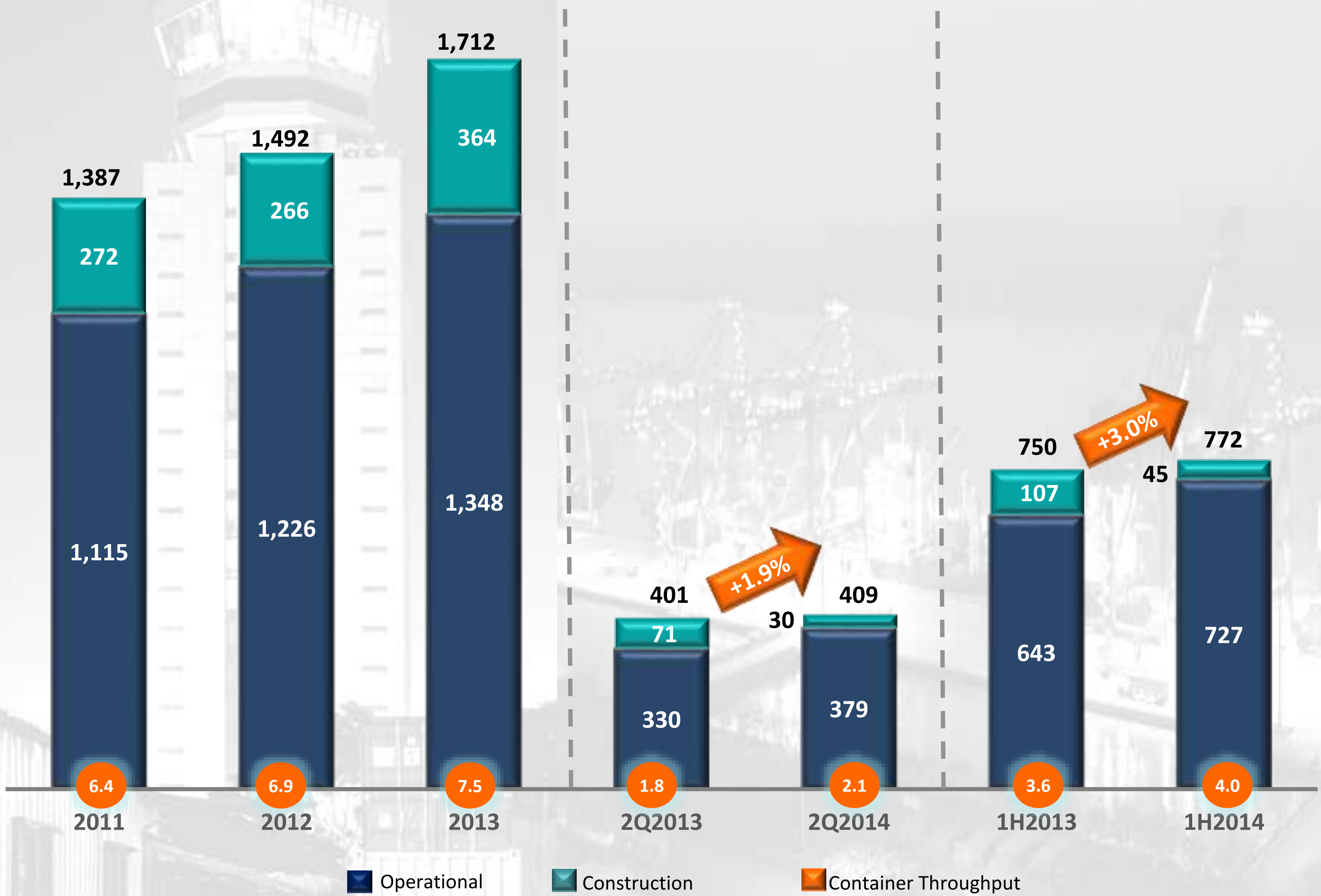
Container throughput **+12.9%** YoY

Conventional throughput **-4.8%** YoY

2. FINANCIAL PERFORMANCE FOR 2Q2014 & 1H2014

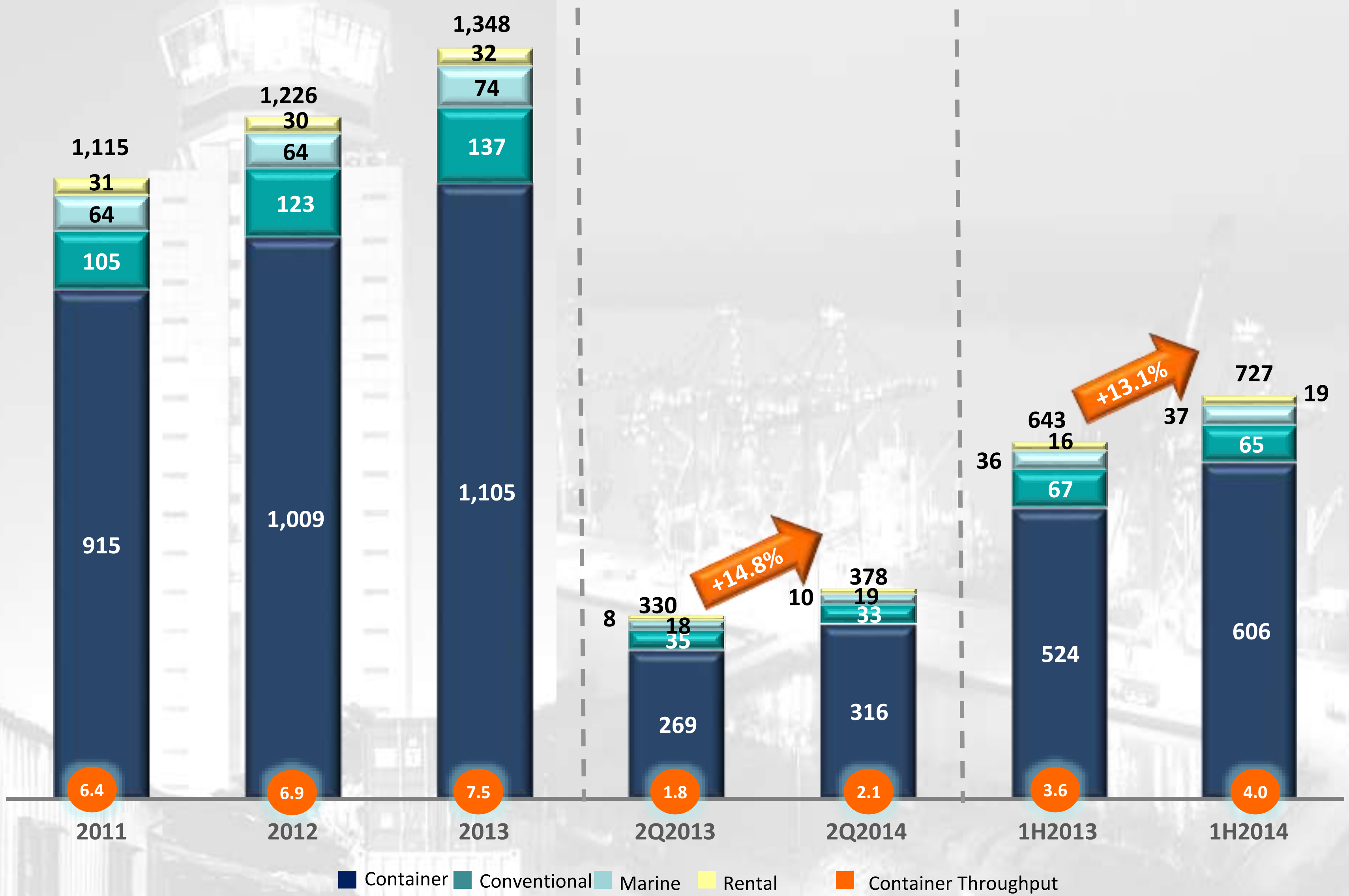
Modest total revenue growth on the back of lower construction activities

