Westports Holdings Berhad

1Q2021 Results Conference Call

April 28, 2021

Event Summary

[Company Name]	Westports Holdings Berhad
[Company ID]	WPRTS-MYX, 5246-MYX.C
[Event Language]	ENG
[Event Type]	Earnings Announcement
[Event Name]	1Q2021 Results Conference Call
[Fiscal Period]	FY2021 Q1
[Date]	April 28, 2021
[Number of Pages]	24
[Time]	15:00 – 16:08 (Total: 68 minutes, Presentation: 20 minutes, Q&A: 48 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2 Eddie Lee Mun Tat — CEO, Acting CFO Ruben Gnanalingam — Group Managing Director

Presentation

Revenue

2

- **1Q21** Container revenue improved +9% whilst container volume +5%, mainly due to higher VAS. Conventional revenue increased with higher break bulk imports and higher RORO units handled
- Marine Revenue with less calls but average container moves handled per call increased. IC12 for LBT5 and Yard 8 construction

Segmental **Revenue** (RM million)

Revenue RM million	1Q21	1Q20	% YoY	% Split	4Q20	% QoQ	YTDDec20	YTDDec19	% YoY	% Split
Container	432	396	9%	87.1%	412	5%	1,605	1,537	4%	87.4%
Conventional	35	31	13%	7.0%	33	4%	116	122	-5%	6.3%
Marine	17	20	-13%	3.5%	17	1%	76	83	-9%	4.1%
Rental	12	10	21%	2.4%	10	16%	39	41	-3%	2.1%
Op. Revenue^	**496**	**457**	**8%**	**100%**	**473**	**5%**	**1,836**	**1,783**	**3%**	**100%**
Construction	12	17	-25%	-	69	-82%	139	0	nm	-
Total Revenue^	508	473	7%	-	542	-6%	1,975	1,783	11%	-

May not add up due to rounding

Eddie: Container revenue increased by 9% is more than the percentage increase in our container volumes. So the additional revenue was actually coming from our value-added services such as storage revenue, such as refrigerated containers as well as removal charges. So that is on our container revenue.

So, with regards to our conventional revenue, up by 13%. This is very much in line with our conventional volume growth of 10%, right. We see an increase in our break bulk volume. The import of break bulk cargoes such as ingots, such as mixed steel, has actually increased. I think the outlook for the construction industry is really much better this period compared to the same period last year that we were in the lockdown.

So besides that, I think, with regards to a conventional revenue, imports of cars have actually increase. So we are talking about RORO here. I think people are taking advantage of the sales tax exemption given by the government on buying cars. So this explains why conventional revenues actually increased by 13%.

With regards to the Marine, revenue dropped by 13% because there was a reduction in the number of vessels called in the first quarter. But even though there's a reduction in the number of vessel calls, the average move per call, so when I say average move per call, we are talking about average container volume that we handle per vessels, has actually increased. That's the reason why I just explained why there was a reduction in the number of vessel calls, but the container one we actually increased there.

Rental revenue increased by 21%. Not that we can rent out more warehouse for first quarter of this year, but we rather we have actually under-billed a few clients. So, we rectified it in the first quarter of this year. So this is a 31% increase in the rental revenue.

In construction revenue, construction costs, I think this is something that we already know. It’s just an accounting treatment, so no impact to our bottom line, so I'm not going to talk about it here.

Cost

3

- **1Q21** Manpower cost with higher headcount and annual increments. Fuel cost due to higher MOPS price and fuel consumption.
- M&R cost with cycle of preventive maintenance for Quay Cranes and also RTG cranes. Depreciation charges capitalised 12 RTGC and Yard Zone Z

Cost Of Sales Breakdown (RM million)

Cost RM million	1Q21	1Q20	% YoY	% Split	4Q20	% QoQ	YTDDec20	YTDDec19	% YoY	% Split
Manpower	64	60	7%	35.3%	63	2%	238	213	12%	35.4%
Depreciation	49	47	4%	26.7%	49	0%	191	187	2%	28.3%
Fuel	26	22	17%	14.3%	21	24%	79	105	-25%	11.7%
M&R	19	17	13%	10.5%	20	-4%	73	75	-4%	10.8%
Electricity	10	10	2%	5.7%	12	-11%	45	39	15%	6.7%
Others	14	12	17%	7.6%	14	-2%	49	52	-6%	7.3%
Op. Cost^	**182**	**168**	**9%**	**100%**	**178**	**2%**	**674**	**671**	**0%**	**100%**
Construction	12	16	-25%	-	68	-82%	138	0	nm	-
Total Cost^	194	184	6%	-	246	-21%	812	671	21%	-

May not add up due to rounding

Okay. And can I move to the next slide? Okay. This is cost of sales increased by 9% to MYR182 million.

And there are 6 cost items here. Number one, manpower costs increased by 7%. I think this is something that you already know. So this is the salary increment that we have given to our staff, and they take effect on January 1 onwards. And also, we have been recruiting more people, so we need more crane manning to handle the higher container volume here.

Next, depreciation increased by 4%. It makes sense here because we have capitalized some new RTGs, and we also capitalized the new container yard in our CT9, so a 4% increase in our depreciations.

Fuel cost is up by 17%. I think this is something that we expected because of the fuel price. I think, last year, we were talking about USD50 per barrel for MOPS. Now, it’s already more than USD60 per barrel, so that explain the 17% up in cost.

M&R expenses increased by 13%. Preventive maintenance, more preventive maintenance was actually carried out in the first quarter according to the maintenance schedule because we have to make sure that the port equipment will maintain well service so that we make sure that all the port equipments are in tip-top condition to handle the higher volumes.

With regards to electricity, I think no changes here. It's only 2% up, so the amount is almost the same.

Other costs increased by 17%. I think there are 2 main reasons here. One is something that I already mentioned, the increase in the break bulk volumes in our conventionals. So we have an increase in our report volumes, so handling costs for conventionals have actually also increased. The other reason is because we have more interim tugboats being deployed in the first quarter of this year. I think these here are the 2 main reasons that explain 17% up in the other costs. So overall, operating costs up by 9%. I mentioned before MYR182 million for the first 3 months of the year.

