



WESTPORTS
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**Westports Holdings Berhad
2nd Quarter 2017 Financial Report**

20th July 2017



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

- **2Q17** gateway +7%. Export growth +9% while import +3%
- **YTD Jun17** overall -5% as transshipment -8% while gateway increased by +5%. Transshipment : gateway ratio at 72 : 28

MFRS 15 Revenue from Contracts with Customers

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

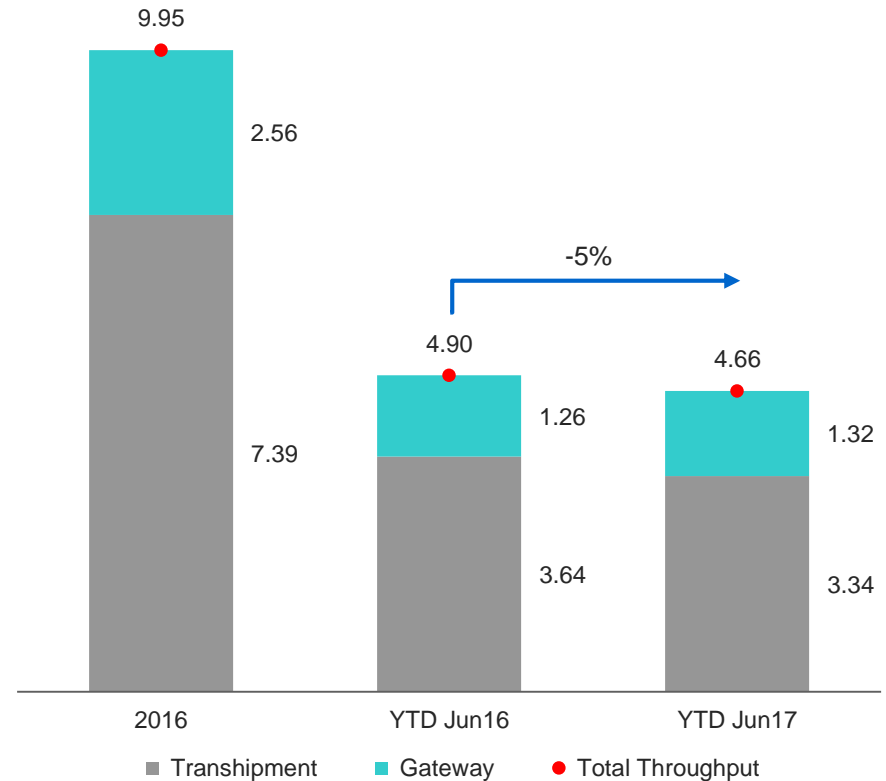
Measures taken towards compliance

- Essentially, under MFRS 15, marketing cost currently included under the Cost of Sales will have to net to revenue
- From 1st January 2017, 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 Jun17 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

- **2Q17** Intra-Asia +5%, trade lane split up to 57% from 48%
- **YTD Jun17** Asia-Africa declined with re-designated port calls. Eastbound services of Ocean Alliance have just commenced

- **2Q17** liquid bulk partly due to bunker volume re-classification since 1Q17. Cement in-line with lesser construction activities
- **YTD Jun17** dry bulk reflected fertilizer volume's strong growth

Container Throughput By Trade Lanes

Trade Lane	2Q17 TEU m	2Q17 %Chg	YTDJun TEU m	YTDJun %Chg	YTDJun %Split
Intra-Asia	1.26	5.2%	2.50	7.3%	53.6%
Asia-Europe	0.46	-26.3%	1.16	-5.6%	24.9%
Asia-Australasia	0.17	-18.1%	0.38	-5.8%	8.1%
Asia-America	0.20	-5.1%	0.37	-10.6%	7.9%
Asia-Africa	0.07	-65.9%	0.16	-62.7%	3.5%
Others	0.07	35.5%	0.10	-3.5%	2.0%
Total^	2.23	-10.9%	4.66	-5.0%	100%

Conventional Throughput (million Metric Tonne)