Total revenue (RM mn)



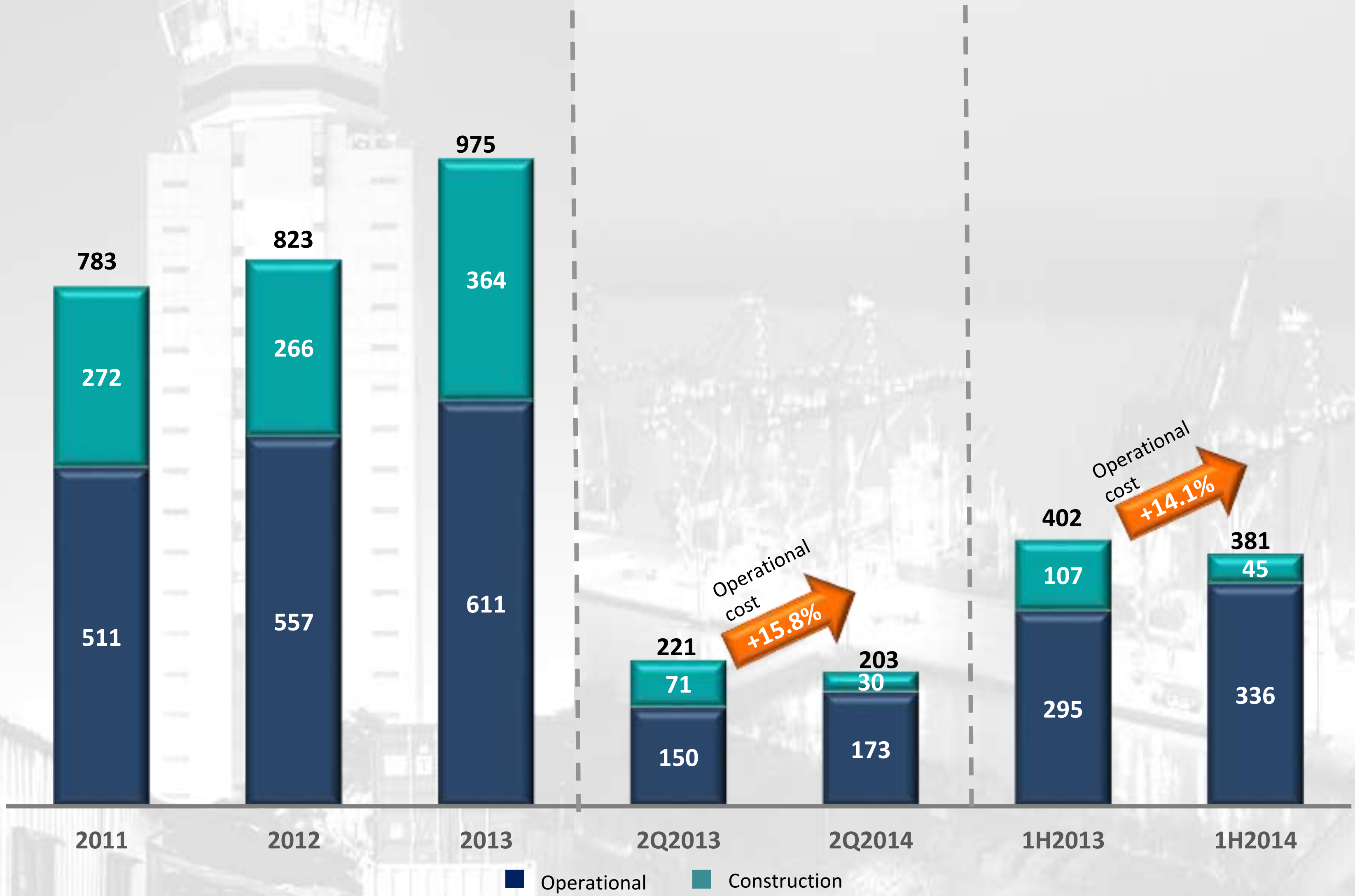
Strong operational revenue growth underpinned by container segment

Operational Revenue Segmentation (RM mn)