Overall Results & Profitability Margins

4

		1Q21	1Q20	%Chg	4Q20	% QoQ	YTDDec20	YTDDec19	%Chg	On YTD Performance
Container	m TEUs	**2.66**	**2.52**	**5%**	**2.77**	**-4%**	**10.50**	**10.86**	**-3%**	Gateway +3%. Transhipment +7%. TS/restow empties +14% as they are reallocated mostly to Far East. Total empties at 25%, up from 24%. Conventional growth BB, LB, RORO
Conventional	m MT	**3.03**	**2.75**	**10%**	**3.19**	**-5%**	**10.87**	**9.87**	**10%**	
Op. Revenue		496	457	8%	473	5%	1,836	1,783	3%	Faster container revenue growth with higher VAS. Manpower cost up as operational headcount +12%. Fuel cost up with higher MOPS price and usage. M&R cost with cycles of preventive maintenance for cranes. Depreciation reflected inclusion of RTG cranes and CT9 Zard Zone Z
Op. Cost Of Sales		-182	-168	9%	-178	2%	-674	-671	0%	
Gross Profit		314	289	8%	296	6%	1,163	1,112	5%	Other Income included RM20.0m insurance recovery for QC51-52. Administrative Expenses reduced with absence of general provision made in 1Q20. Adjusting* for one-off items in 1Q21, EBITDA will be lower at RM320.7m, EBITDA margin of 64.7% is still higher than 1Q20
EBITDA		**354**	**282**	**25%**	**299**	**19%**	**1,191**	**1,105**	**8%**	
	EBITDA %	71.4%	61.8%		63.1%		64.9%	62.0%		
Results From Op. Act.		288	217	33%	235	23%	930	849	10%	
Profit Before Tax		**274**	**202**	**36%**	**218**	**25%**	**865**	**774**	**12%**	PBT % calculated using operational revenue at denominator (excluding construction revenue) still improved over 1Q20 to 48.4% when adjusted for items* mentioned. Finance Cost eased, RM100m Sukuk repayment in Aug20 and RM50m in Mar21. Outstanding Sukuk now RM1,250m
	PBT %	55.2%	44.2%		46.1%		47.1%	43.4%		
Tax		-65	-49	33%	-55	19%	-211	-183	15%	
	Tax %	-23.9%	-24.3%		-25.1%		-24.3%	-23.6%		
Profit After Tax^		**208**	**153**	**36%**	**163**	**27%**	**654**	**591**	**11%**	After tax rate of 23.9%, reported PAT +36% to RM208.3m

May not add up due to rounding

Next slide, please, results and profitability. So, we already covered the container volume, conventional volume. We also covered the operating revenue and the cost of sales.

Gross profit, first quarter increased by 8% to MYR314 million. This an 8% increase. EBITDA, 25% increase resulted from the operating activities higher by 33%, Profit before tax increased by 36%.

So if you look at the numbers here, I think we talked about profit before. If you look at the numbers here, it increased from MYR202 million to MYR274 million. So there was an increase of MYR72 million. I think there are many, many reasons to it, but if I would like to simplify it. I'm talking about high level, simplified it. So of this MYR72 million, approximately MYR30 million is something that we already covered just now. So approximately MYR30 million was coming from the higher container revenue, coming from the higher conventional revenue. So you take out this MYR30 million, so the balance will be approximately MYR40 million. So out of this MYR40 million, half of it is MYR20 million. So this MYR20 million was coming from the insurance reimbursement on the QC51, QC52 and the cost of it is mainly these 2 key cranes. So that's the MYR20 million there in terms of insurance recovery or insurance reimbursement.

And YTD, we have actually claimed 30% on QC51 and 52. I think 10% last year, 20% in the first quarter of this year. That's the MYR20 million. So, 20% in the first quarter this year, so there will be a remaining of 70% that we can claim. So, of this 70%, I think we should be able to expect to claim 65% of it before end of this year. So, we are talking about MYR46 million net, so before end of this year. The remaining 5% will be probably next year. So, that explains the MYR20 million here.

The last MYR20 million is the provision for doubtful debts that we had made last year, not this year, last year. So of course, obviously, we do not need to make this provision again for this year. So they're "saving" of this MYR20 million over here. So these are the 3 main reasons to explain why the profit before tax has actually increased from MYR202 million to MYR274 million.

Tax is still 24%; effective tax rate is 24%. So, this gives profit after tax for the first quarter of this year increased by 36% to MYR208 million.

Cash Flows & Total Borrowings

5

Consolidated Cash Flows

RM million	1Q21	1Q20	YTDDec20	YTDDec19
Operating Profit Before Working Capital Changes	354	300	1,228	1,166
Cash Generated From Operations	343	357	1,282	1,221
Net Cash Generated From Operating Activities	**277**	**297**	**1,025**	**960**
Net Cash Used In Investing Activities	-118	-72	-356	-64
Net Cash Used In Financing Activities	-295	-240	-587	-645
Net Change In Cash & Cash Equivalents	**-137**	**-15**	**82**	**250**
Cash & Cash Equivalents As At Starting Period	739	657	657	407
Cash & Cash Equivalents As At End Of Period	603	642	739	657

May not add up due to rounding

Sukuk Musharakah Medium Term Note (SMTN)

Tenure	• 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 Total RM1,500m	• 03 May 2011 of RM450 million • 01 April 2013 of RM250 million • 23 Oct 2013 of RM200 million • 03 April 2014 of RM250 million • 07 August 2017 of RM200 million • 13 December 2017 of RM150 million
Utilisation of Proceeds	• Refinance previous SUKUK programme • Capital expenditure & assets acquisition • Working capital
Repayment Schedule	• RM450 mln - 6 tranches, 2021-2026 • RM250 mln - 4 tranches, 2025-2028 • RM200 mln - 5 tranches, 2024-2028 • RM250 mln - 4 tranches, 2021-2024 repaid RM50m • RM200 mln - 2 tranches, 2019-2020 repaid RM200m • RM150 mln - 3 tranches, 2021-2027

