

# Westports Growth Seen Robust, Concession Extended 30 Years



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## WESTPORTS HOLDINGS BHD

By Kenanga Research

Outperform (maintained)

Target Price: RM2.85

Last week, the Government and Port Klang Authority (PKA) has extended Westports Holdings Bhd concession period for a period of 30 years.

Kenanga Research says the announcement is not a surprise given Westports's operational excellence better than average cargo handling efficiency in the past 10 years.

The research house was positive on the company as the container terminal in Westports is the major revenue generator.

It opines that the growth prospects for Westports remains robust with capacity expansion plans on track. Current handling capacity stands at 9.5 million twenty-foot equivalent units (TEUs) per annum and with CT7 (container terminal) coming on stream expected in 2015, capacity could be ramped up to 11 million TEUs.

In longer term, Westports capacity could further increased to 16 million TEUs annually if CT8 and CT9 come on stream.

However, the timing and construction of the mentioned terminals are uncertain for now as it will depend on market conditions in the future.

Kenanga believes Westports would still able to deliver high single-digit growth despite loss in volume due to P3 alliance (involving the three main container lines in the world) in throughput in the next three years.

It maintains its forecasts and assumptions, as well as maintaining its “outperform” rating with target price of RM2.85 based on cost of equity of 7.0% and terminal growth rate of 1.3%.