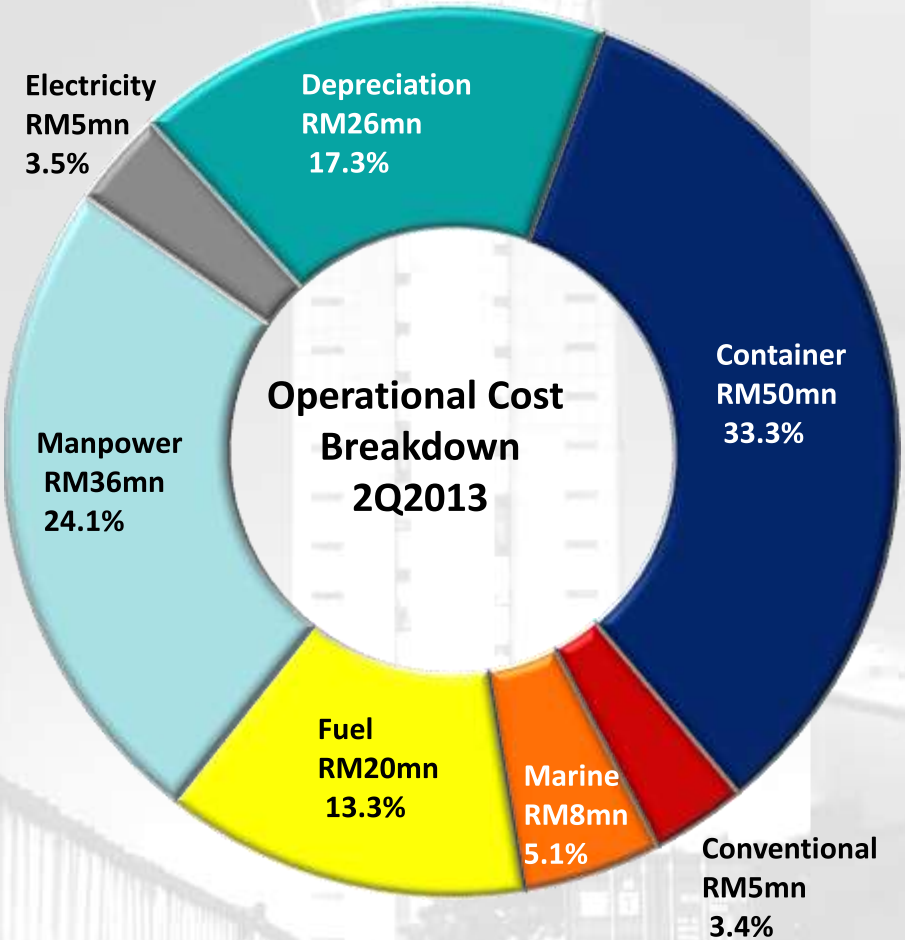
Operational Cost Moved in Tamdem with Container Throughput

Total cost of sales (RM mn)

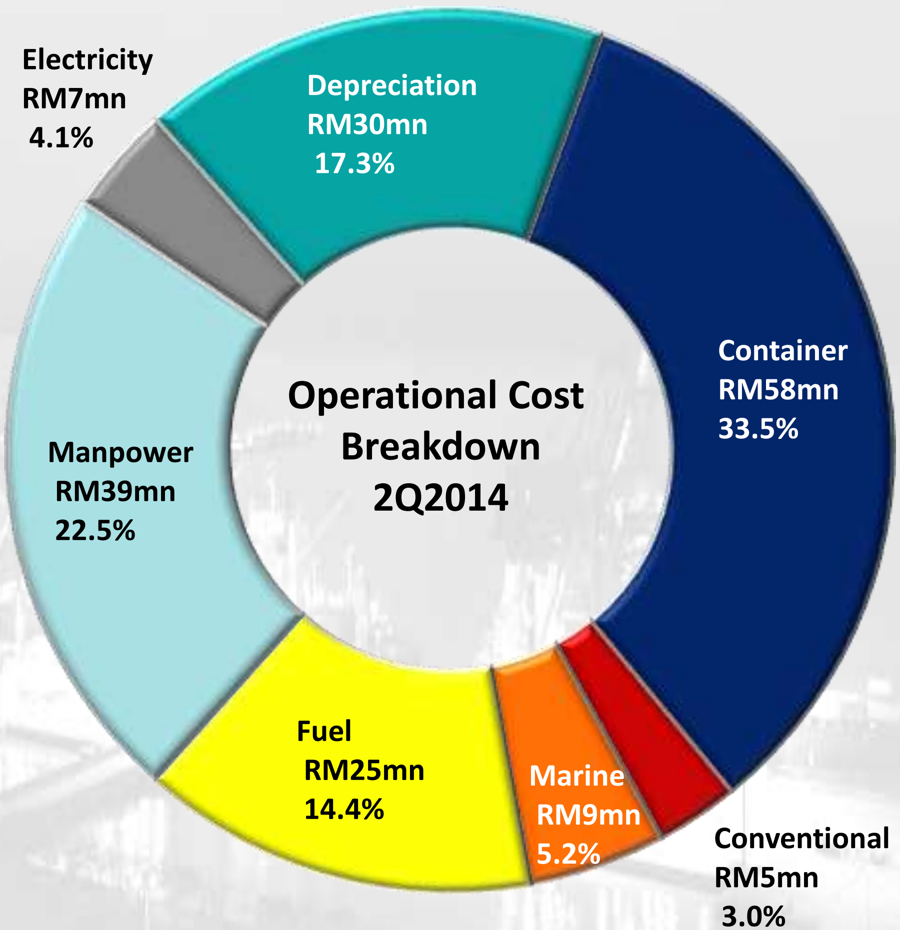


Cost of sales grew in line with container throughput

Operational cost breakdown – 2Q2014 versus 2Q2013 (RM mn)