- **Capex** of RM123m in 1Q21 mainly for new RTG cranes, Quay Cranes, construction of the new liquid bulk jetty LBT5 and also deposit on the acquisition of Boustead Cruise Centre
- **Cash** deposits of RM643m as at Mar21, of which RM40m are pledged deposits
- **Sukuk borrowings** of **RM1,250m** after RM50m repayment in Mar21. Remaining 2 repayments of RM50m each in 2021. Changed rating agency to **RAM** in Apr21, the agency assigned AAA rating to WMSB
- Net and gross **debt-to-equity ratios** were 0.22x and 0.44x respectively as at Mar21

Next slide, please. Okay. Cash flows and borrowings, you can see both cash and cash equivalents on the bank balance stand at MYR603 million, so there was a reduction here. Reason, because more payments were made in investing activities, right, for the new RTGs, Quay Cranes, buildings of the liquid bulk terminal LBT5, as well as the 30% deposit that we have made to acquire Boustead Cruise Centre. This 30% has come out to be MYR34.5 million, I think, yes. So we have made this payment on the 30% deposit on BCC, Boustead Cruise Centre.

Other than that, why the bank balance show reductions was because we have made repayments of MYR50 million Sukuk just a few weeks ago in March, last month. So, of course, there are 2 remaining Sukuk repayments that we have to make before the end of this year, so MYR50 million each. So, we are talking about MYR100 million.

So when we talk about Sukuk, I'm sure you know that our credit rating had been actually upgraded from AA+ to AAA by RAM recently. So, I think this is something good that we have received with regards to credit ratings.

On financial ratios, I think it remains very, very healthy. Debt-to-equity ratios is about 0.2 times net. So I think there's no concern here. So, overall, I think our cash flow, our financial ratios are good.

I think this is all for me. I would now want to pass on to our Group Managing Director, [Datuk Ruben].

Westports Expansion

6

Expansion check-list

- Approval-in-Principle
- Purchase of PKNS land
- 8 detailed studies
- Finalised port layout design
- S&P to acquire Marina Land*
- Initial and detailed EIA reports
- Concession terms with PKA
- EIA approval on detailed study
- UKAS
- Ministry of Transport
- Government of Malaysia

S&P conditions precedent*

- WHB shareholders approval
- No objection from EPU
- **Land conversion** on land use
- **Concession agreement**

Added facilities before 2025

- CT9 CY Zone Z increased total ground slots by 9% to 51,123, reefer plugs +20% to 3,532
- Ordered 21 RTG cranes for CY
- 2 replacement QCs by 1Q22
- Evaluating new QCs and RTG cranes for 2023

Expansion project tender

- Opened tender for preliminary screening of contractors for the construction, dredging and also reclamation of CT10 to CT13

Ruben Gnanalingam: Thank you, Eddie, and thank you, everyone, for joining in.

Okay. Selamat berpuasa to those fasting as well.

Basically, with regards to expansion, we have more progress, obviously, with the government in terms of the concession negotiation. All the other things I see done already, so now it's just about the agreement. We hope to conclude that, hopefully, this quarter itself. And we're having regular discussions with them with regards to that topic.

We also have regular sessions with Selangor state government with regards to all the land matters. And actually, that's progressing very fast as well. We're doing that in concurrence so that there's so there's in parallel as well, so that there is no delays to anymore.

We're also putting out the tender for the reclamation and dredging. Also in parallel so that, again, we're running all these things together so that we can try to speed it up and hopefully get the whole project started by the second half of this year. The target is to start anytime in the second half of this year, as I mentioned yesterday also during the AGM.

So that is with regards to expansion. Hopefully, we can get that going soon.

With regards to the rest of this year, I think our target is still very similar. We had some small growth in the first quarter, which is in line. The second quarter now, of course, is a bit faster than the first quarter, mainly because of how bad last quarter was.

Throughput Volume

7

- **1Q21** Transhipment growth resumed as yard utilization eased from congestion levels in the latter part of 4Q20. While gateway volume growth of +3% was mainly contributed by export laden and import laden
- Asia-America and Asia-Australia growth with consumption and hygienic needs. No changes for intra-Asia

Container & Conventional **Throughput**

Container m TEU	1Q21	1Q20	% YoY	% Split	4Q20	% QoQ	YTDDec20	YTDDec19	% YoY	% Split
Transhipment	1.69	1.58	7%	63.5%	1.80	-6%	6.75	7.23	-7%	64.3%
Gateway	0.97	0.94	3%	36.5%	0.97	0%	3.75	3.63	3%	35.7%
Total^	**2.66**	**2.52**	**5%**	**100%**	**2.77**	**-4%**	**10.50**	**10.86**	**-3%**	**100%**
Intra-Asia	1.61	1.61	0%	60.7%	1.66	-3%	6.43	6.89	-7%	61.2%
Asia-Europe	0.43	0.40	7%	16.2%	0.49	-11%	1.78	1.82	-2%	17.0%
Asia-Australasia	0.26	0.21	29%	10.0%	0.25	6%	0.92	0.89	4%	8.8%
Asia-America	0.19	0.14	32%	7.0%	0.22	-14%	0.70	0.58	21%	6.7%
Asia-Africa	0.09	0.11	-16%	3.6%	0.11	-10%	0.42	0.46	-9%	4.0%
Others	0.07	0.04	51%	2.5%	0.06	19%	0.24	0.22	11%	2.3%
Total^	**2.66**	**2.52**	**5%**	**100%**	**2.77**	**-4%**	**10.50**	**10.86**	**-3%**	**100%**
Conventional m MT	**3.03**	**2.75**	**10%**	**-**	**3.19**	**-5%**	**10.87**	**9.87**	**10%**	**-**

May not add up due to rounding

When it comes to the volume with regards to the segmentation, I think, for the first time, all these segments actually are totally irrelevant in terms of how they've changed versus Q1 last year. Most of the changes, when we've analyzed it, is mainly because of disruptions in transits. So when you see one area growing faster, one area growing slower, it's mainly because of the disruptions that happened in especially December, January, where we had some congestion and also when others had congestion, especially in the region places like Myanmar, places like Bangladesh and also Singapore and our other neighbors.