Cargo	2016 m MT	2Q17 m MT	2Q17 %Chg	YTDJun m MT	YTDJun %Chg
Dry Bulk	4.34	1.14	33%	2.19	10%
Liquid Bulk	4.92	0.97	-27%	2.19	7%
Break Bulk	1.81	0.44	-14%	0.82	-11%
Cement	0.75	0.06	-73%	0.19	-63%
Total^	11.80	2.61	-10%	5.40	-1%
RORO k units	141.4	33.6	7%	69.17	-2%

% Split based on data as of 6th July 2017

^May not add up due to rounding

Revenue & Cost

- **2Q17** lower container revenue reflect net basis under MFRS15
- **YTD Jun17** marine revenue eased with lesser vessel calls while rental increased with a step-up in tiered-rates on land lease

- **2Q17** reduced container cost reflect MFRS15's marketing cost
- **YTD Jun17** higher fuel cost with higher RM price per litre while depreciation reflects ongoing container terminal expansion

Segmental Revenue (RM million)

Operational Revenue	2016 RM m	2Q17 RM m	2Q17 %Chg	YTDJun RM m	YTDJun %Chg
Container	1,536	357	-7%	730	-3%
Conventional	147	35	-3%	70	-3%
Marine	84	19	-12%	39	-9%
Rental	37	10	11%	21	13%
Op. Revenue	1,804	421	-6%	860	-3%
Construction	231	80	9%	163	60%
Total Revenue[^]	2,035	501	-4%	1,022	4%

Cost Of Sales Breakdown (RM million)

Operational Cost Of Sales	2016 RM m	2Q17 RM m	2Q17 %Chg	YTDJun RM m	YTDJun %Chg
Container	331	69	-14%	140	-12%
Conventional	22	6	0%	10	-6%
Marine	36	8	-5%	17	1%
Fuel	64	19	21%	41	48%
Electricity	33	8	-1%	16	1%
Manpower	183	46	5%	93	6%
Depreciation	145	39	9%	77	11%
Op. Cost	813	195	-2%	396	2%
Construction	231	80	9%	163	60%
Total Cost[^]	1,044	276	1%	558	14%

[^]May not add up due to rounding

Overall Results & Profitability Margins

		2Q16	2Q17	%Chg	YTDJun16	YTDJun17	%Chg	On YTD Performance
Container	million TEUs	2.50	2.23	-11%	4.90	4.66	-5%	Transshipment -8% and now constituted 71.7% of total TEUs. Gateway +5% with export : import at 51 : 49. Conventional volume growth driven by dry bulk
Conventional	million MT	2.90	2.61	-10%	5.47	5.40	-1%	
Operational	RM million							Container revenue reflect net basis for selected contracts. Rental had step-up rate on land lease. Lower conventional revenue due to less break bulk and cement throughput. Notably higher fuel cost with higher RM price per litre
Revenue		449	421	-6%	885	860	-3%	
Cost Of Sales		-199	-195	-2%	-388	-396	2%	
Gross Profit		250	226	-10%	498	464	-7%	YTD16 EBITDA would be less by RM20m if investment gain is excluded, EBITDA YTD17 would be lesser by 4% instead of by 8%. Excluding the investment gain, YTD16 EBITDA margin would be 55.9% instead of 58.2%. Meanwhile the YTD17 EBITDA could be >56% if it were not for the higher fuel cost
EBITDA		249	236	-5%	516	475	-8%	
	EBITDA *	55.4%	56.0%		55.9%	55.3%		
Results From Op. Activities		208	191	-8%	434	386	-11%	
Profit Before Tax		192	174	-9%	403	354	-12%	Lower 'Other Income' in P&L statement is due to absence of RM20m investment gain while the higher 'Other Expenses' reflected IT expenses
	PBT *	42.7%	41.4%		43.2%	41.1%		
Tax		-32	-26	-20%	-72	-64	-11%	With capitalisation of more equipment and wharf, YTD17 effective tax rate has decline to 18.0%
	Tax Rate	-16.7%	-14.7%		-17.9%	-18.0%		
Profit After Tax[^]		160	149	-7%	331	290	-12%	Excluding investment gain, YTD17 PAT would be -7% instead of lower by 12%

* 2016 margins calculated by excluding investment gain

[^]May not add up due to rounding

Debt-To-Equity Ratio

Sukuk Musharakah Medium Term Note (SMTN)	
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
Nominal Value	RM2,000 million available for issuance
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 Total drawdown RM1,150 million
Utilisation of Proceeds	<ul style="list-style-type: none"> Refinance previous SUKUK programme Capital expenditure Assets acquisition Working capital
Repayment	<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