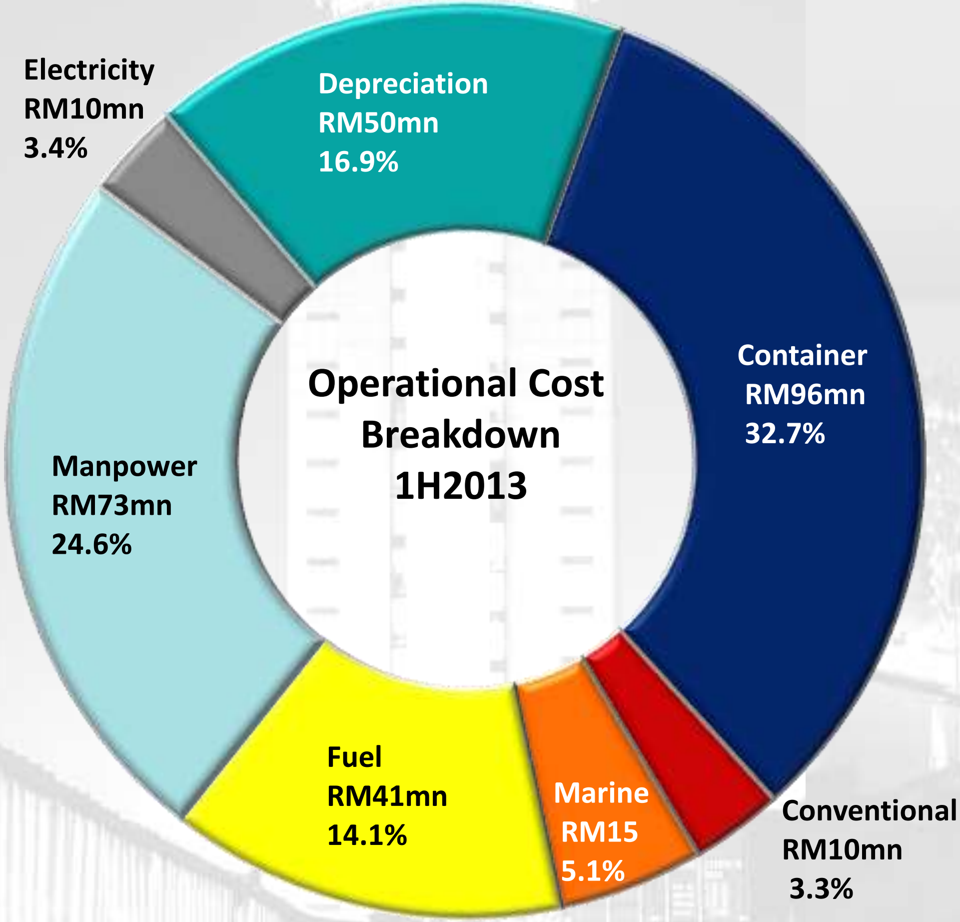
Total : RM150 mn



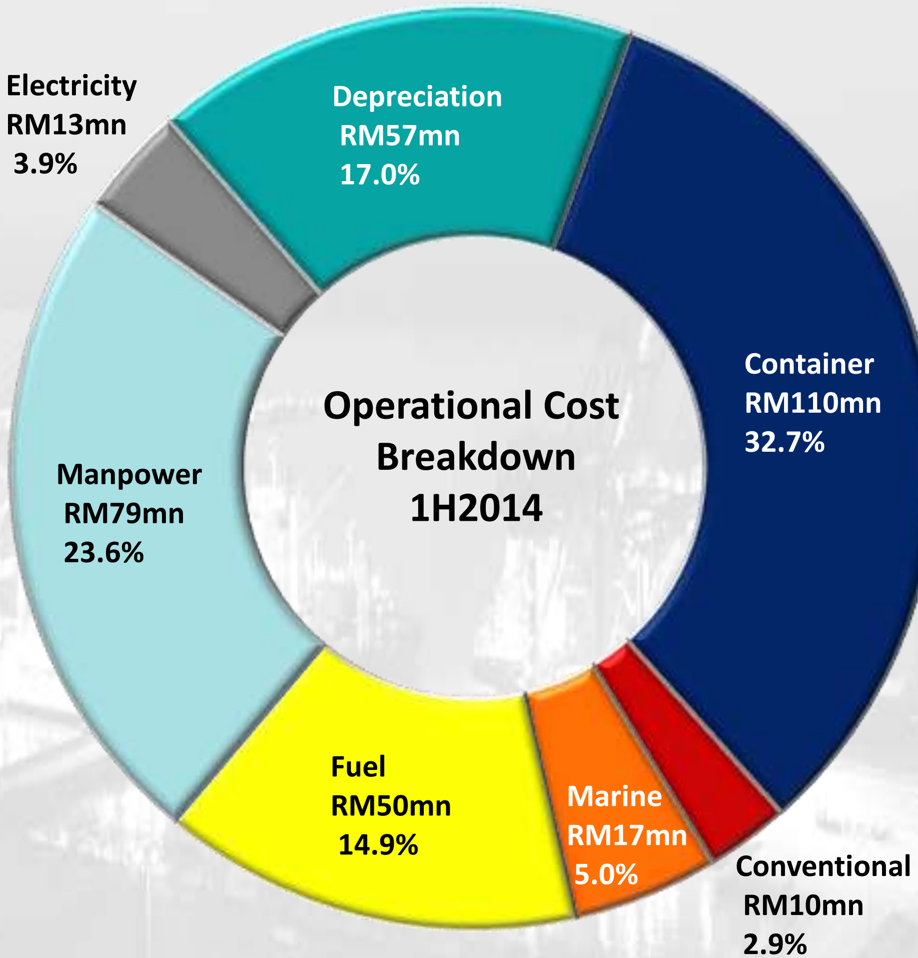
Total : RM173 mn

Cost of sales grew in line with container throughput

Operational cost breakdown –1H2014 versus 1H2013 (RM mn)