When they are congested, then this resulted in massive changes in the segmentations of where the cargo is coming or going to. So I think trying to read into changes in certain segments are probably going to be very, very irrelevant. And I don't think they will hold for the long term, and I don't think you can find trends either when it comes to this part because, as I said, a lot of it is just based on supply chain changes.

Dividend & Outlook

8

Dividend Distribution Track Record

	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
2nd Interim Div	6.47 sen	2H 2020	18 Feb 2021	01 Mar 2021
1st Interim Div	5.05 sen	1H 2020	11 Aug 2020	21 Aug 2020
2nd Interim Div	6.26 sen	2H 2019	20 Feb 2020	03 Mar 2020
1st Interim Div	6.74 sen	1H 2019	14 Aug 2019	23 Aug 2019
2nd Interim Div	6.33 sen	2H 2018	18 Feb 2019	01 Mar 2019
1st Interim Div	5.40 sen	1H 2018	07 Aug 2018	20 Aug 2018
2nd Interim Div	7.95 sen	2H 2017	21 Feb 2018	06 Mar 2018
1st Interim Div	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
Total Dividend	11.10 sen	FY 2015		
Total Dividend	11.25 sen	FY 2014		
Total Dividend	^5.22 sen	FY 2013	^October 2013 IPO. Only one payment	

- Reinstating **dividend payout ratio of 75%** for FY2021 after the temporary reduction to 60% for FY2020
- Evaluating proposals and timing for equity-Sukuk **fund raising** to finance the expansion of CT10 to CT13

Outlook 2021

Exploring potential logistics or complementary business activities for Boustead Cruise Centre

- Pandemic induced economic headwinds and repercussions from recent Suez Canal incident could influence **container volume**, expected to expand organically at a single-digit rate of increase
- Ongoing discussion with Government for the **new concession**
- New liquid bulk jetty **LBT5** to commence operations by mid-2021. Container vessels to berth at repaired wharf 22-23 by 3Q21
- Exploring business activities for **Boustead Cruise Centre**

Next, please. So, as far as the dividends is concerned this not a quarter we pay dividend. But as planned, we will be going back also to our 75% payout ratio this year, which obviously will start in the next quarter.

And then, first, with regards to the expansion plan, we don't believe we would need to raise any financing this year but, obviously, we are getting ready to raise more debt based on how fast we can start the project. And I think, of course, that's all been timed accordingly as to how a lot of the payment for project as well.

As we've also already mentioned just now, and of course we announced earlier last month with regards to Boustead, we have made a joint bid with our neighbors to acquire that facility.

As you can see on the map here and as I mentioned previously, it's mainly a cruise terminal, but it's got some land on the side there which we are exploring from all kinds of angles to see what we can do with that land. Many of us asked, whether we're going to do containers there. I personally don't think that's a logical solution for the land there. Personally, I think other things could be probably more logical to be done there. Nevertheless, all options are being explored in case. We have obviously paid the deposit, but we've not finalized the deal because there were conditions precedents set on Boustead to make sure they fulfill certain obligations before we complete. That is going according to plan, and we hope to get everything done by September or, at the latest, maybe October. So that is the plan for the Boustead Cruise facility.

So with regards to the Suez, we expect to see some impact. It's very hard to tell if it's positive or negative. There might be some lag effects coming through, but again, I think we can just classify this as another major supply chain disruption caused by, I mean not caused by the pandemic, obviously, but it's just going to have the same effect as all the others before. There will be some lulls and then there will be some peaks. And I think this is what is disruptive in general. I think that's what was maybe make it disruptive for us in January as well where you have lulls and you have peaks. So if things are a bit more stabilized, of course I think we could grow faster but, with these lulls and peaks, it makes it a bit more difficult. But that's why we have to find ways to adjust that in the short term, especially by adding more yard space, and adding more RTGs to make sure we can cater for higher volume.

I see a question there for April volumes. It's trending at double-digit. Obviously, the month is not over yet. It's trending at double digit. But I think the results will be out in a few days. But yes, but it's not surprising because, again, last year, in April, we had a massive dip. So I think, mainly because of the lockdowns when the coronavirus started, also because China was in a lockdown and a lot of cargo wasn't moving. So, I think it is not surprising for a double digit for April so far. And as I said, we are keeping the volume target for now for the whole year and it's hard to tell with all the supply chain disruption, but we do believe there will be growth this year.

I think that we put there 0% to 5%. I think, as I said for the first quarter, it's still there. I think we all need to see, after the second quarter, what's the impact there. We will obviously push it above what we think it will be because of the low volume in the second quarter last year. But for the whole year, I think we still have to be cautious to see how the rest of the supply chain unfolds. I hope free vaccines are being rolled out everywhere quickly, and we see some hope in the US and the UK, where the vaccines have been rolled out, less so in Asia, though, where I think vaccine rollouts are a bit slower. And I think, as soon as economies go back to normal, I think volume should start going back again in a big way as well.

April compared to March, I think, if you look at it on a daily basis, it was almost the same.

Okay. Any other slides? I don't think so. I think this is the last slide, I believe.

Question & Answer

Company Representative: Okay. We will open the time for Q&A. Okay, I see some hands. Okay, basically, we will go on a first-come, first-serve basis. Okay, I see some hands, whoever is on top of the list with raised hand, I will just unmute you. So the first one will be Lillian from Eastspring. Can you ask a question, Lillian?

Participant: I'm just wondering whether you said, I think Eddie said that was, or maybe you said it, debt, you don't have to raise debt funding, what about equity funding?

Ruben: Definitely not this year.

Participant: Okay, thanks. That's it for me.

