

# Westports sees bright side of possible Khazanah sale



Ruben expects the port's TEUs to increase between 8% and 13% this year." (Default Alternate Text: "Ruben expects the port's TEUs to increase between 8% and 13% this year. - Filepic CHAN TAK KONG/THE STAR

PETALING JAYA: Westports Holdings Bhd is not surprised by the rumour that Khazanah Nasional Bhd may divest its entire 4.74% stake in the port operator, and is taking the news positively as an avenue to increase its free float, said chief executive officer Ruben Emir Gnanalingam.

*StarBiz* had on Monday, quoting a source, reported that Khazanah was looking to cash out with quite a handsome gain from Westports and intended to place out its shares to other funds.

Ruben, however, was not able to confirm this, as Khazanah had not communicated the matter as of yesterday.

“Khazanah has not told us anything yet, but the move, if true, wouldn’t be surprising because it has a plan to reduce its stakes in private entities which are considered to be on its non-core strategic portfolio list.

“It may work well for us, as we are trying to increase our free float,” he told *StarBiz* yesterday.

This is because, according to Ruben, there have been many parties asking for the port operator to increase its placements.

It is still unclear whether Khazanah would reduce or divest its entire stake in Westports, and to which fund it would sell via a book-building exercise.

Khazanah is currently the third largest shareholder in Westports, with a 4.74% stake held indirectly via Lankayan Ventures Sdn Bhd.

When Westports listed in October last year, Lankayan Ventures sold down its stake from 7.52% to 4.74%. Although the transacted price was not made public, this reflected that Khazanah had already cashed out some gains a year ago.

Besides the Gnanalingam family, other notable funds in Westports include AIA Bhd, Hwang Investment Management Bhd and Genesis Group.

Other big-name government-linked funds in Westports are Kumpulan Wang Persaraan, the Employees Provident Fund, Skim Amanah Bumiputera, Lembaga Tabung Haji and Permodalan Nasional Bhd.

Westports’ largest shareholders are Pembinaan Redzai Sdn Bhd with a 42.39% stake and South Port Invest Holdings Ltd with 23.55%.

Pembinaan Redzai is majority held by Tan Sri G. Gnanalingam, while South Port is a unit of Hong Kong tycoon Li Ka-shing’s ports-to-telecoms conglomerate Hutchison Whampoa.

Other substantial shareholders include Semakin Ajaib Sdn Bhd, which includes Gnanalingam's wife Puan Sri Siew Yong, and Ruben, his son.

Hypothetically, the sale of the entire stake at the current price of approximately RM2.89, up 16% since Westports' initial public offering, could reward Khazanah with approximately RM64.5mil.

Nevertheless, some quarters are of the opinion that Khazanah should not sell out, as Westports was still an attractive yield play counter with a 4% dividend yield.

Westports' near-term catalyst, besides its volume growth, should be the impending tariff hike.

On growth this year, Ruben expects the port's 20ft equivalent units (TEUs) to increase between 8% and 13%.

"I am confident that the port can handle over eight million TEUs in 2014," he said, adding that so far this year, Westports' volume had increased 12% over the equivalent period last year.

Westports' net profit for the second quarter ended June 30 rose to RM122.5mil from RM119.6mil a year ago, buoyed by an increase in container throughput at its terminal located on Pulau Indah, Port Klang.

The capacity expansion of Container Terminal 7 is well-positioned to capitalise on the rising container throughput, as it expects the strong momentum to persist for the remainder of the year.

Now, the port is firming up its expansion of Container Terminal 8 by the last quarter of the year.