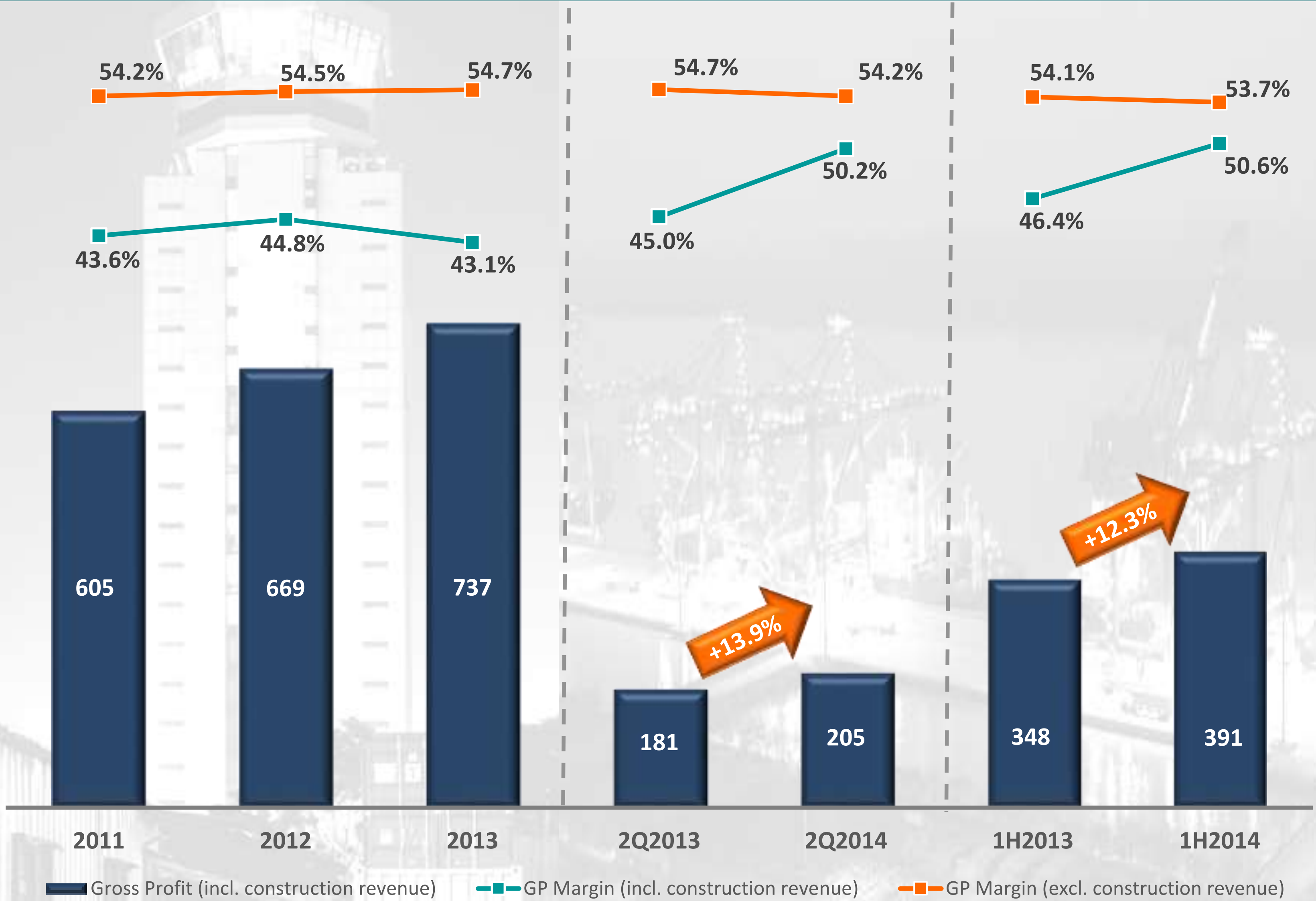
Total : RM295 mn



Total : RM336 mn

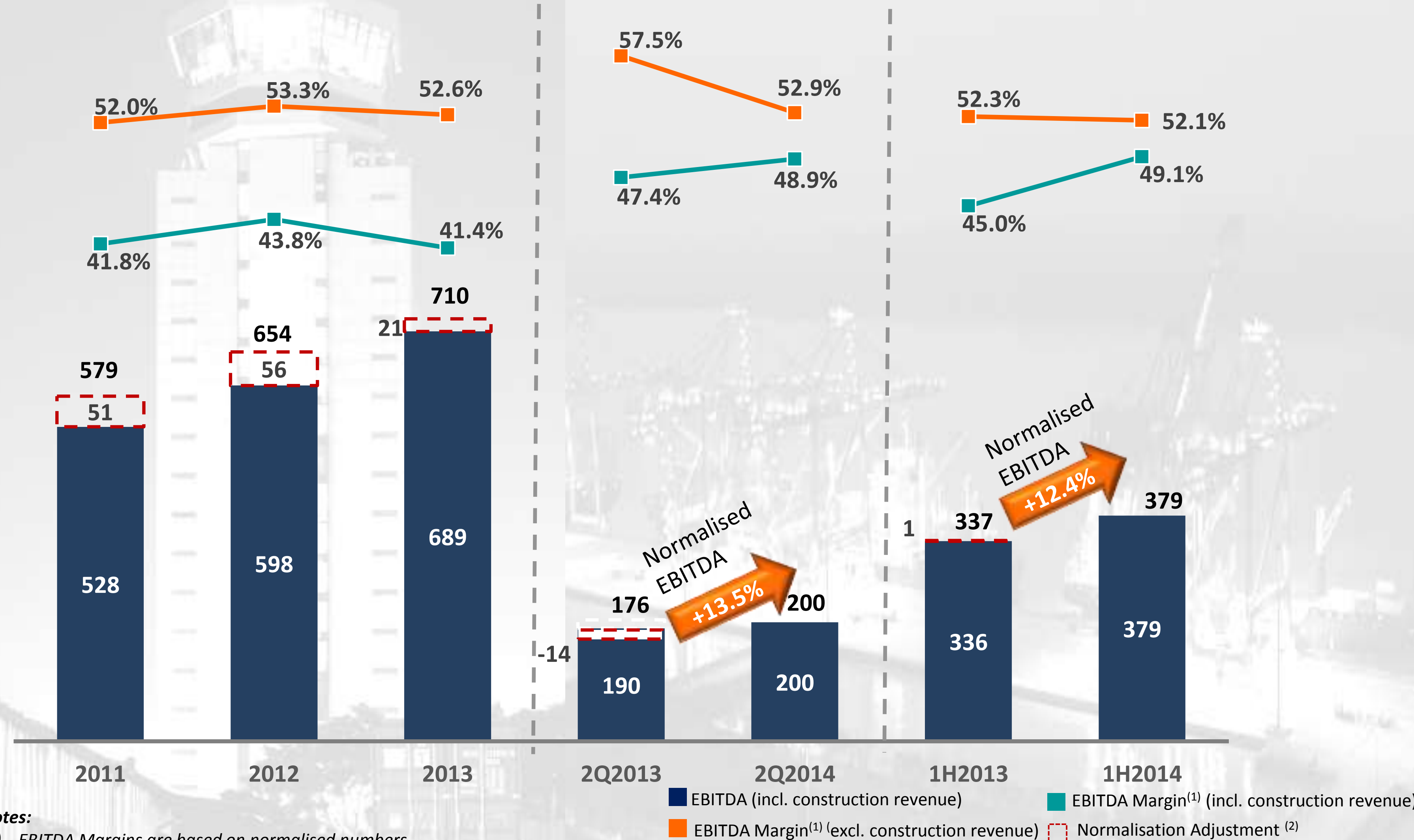
Healthy Margins Supported by Operational Efficiency