Company Representative: Ho Meng, you are next.

Participant: Hi, thanks for the briefing. I just want to double check, just for housekeeping. I think, previously, Eddie mentioned briefly about the MYR20 million insurance recovery. I just want to consolidate the numbers, because your slide there mentioned the EBITDA is about MYR321 million, excluding those numbers, versus the MYR354 million. So what else beside the MYR20 million that contributed to the adjustment?

Company Representative: The MYR20 million that you are talking about, right?

Participant: Yes

Company Representative: I think there's a MYR20 million here. I think, I presume that you're talking about the last MYR20 million I'm talking about. So the MYR20 million is basically from 2 items here. So last year, in the first quarter of last year, when we were lockdown out on March 18, so before we close our first quarter financial results. One big provision is, I think, approximately MYR17 million over there. So out of this MYR17 million, I think approximately MYR11 million is just a general provision because, at that time, we are not certain whether the customer will pay us as what they used to be. So we have talked to the auditors, our external auditors. So, they actually advised us to make some provisions and the amount has come up to be MYR11 million general provisions.

Participant: General provisions came back from last year

Company Representative: This general provisions of the MYR11 million we have reversed out in the 4th Quarter of last year. So the remaining about MYR6 million is a specific provision because there was one landed client of us, they can't pay us. So we are now basically taking legal actions against them. So that explains the MYR17 million. So, the MYR3 million is basically the donation that we have made to COVID-19 last year in the first quarter. So, that's where the MYR20 million come from

Participant: So, it's MYR354 million to MYR321 million, that's about MYR33 million. So MYR33 million is the MYR20 million insurance recovery? And MYR30 million is the others that you've mentioned, if I combined

Company Representative: Yes. That's right.

Participant: Okay. All right.

And just to double check, okay. So when you mentioned about more maintenance costs to keep the cranes and assets in tiptop condition, is that a one-off, or should we expect more of these maintenance costs throughout the year? How should we see it?

Ruben: I think some of it is based on timing. So certain schedules are done more based on how much was used before. So certain schedules are based on fixed schedules. So sometimes it's lumpy. And therefore, you can see lumpiness. For example, we do overhaul that can be lumpy. So I think some elements of it are for that purpose.

But of course, if the volumes are ramping up, maintenance costs as also ramp up per TEU. I think that’s normal. So I think there's elements of both of that.

Participant: Okay. Got it. And so, overall, and also, on the Value Added Services, would there be an uptrend, or do you see that maybe the first quarter is unusually high? How should we see it?

Ruben: I think, for the variances, the first quarter is high. I don't think there will be a trend for the long term, but I think, as supply chain disruptions are there, these will be there. So whilst volume may not grow as fast during supply chain disruptions, Value Added Services revenue will also grow faster. And therefore, also, I think there's a trade-off from that angle. As supply chains normalize, I think these Value Added Services, for example, storage or monitoring or finance, standby all this other stuff be strong. But as we start to normalize, I think these revenues will come down.

Participant: So maybe I know you don't discuss the amount of value-added services anymore, but maybe can we get some gauge of that how high was the percentage of value-added services over your container revenue in the first quarter? Was it like more than 15% mix?

Gnanalingam: I don't know the mix. I think it grew, well. If you say revenue grew by what, 9% or something like that, I think Value Added Services stuff grew by about 20%-plus. So it's much, much stronger than the other stuff.

Participant: All right. Okay. Thank you very much. That’s all I have.

Ruben: No problem.

Company Representative: Isaac, you are next.

Participant: Good afternoon. I just have questions on if can you give us some comment on the update on the global supply chain situations, more regional? What do you see in the recent weeks and what’s the expectations? Did that have any impact on Westports in the recent weeks?

Ruben: So I think it is still very far from being stabilized. The instability is caused by a few factors mainly because, especially in the container trade, mainly because the boxes are moving much slower than they did before. They're moving much slower because countries are going to lockdowns for a variety of reasons. And therefore, boxes stay longer than they normally do. And therefore, the cycle times for each box is longer. This results in a massive shortage for the containers. And that's why the freight rates are going haywire. And this actually further adds to the disruption as well. So, we are seeing a lot of this worldwide. We're seeing schedule times, it's all being affected because of lockdowns and things like that.

And I think, whether regional or internationally, I think that it will be there for a while until the vaccination programs are all fully rolled out. So we expect to see those … how it impact us as I mentioned for the last question before this.

As we have exceptions, we shall see value-added services and income like that will increase.

But volume, I think we will struggle to grow very fast, apart from Q2. Q2 is going to be fast. Of course, last year was very bad. So to take you through, I think volumes in general, we have to grow very fast until the supply chain disruption has been minimized. And I think we will see that starting in the second half of this year. I think, once the US, and say maybe Europe, is better, and they are having less repricing disruption there, I think the containers will start to flow back normally. And therefore, we'll start to see a recovery from those elements in the second half of this year as those countries become normalized.

How the rest of the world will react and how they will move along, of course, it depends on each country. I think every country has a different program in terms of how they're trying to get out of this crisis. So that's why it's hard to say where we will completely be out of it, even by 2022 or 2023 for some countries. So I think it really depends, but I think the major ones will be China. I think there, they're doing well, and I think things are moving back to normal. And of course, when you have Europe and US going back to normal as well, that really helps as well.

And I think Asean, I think a lot of our neighbors are also trying to get the vaccine rollouts done quickly. And hopefully, we can do the same as well in this.

Participant: Yes. In other words, just for better understanding, how long will it take for someone to unload, say, a cargo in your port today compared to maybe during the peak of congestion, December last year, and compared with a normal period the years before?

Ruben: So it's not about unloading the cargo from a port. That one can take 5 minutes, that’s not a problem either now or before. So that has never really been an issue.

The issue is the warehouses are full. So even if you’ve really got to take the box out when you go, right? That's why they need the box in the port much longer. And then when we ask them, why don't you store it outside, they you say the port very cheap, so we want to store it here.