Current Construction Work At CT8 & CT9



CT8 Container Yard Zone W and Zone X near completion

RM million	Dec2013	Dec2014	Dec2015	Dec2016	Jun2017
Cash & Cash Equivalents	342	445	396	421	387
Total ST & LT Borrowings	900	1,150	1,150	1,150	1,300
Net Debt-To-Equity Ratio (x)	0.35	0.40	0.40	0.35	0.43

- Total outstanding **SMTN** at RM1.15bn, last drawdown in Apr2014. Between Jan2017 and Jun2017, drawdown of RM150m from unsecured Revolving Credit Facility (**RCF**)
- SMTN and RCF borrowings are denominated in Ringgit and have been utilised for container terminal expansion

- Cash balance** eased to RM387m with ongoing CT8 and CT9 expansion
- Net debt-to-equity ratio stands at 0.43x as at Jun17

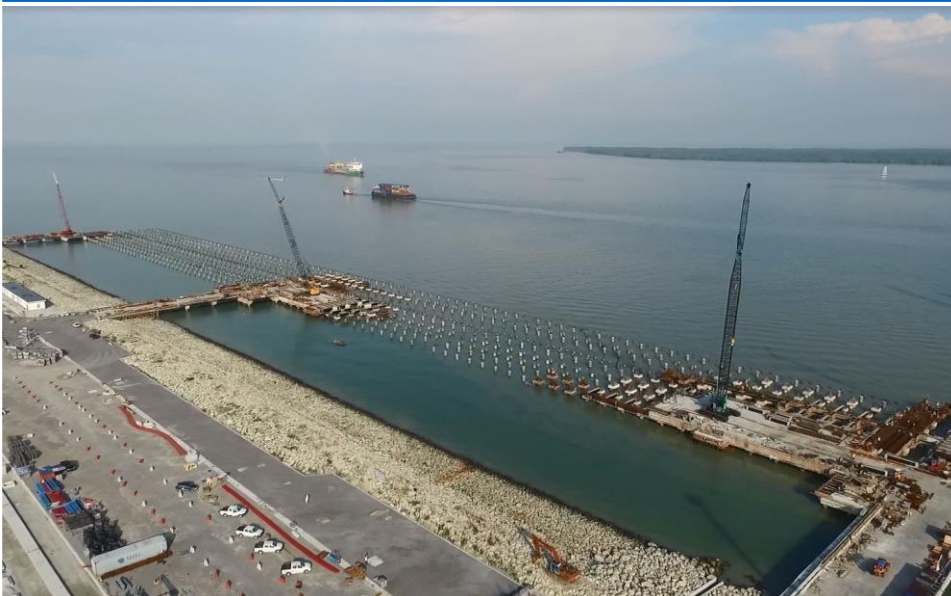
CT8 & CT9 Expansion

Updated Expansion Plan

CT8	Facilities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Jul2017
	Capacity	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 600 metres of wharf 2 units of Quay Cranes 13 units of Rubber Tyred Gantry Cranes Terminal tractors and spreaders
	Timeline	<ul style="list-style-type: none"> Phase 1 to be completed by Dec2017
	Capex	<ul style="list-style-type: none"> 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



Piling for CT9 has been completed. Pilecap and prestressed beams are being put in place

Capital Expenditure By Components

RM million	2015	2016	YTD'17	2017f	2018f	2-yr proj
Construction	104	227	163	463	18	480
Equipment	117	224	206	300	130	430
CT8 & CT9	221	451	369	763	148	910
Maintenance	31	40	11	88	2	90
Total Capex[^]	252	491	380	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
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



Vessels calling at Westports under Ocean Alliance's services

- **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

- **Container volume** – lower than previous year's throughput level by between 7% and 12%
- **Investment Tax Allowance** is facilitating ongoing terminal expansion capex requirements
- **Improved** service quality and productivity levels

Thank You

Westports Holdings Berhad
<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>

Chang Kong Meng
Email: chang@westports.com.my
Contact: +6 03 3169 4047
Mobile No: +6 012 5123 813

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