Gross profit (RM mn)



Healthy Margins Supported by Operational Efficiency

EBITDA (RM mn)



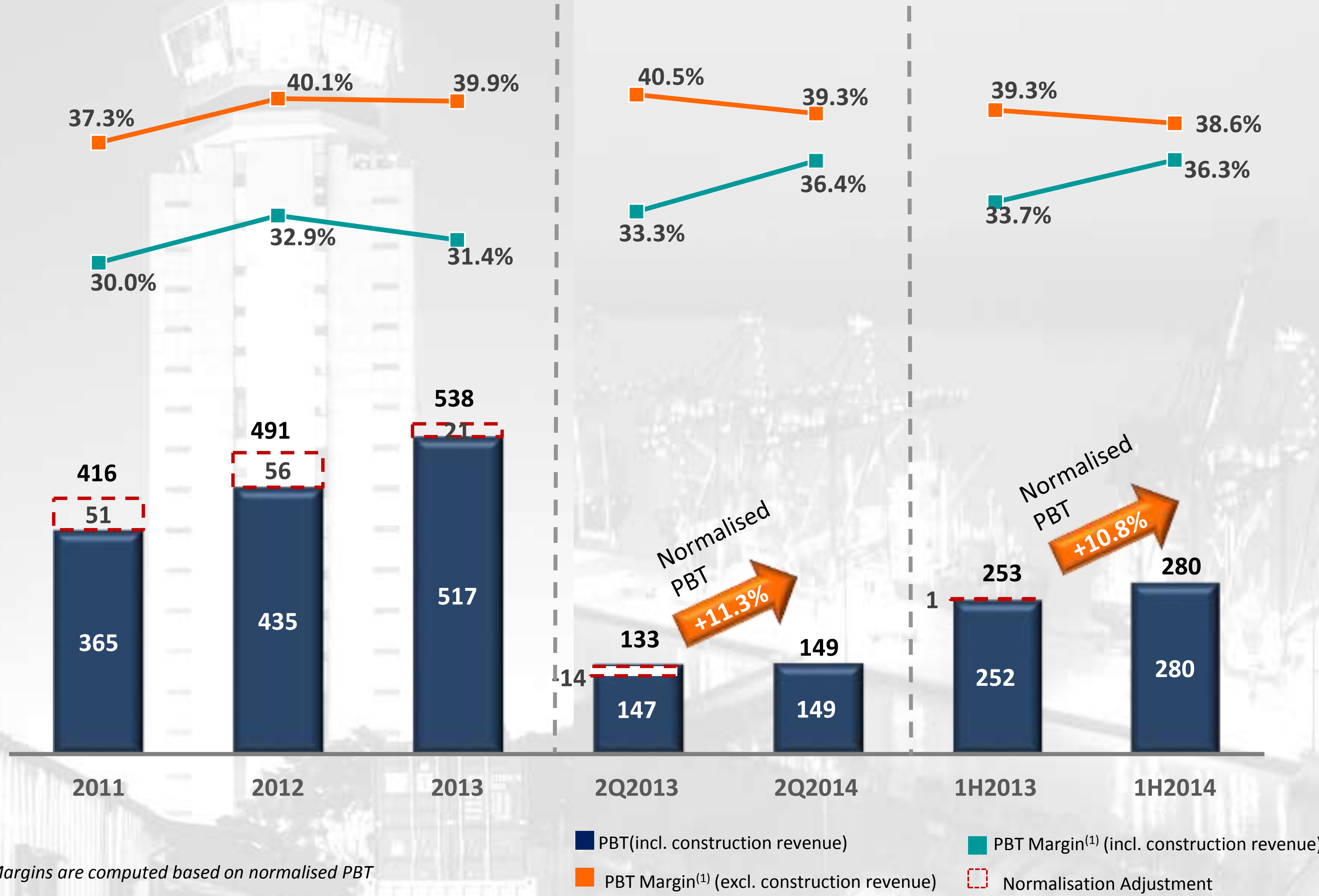
Notes:

(1) EBITDA Margins are based on normalised numbers

(2) Normalisation adjustments include Management Service Agreement (MSA)(RM40.0 mn), quit rent write-back (RM32.6 mn) and IPO expenses (RM13.7 mn) in 2013. There was normalization of MSA (RM15.3 mn), IPO expenses (RM4.0mn) and reversal of quit rent (RM32.6mn) in 2Q2013. No normalisation adjustment for 2Q 2014. and 1H2014

Healthy Margins Supported by Operational Efficiency

Profit Before Tax (RM mn)