And it's not just cheap. we're also liable for the cargo once it sits at a port. So that's why I’d rather store it here, because we don't have to be insurance outside as well. So I think that's why those kinds of revenues grow.

Where we have the disruptions is actually in the supply chain itself outside of the port, number one. And where we also have disruption is also between countries where countries have locked down their ports. So we have not locked down our -- I mean our lockdown have made sure that the port still runs smoothly. But even the lockdown in some countries, if their warehouses are closed because the retail is closed, then there's nothing much you can do.

So, I think, for example, in the UK, I think retail was closed for 3 months here. If retail is closed for 3 months, what you have then is a situation where our warehouses will be full too. If warehouses are full, then you have a situation where the cargo can’t move, no matter if the trucking is moving, the cargo can’t move anyway.

So this is where I think disruptions will continue to persist for the rest of the year for some countries. And I think, because we're a hub, we get affected by lots of different points that connect to us. And therefore, it's very hard to just say this is what's going to happen for us. So even if Malaysia plan to ease off, it is good. It depends on where the cargo is coming from and where the cargo is going to as well.

Participant: All right. That’s all from me. Thank you.

Company Representative: Okay, next, Thomas

Participant: Good afternoon, everyone. Your forecast of 0% to 5%, is that conservative, or have you factored in the large bulk of your concerns on the supply chain disruptions?

Ruben: I think it is bang spot-on for the first quarter. It will be very, very wrong for the second quarter because I think the second quarter, as I mentioned a few times, will grow much faster. So by the end of the first half, I think the number will be higher than that range for sure.

The key question now is what's going to happen in the third and the fourth quarter? I think that's the part that, if you can tell me what's going to happen, then I start to project better, I guess. That's the part I clearly really don't know. And I think, therefore, trying to project things to go back very fast I think is a bit premature at this stage. But in a sense that if they do go back to, say, a 5% range in the third and fourth quarter, then I think, yes, you're right. My numbers, my predictions are bit pessimistic in that sense because, as I said, I think, after the second quarter, we will be above the range of the 0% to 5%. So, if we have 5% in the third and the fourth, we will definitely end up above the range for the full year, right

So, the issue is I really don't know because, as I said, it is so difficult to predict what different countries are going through. So there has been a lot of spending on goods and investments over the last 18 months or 15 months at least and a lot less spending on services. So as things move back to services, I don't know what the impact will then be on goods for the short term, and that might happen in the third or fourth quarter.

On the other hand, if services start to grow, people start to consume more in general, it might grow faster as well.

So, again, I really have no idea what the third of fourth quarter will hold. And it's hard to predict because, as I said, the vaccination rates between different countries are very, very different.

Participant: Generally, from what you've spoken how you have delivered that message, it would appear 5% is a very reasonable target that can be achieved. And the way you spoke about the disruption, if things are more normalized, you would expect a higher target or growth to be stronger. Am I correct to say that?

Ruben: Yes. I do believe, if things are normalized, I think there might be a slight, as I said, a lot of money is now going to goods. I think, when it comes back, there will be a small, short-term element where people start spending money on services again because there's pent up people who go on holiday or things like that. So the money might go towards that. But in general, we see all this, I said, money distribution programs and the MYR1.9 trillion in the US, etc. where the money going to?. So if all spent on goods, it will still be growing very, very fast as well. So, I think, in that sense, it is very, very possible that 5% is a good benchmark in that sense. But it's so hard to tell right now. That's my point. So for me to give you a firm answer would be silly for me.

Participant: Any update on your strategic partnership, which could change the entire equation about fundraising?

Ruben: Which strategic partnership are you referring to?

Participant: Okay, you were talking about potential placements right to strategic partnership either in the group or for the terminals?

Ruben: So we are still in very, very preliminary discussions with potential parties who are keen from that angle. But since there was no need to raise the funds this year, we have not heat up any of those discussions yet. And therefore, we believe that we only need to do it next year at the earliest. And therefore, we have not really pushed on very fast on that. But again, the ones that we are speaking to now are not as strategic as I want. I mean, the likelihood is that we're probably going to do raise it from the market when the time comes.

Participant: I think that's all for now.

Moderator: Okay, Parash, you're next.

Participant: Thanks, Ruben, thanks for your time. I have 2 questions, and apologies if it has already been answered because I was a bit late to dial in. First, I just wanted to understand regarding the congestion at the ports. Yes, the US West Coast port took a lot of the limelight, but then come late last year-start of this year, we have seen the same thing in Singapore. Now, you as a transshipment port, have you seen a lag in relaying where the feeder vessels are not meeting the timeline of mother vessel or mother vessel is not arriving on time. Have you benefited from the congestion in Singapore? Or as a transshipment port, were you also the victim of that trend directly or indirectly? I have another question, but maybe if you want to share your thoughts on this first.

Ruben: So I think these disruptions that we faced, especially in January and December, were related mostly of the yard side. So it wasn't so much on the vessel side, it was on the yard side, where the yard became very, very congested, right. Evacuation from a transshipment perspective and evacuation from a local perspective as well. So that has been addressed. And I think now we're back to normal. With regards to the vessel delays, I think for the last 1 year, no one has come on time, right? I'm so bold to say that I don't think anyone has come on time anywhere. I think the whole expectation now in terms of ships coming on time has gone out the window completely.

And I think everybody has been relatively understanding and have to adjust their scenario. I think it's not just Singapore has been facing that. We have been facing that. And, as I mentioned, when they all don't come, some come earlier and some come later, but when you don't follow a schedule, it just creates havoc as well. So that, compounded with the yard congestion we were having in January, made that very, very bad. And I think we've had a merry-go-round on that part. I think it affected Singapore first in November, and we were like, "Oh, we are fine." And then suddenly it hit us in December and so we had an issue until mid-January. And then I think Singapore had a bit of relief at that point. And then suddenly in February, it hit Northport in a very, very big way where they went from not being affected by it at all to suddenly being hit very badly towards the end of January and February.

