

# Malaysia's Westports Institutional Offer Oversubscribed (Update)



Attractive: (From left) Najib browsing through the Westports prospectus, while Gnanalingam, CEO Ruben Amir, Gnanalingam Abdullah and Maybank CEO Tengku Zafrul Tengku Aziz hold a copy each during the prospectus launch

**KUALA LUMPUR:** The institutional offer of Malaysia's Westports Holdings Bhd's \$688 million initial share sale has been oversubscribed more than 10 times, according to two people with direct knowledge of the deal, Reuters reported..

The bookbuild institutional tranche, which makes up 14 percent of the offering, has been mostly subscribed at the higher end of the bookbuilding range between 2.30 and 2.50 ringgit per share the first day it was launched, the people said.

At 2.50 ringgit per share, Westports, the operator of Malaysia's busiest port, will have a market value of 8.53 billion ringgit (\$2.64 billion) when it lists, making it the country's biggest listing so far this year.

The final pricing is expected to be fixed on Oct. 1, with listing on the local bourse scheduled on Oct. 18, according to a term sheet seen by Reuters on Thursday.

Westports, which manages the world's 12 busiest port and counts state investor Khazanah Nasional Bhd and Hong Kong's Hutchison Port Holdings as shareholders, could not be reached for comment.

Credit Suisse, Goldman Sachs and Maybank Investment Bank are joint global co-ordinators, while Bank of America Merrill Lynch, Credit Suisse, Goldman Sachs, HSBC and RHB Investment Bank are joint bookrunners.

(\$1 = 3.2340 Malaysian ringgit)

Earlier report by The Star's By SHARIDAN M ALI

KUALA LUMPUR: Port operator Westports Holdings Bhd is comfortable with rewarding shareholders with a 75% dividend policy of net profit on an annual basis.

“Actually, this is a continuation of what we have been paying out to our shareholders in the past couple of years. Our dividend payout has been growing to 75% to-date, in line with the development of the port.

“Of course, the payout would also depend on the prevailing market conditions,” chief executive officer Ruben Emir Gnanalingam told reporters after the company’s launching of its prospectus officiated by Prime Minister Datuk Seri Najib Razak yesterday.

Westports is slated to be listed on the main market of Bursa Malaysia on Oct 18 and is poised to be the biggest initial public offering (IPO) based on total funds raised this year to date.

This is based on the offer of 813.19 million shares at a retail price of RM2.50 per share that would see RM2.2bil being raised and a market capitalisation of about RM8.53bil upon listing.

The IPO comprises an institutional offering of up to 710.89 million shares and 102.3 million shares to the general public.

Westports' IPO only involves an offer for sale by its existing shareholders giving off their total combined share of a 23.84% stake.

Of this, the Gnanalingam family, the founder of Westports, will approximately dispose of a 13.2% stake.

As the IPO does not entail a fund-raising aim, Westports executive chairman Tan Sri G Gnanalingam said it would allow employees, customers and other shareholders to become shareholders of the company.

"They would share our appreciation and continued support, as Westports' success is due in large part to the efficiency and dedication of its employees," he said.

Meanwhile, Najib said the IPO underscored the strength and dynamism of the Malaysian capital markets.

"Our country remains an attractive investment destination, as shown by the continued interest in our offerings by both domestic and international investors.

"All these factors stand us in good stead, not only to attract future investments but to also achieve our over-riding objective of becoming a developed nation by 2020," he said.

Najib added that Westports stood as a shining example of the success of the Malaysian economic model.

"It is a product of the government public-private partnership, first developed in the 1980s, to boost growth by tapping private sector capital and expertise," he said.

Maybank Investment Bank Bhd chief executive officer Tengku Datuk Zafrul Tengku Abdul Aziz said the IPO had yielded positive results, securing seven domestic and two foreign long-only cornerstone investors.

"The cornerstone investor tranche was anchored by domestic investors, namely, Permodalan Nasional Bhd, the Employees Provident Fund, Retirement Fund Inc

or KWAP, AIA Bhd, Hwang Investment Management, Hong Leong Assurance and RHB Investment Management.

“This IPO also marks UK-based Genesis Investment Management and Bermuda-based Utilico Investments’ first-time participation as cornerstone investors in a Malaysian IPO,” he said.

On growth, Westports is expected to spend a total of RM658mil that includes the completion of container terminal six (CT6) and the development of CT7 this year.

Next year, the port operator’s capital expenditure is expected to be around RM400mil in its efforts to boost capacity.

Westports manages Malaysia’s main export gateway of Port Klang, which is the world’s 12th busiest port.

It currently holds 69% of Port Klang’s market share, with a present handling capacity of 9.5 million twenty-foot equivalent units or TEUs per annum.

This handling capacity is expected to increase to about 11 million TEUs per annum by 2015 with the completion of CT7.

Westports’ net profit for financial year ended Dec 31, 2012 (FY12) was RM360.9mil, up from RM316.5mil in FY11.

This was achieved on the back of a revenue of RM1.5bil, up from RM1.4bil in FY11.