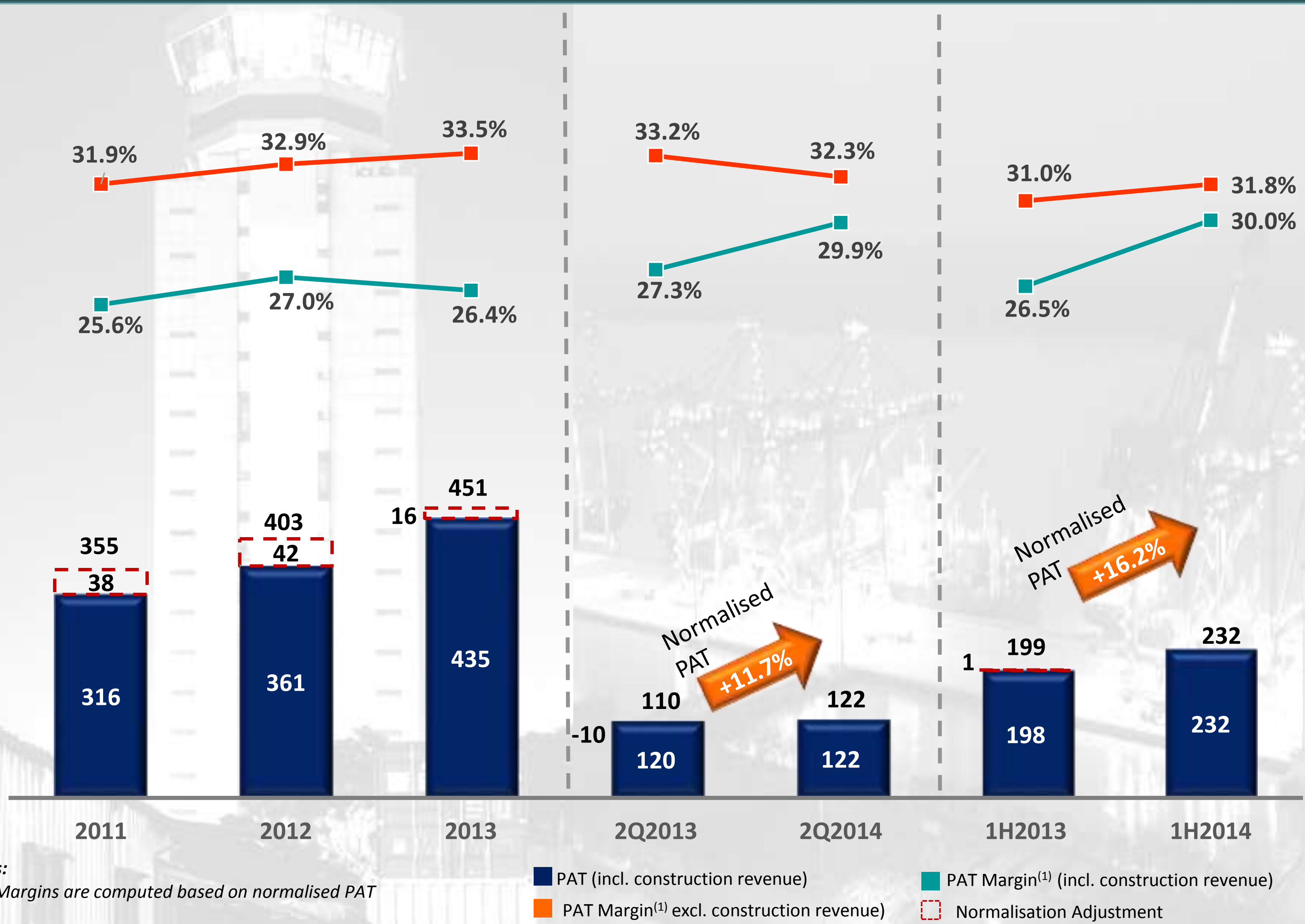


Notes:

(1) Margins are computed based on normalised PBT

Healthy Margins Supported by Operational Efficiency

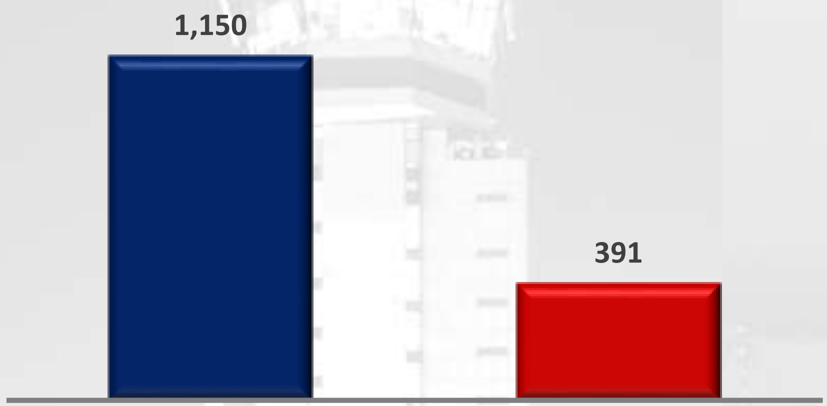
Profit After Tax (RM mn)



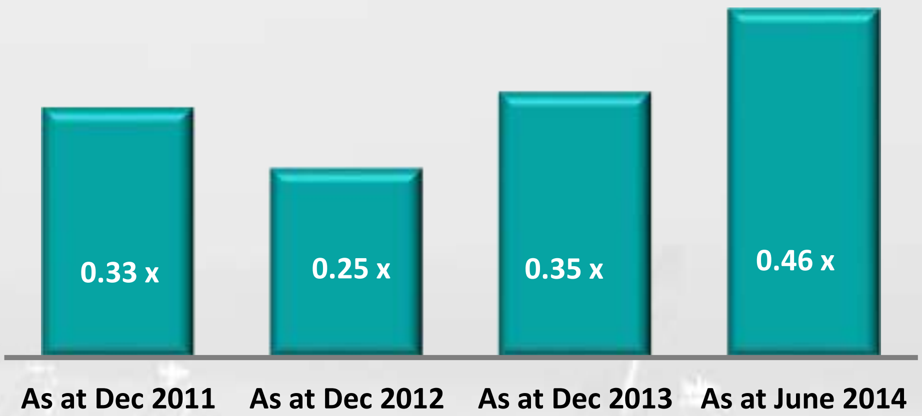
Notes:
(1) Margins are computed based on normalised PAT

Lower Debt-to-Equity on Rising Cash Position

Borrowing and cash and cash equivalent (RM mn) (As at 30 June 2014)