And then after that the merry-go-round went back to Singapore and were they got hit after that. So it's been going around in that sense, shipping lines are trying to find ways to get through it. And I think they understand as hub ports, we try and help them when we can. But again, we have our limits too, we only have a limited amount of space to allow boxes to come here. But as I said, a lot of it happened because of where we are connecting to the smaller ports where they have the disruptions there. And particularly, for example, Bangladesh and Myanmar, were massive areas where we just have so many boxes from those areas because the port there wasn't moving at all. And therefore, we just started storing more and more and more and once you have so much, you just can't move. So that was the main issue we had in general.

So, in terms of average delays, I think, in general, worldwide, I think it's higher, not just in Los Angeles, not just in Europe, I think it's everywhere because you can't get back to normalized timing and more - I mean, shipping lines were never great at coming on time to begin with. But at least we were quite happy with even 50% to 60% coming relatively on time or even 70%, sometimes, I think some people maybe 80%, but it was never 100%. But now when it drops to like numbers which are below 20% to 30%, I think - or even less sometimes - it's really, really hard to plan and reduce congestion.

Participant: And secondly, on the full year volume guidance side. I mean, I'm not sure if you've seen the night before yesterday, even Maersk has revised the global container volume outlook by 5% to 7%. And this is as bullish as they have ever been in the recent past. And when I see, is it the fact that Westport is not highly exposed to the transpacific route, which is one of the key reasons of perhaps improved volume outlook this year in particular? Is that one of the reasons? And secondly, when I look at your intra-Asia volume, which is kind of flattish, can you share some color? Is it that because of this congestion, some of the intra-Asia vessels have skipped Singapore, Malaysia and rather just went to the port of destination directly rather than doing hub and spoke. Anything which you can share some color on intra-Asia volume, both transshipment as well as origin and destination.

Ruben: So, regarding Maersk, I don't have color on what they were projecting. I don't know whether that was based on revenues, but I think revenue-wise, I think they are going to go through the roof because -

Participant: Yes, it was volume.

Ruben: If disruptions are still there, they're going to start making a lot money. Volume-wise, I think, as I said, I think Europe and the US are probably going to recover faster than Asia in general, mainly because the vaccines are being rolled out faster. And therefore, economies start getting back to normal and supply chain is getting normalized faster over there.

With regards to intra-Asia or even the volume for the first quarter of this year, I mentioned during the call earlier, during the presentation, that I think those numbers are not worth looking at all, to be honest. When we looked at all the changes that have happened with regards to the first quarter, a lot of this is resulting from the changes in the supply chain disruptions. We are seeing some areas grow for no apparent reason, with no apparent reason that they will continue to grow. We've seen a decline for no apparent reason and no apparent reason that they will continue to decline. So when we try to look at trends for it to make sense with long term, none of it really was very relevant. There are small ones, small ones which may be relevant, but the impact was small. When we looked at the bigger ones which have had big impacts, all of it was because Singapore was full so they had to bring some more here. You know, we have growth, as I said, from Bangladesh, which is abnormal. We will never see that long term either. And therefore, that's the kind of disruptions that we see. And, of course, some areas because of that have slowed down. I'm sure after this, you're going to see a massive slowdown from India as I think they all need to lock down as well or do something at least over there. And, therefore, it's hard to find trends from the data from the first quarter compared to last year's first quarter. So to try to make sense of that while the disruptions are going on would just been an exercise where I have to update weekly because it could change weekly.

Participant: Thank you so much, Ruben.

Moderator: Peter Kong, you're next.

Participant: Yes. Just 2 questions from me. Sorry, the first one is actually quite basic. I noticed that the percentages of MTs as per the slide is still high, 25%. So I just wanted to understand what is driving that? And my second question is also a comment that was made on the call, the number of calls on ships to Westport has actually reduced, but the volume tends to be on the increase. So what does this imply or what should we read from this actually.

Ruben: So again, MTs are a function of repositioning. And a lot of repositioning is happening now because, of course, containers are moving to areas where deals are higher. So we'll see a lot more repositioning from that angle. We're still seeing it right now. We've had a lot of it last year. And, therefore, again that's a supply chain disruption element. What was your second question again?

Participant: Yes, my second question is just that I think there was a comment made that your number of calls have come down but the volume has increased.

Ruben: So we have basically, I mean, very simply put, we have more volume per call nowadays. I think shipping lines are consolidating more volume in certain calls for different reasons. For example, cargo that was meant for somewhere else is being dropped here because they can't put it somewhere else. So suddenly, that one call, there's a lot more cargo.

And then regarding less calls, for example, if your ships are not going to Bangladesh because Bangladesh is closed, we have less calls from Bangladesh but the boxes are still being dumped here and can't connect as fast. And then later, we get 1 ship to come and pick all of it to go quickly. So 1 big vessel instead of 10 vessels bringing the cargo to Bangladesh. We have 1 bigger one picking up to go there in 1 shot. So these are kind of the disruptions that are happening right now. So that's why we see less vessel calls but more volume per call.

Participant: All right. Thanks, Ruben. That's all I have.

Moderator: Divya Thomas, you're next.

Participant: Just want to clarify, what is the congestion situation within Westports itself now?

Ruben: I mean, it's normal, it's what we had over the last year.

Participant: So you will be able - in case there is any dumping, you will be able to handle those cargoes?

Ruben: I think we're trying to avoid that. So when we have space to cater for that, I think we allow it to happen, but I think we're trying to avoid the dumping happening here because that is severely disruptive and I think that's one of the ways we've managed the congestion by making sure that we know what's coming here, whether it's ready for connections or not, or is it just being dumped for storage?

Participant: In a sense, most of this disruption comes from the transshipment part of that business?

Ruben: Yes, the majority does.

Participant: Do you have an idea, let's say, for the first quarter, what's the percentage of that which is actual normal transshipment of the volume itself, what is that percentage that would have been here anyway during normal times?

