

Westports Stellar Results Trigger Expansion

Port Klang terminal operator Westports today released 3Q/2014 and nine months to September 2014 figures revealing profits have soared along with double-digit growth in operational revenue for both periods.

"Coupled with a lower effective tax rate and termination of a management service agreement, the company's profit after tax has surged to RM141M (\$42M) in 3Q/2014 - up 33% in comparison with the same period last year," a Westports spokesman stated.

"Operational revenue increased by 12.1% in 3Q/2014 to RM390M (\$116.6M) compared with the corresponding period in 2013," the spokesman added. "This strong growth was largely attributable to a robust increase from the container segment, which registered an 11.3% increase to 2.16M teu. Gateway container and transshipment surged by 12.1% and 11% respectively.

The results and sustainable monthly container throughput have triggered the expansion plan for Container Terminal 8 (CT8), which will have a 600m wharf with 14 ship-to-shore (STS) cranes; back-of-terminal facilities including a second container gate, marshalling centre, and container freight station; plus an extensive yard equipped with rubber-tyred gantry cranes, terminal tractors and trailers.

"CT8 expansion is expected to commence by early 2015," the spokesman confirmed, "and will be carried out in two phases. The first, consisting of a 300m wharf and supporting equipment, is expected to complete by 2016, while completion for phase 2 is expected to be mid-2017".

Given the short timeframe for CT8's commencement, IHS Maritime asked Westports if tenders had gone out for the project or if contractors had already been awarded contracts?

"Apologies, but it's our company policy that we're not allowed to disclose that information at this stage," a spokesman told us. "I can tell you, however, that the total estimated cost for our CT8 expansion plan is RM1Bn," he added.

The project is hard on the heels of recent capacity expansion at CT7, which took delivery of its three remaining STS cranes last month [Subs Note - October 2014]. They are expected to be fully operational by end-November and Westports' container handling capacity will climb by 1.5M teu to 11M teu by end-2014.

When fully operational in mid-2017, CT8 will add a further 2.8M teu, giving Westports 13.8M teu overall capacity.

Further good news for Westports is that the proposed 'Ocean Three Alliance' (O3) between CMA CGM, CSCL, and UASC is expected to commence operations in January 2015. "The three liners are currently using Westports as their hub, and will further reinforce Westports as their key shipping hub in this region post O3," the spokesman said.

Westports CEO Ruben Emir Gnanalingam commented: "The CT8 capacity expansion is timely and well positioned to capitalise on the rising container throughput. We are optimistic this strong momentum will sustain moving forward - especially with the recent formation of the Ocean Three Alliance."