Net Debt – to – Equity Ratio



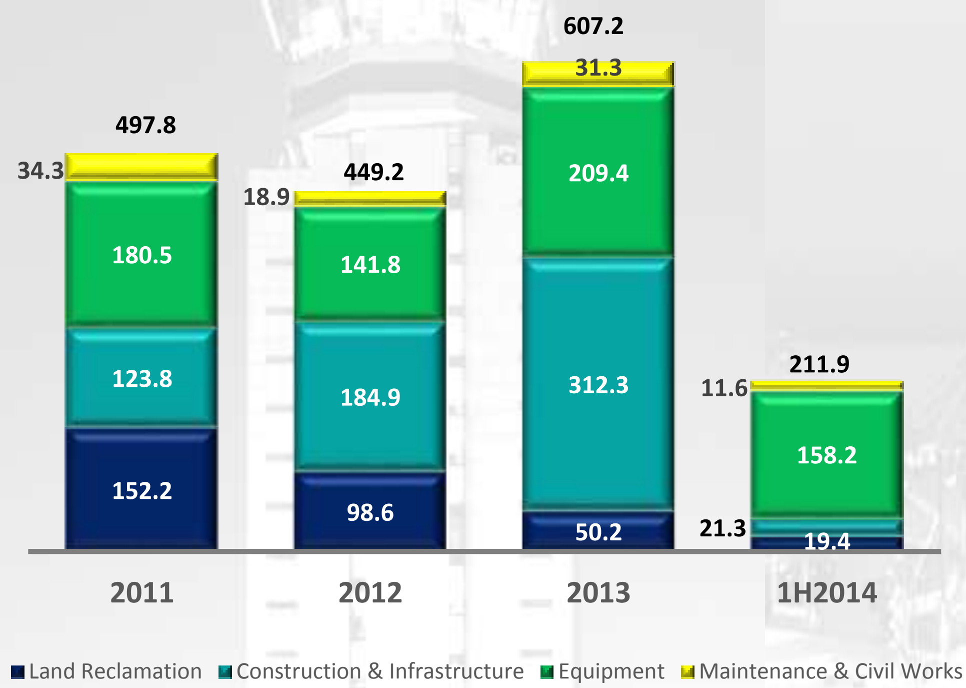
Sukuk Musharakah Medium Term Note II ("SMTN II")

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 mn available for issuance
Drawdown	▪ 3 May 2011 : RM450 mn ▪ 1 April 2013 : RM250 mn ▪ 23 Oct 2013 : RM200 mn ▪ 3 April 2014 : RM250 mn ▪ Total : RM1,150 mn
Utilisation of Proceeds	▪ Refinance a previous SUKUK program (SMTN I) ▪ Capital expenditure ▪ Assets acquisition ▪ Working capital

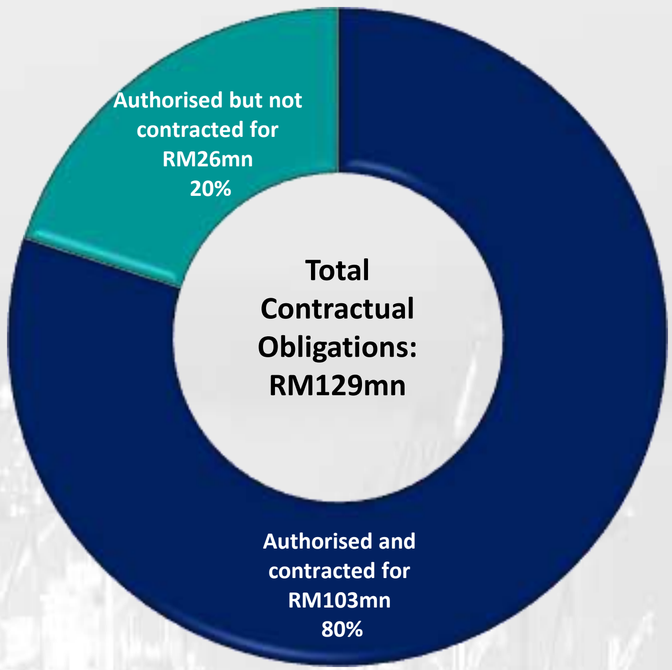
Net-debt-equity ratio has dropped from 0.52x as at 31 March 2014 to 0.46x as at 30 June 2014 due to higher cash balance.

Capital Expenditure Supportive of Growth

Capital Expenditure by Components (RM mn)



Capital Commitments as at 30 June 2014



- Capital expenditures (CAPEX) in 2014 is approximately RM380 million, primarily relating to the construction of CT7, the purchase of quay cranes and other terminal operating equipment, land reclamation and maintenance works

- CAPEX to be funded through a combination of internally generates cash and drawdown of the sukuk programme

3. PROGRESS UPDATES

Total handling capacity to increase to 11 million TEUs

- Four (4) of the seven (7) high specifications ship-to-shore cranes were delivered and have commenced operation. We expect to take delivery of the remaining three (3) ship-to-shore cranes by September 2014.
- Container Terminal 7 ("CT 7") is expected to be fully operational by end-2014.

Business As Usual Following Termination of Proposed P3 Alliance

- On 17 June 2014, China's Ministry of Commerce had blocked the proposed formation of P3 Alliance. The members of the proposed P3 Alliance, namely, CMA CGM, Maersk and MSC have accepted the decision and called off the proposed alliance.

- Whilst we had indicated earlier that the proposed P3 Alliance would have minimal impact on our throughput, the cessation of the proposed alliance should allay the concerns about any potential negative impact on our throughput.

Concession Period Extended to 2054

- In an announcement to the Bursa Malaysia Securities Berhad on 27 June 2014, The Board of Directors of Westports Malaysia Sdn Bhd (“WMSB”) has received the Notice from Port Klang Authority (“PKA”) pursuant to the Second Supplemental Privatisation Agreement dated 15 January 2010 for the extension of concession period of additional 30 years from 1 September 2024 to 31 August 2054.

4. PROSPECTS AND OUTLOOK

Sustainable growth momentum

- Westports recorded a set of strong financial performance in 1H2014 underpinned by exceptionally robust growth in container throughput with encouraging growth from both transshipment and gateway. The growth in gateway further cement the underlying strength of the domestic economy.

- In tandem with the robust growth registered in 1H2014, we expect the growth momentum to remain intact with high single-digit growth in container throughput for FY2014, supported by continuous growth in global trades especially within Intra Asia and mild recovery from the European economy in addition to modest growth from the domestic economy.

- The additional capacity arising from CT7 is well positioned to capitalize on the rising container throughput.

THANK YOU

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