Ruben: So that's very hard to say because in January, some shipments that were supposed to be here didn't come here. And in February, some shipments that weren't supposed to be here came here. So we have both kind of ways to try to analyze what would have been the growth. I think the easiest way, to be really, really honest, the easiest way is to combine Singapore, Westport, PTP, Johor, North Port and Penang. You combine them all into one number, and then you project the growth rate of that number. But even then, I know for a fact that there is an assumption in the U.K. that because of Brexit, some cargo stayed behind in Southeast Asia as well. So you asked about the normal transshipment growth, I think you can compare -- instead of looking at 1 port, you compare the whole region, it probably gives you the normalized transshipment growth for the region. But even that had disruption from far, far away, which had nothing to do with the region itself. So I think it's really, really hard to dissect completely and say what would have been normal if we didn't have this.

Participant: Okay. Last one for me. Singapore raised their rates. Any impact on Westports?

Ruben: Where they raised their rates was mostly for the vessel costs, not so much the container handling itself. So that's more a port authority kind of topic. So it's not the rates that we raised, it's not the rates that we charge, it's actually the rates that the port authority charges. And so I guess the impact from that is very minimal in that sense. I think the rates that we charge are from shipping line perspective, the PSA charges what we charge are far more important than what the port authority charges.

Participant: Remains competitive?

Ruben: Yes, easily.

Participant: Okay.

Moderator: Divya Thomas, please?

Participant: Thank you for the call. So I had a question, your container revenue per TEU increased by about 4% year-to-year in the first quarter. So is this just from the value-added services, how much would the container yields have increased without value-added services?

Ruben: Okay. Again, I believe it's mostly from the value-added services that the yield has increased. I think if you want to say normalize, you have to define what normalized means. So if you take out the supply chain disruptions, then the valued-added services would decline for sure, the additional revenue from that. But if you don't expect disruptions, the volume growth will probably be there as well. So it is hard to dissect completely but to answer your first question, yes, a lot of the increase in the yield per box has definitely come from the value-added services.

Participant: Okay. And what is your expectation for the value-added services for the rest of the year? Would it continue to grow quarter-on-quarter as per your expectation?

Ruben: I don't believe it will grow quarter on quarter. I think it will start to taper off towards the end of the year, to be honest, because I believe the spiking disruptions will start to slow down. However, if I'm wrong, and spiking disruptions continue for a very, very long time, it is possible that it could grow. But, in my opinion, I don't think it will rise, I think that it will start to taper off.

Participant: So it could grow for maybe the second and third quarter and taper off by the second half maybe?

Ruben: I don't know whether it will go into the second quarter, but I don't have visibility on that.

Participant: Okay. So I was wondering about your view on freight rates. So currently, they stabilized freight rates. Any view on whether it would begin to come down sometime this year?

Ruben: I think, as I mentioned earlier, it really depends on when countries stabilize their supply chain on the land side. The boxes need to start flowing again freely. And I think a lot of it depends on - as I said, I think in China, it's fine. And, of course, in Europe, well, at least in the UK, and the US is getting better. So as we start to stabilize in those areas and the containers start moving and flowing back again, I think it will get better. There are also a lot of boxes being built because of this shortage of supply of the boxes. The main disruption here is from the lack of supplier of boxes. So as soon as they start to come back in a big way, when supply and demand balances out, I think then the freight rates will start to come down again to more normal rates. But whether you go back to where it was before with those very, very, very low rates, which were unsustainable, personally I hope it doesn't. I think shipping lines need to have a stable business for themselves, too. And they shouldn't be subsidizing the rest of the economy with super low rates either. So I don't know whether you'll go back to where it was in, say, 2018 or even 2019, but I do believe it will start to taper down once the supply and demand of container balances out.

Participant: That's it for me. Thank you.

Moderator: Yan Jin, you're next.

Participant: Good afternoon, Ruben. My first question is regarding your container throughput in April. You mentioned that it's double-digit. To what extent? Is it like high teens or low teens?

Ruben: I think we've already said enough, so I'm just going to leave it at that for now.

Participant: Okay, that's fine. And the next question is regarding your intra-Asia trading. Apparently, there has been high demand in the region and shipping lines have been adding more routes in the region. Has Westports observed similar trends or is Westports one of the beneficiaries from that?

Ruben: In general, yes, I think there are lots of services being added here, but not necessarily all towards the hubs. I think they're going point-to-point to better benefit the volume growth in specific areas, too. So while we are benefiting something, it's not something that is abnormally going to impact us either way.

Participant: All right. And you mentioned that congestion has already eased back. Can I know what's the utilization rate is?

Ruben: It is hovering around 90%.

Participant: Okay. As compared to normal days, is it almost the same?

Ruben: No. In normal days in 2019 it was like 75%. This time last year was close to 60% because there was the lockdown and quite relaxed. The peak went up to about 120% in December-January.

Participant: And just now you mentioned about the vessels delay, right? You mentioned that the vessels have not been on time in the past 1 year. But I think some of the industry players, they try to measure the port congestion using the time the vessels spend at the port. So do you have that kind of number, I think like, are the vessels now spending more time right now?

Ruben: Vessels are spending a lot more time in ports all around the world. Everywhere, every port, they're spending a lot more time because - you see, we also measure how late the vessels come, right? So in the past, on average they come maybe less than 24 hours late. Now they're coming 1 week late. So I think it's like when you're in a restaurant and you reserve a table, right, for a customer. Now they come 10 minutes late, you leave it open, right? If they come 2 days late, are you going to leave the table open for 2 days? No, you going to seat somebody else first. So that's kind of what's happening here where no one is coming on time. And, therefore, everyone is waiting longer, right? So if everyone came on their schedule, everyone will get in much faster, everyone will get in much faster, and everyone will eat and leave much faster. The issue now is that no one is coming on time, so the queue builds up, right? So that's what happens. So they are not spending more time at the dock itself, they're spending more time anchoring outside to come in.

So ours was very high in December, I think it was like 3 days or 2 days average. It's now much less than that. It's less than a day. And I think Singapore until recently was still 2 or 3 days there. But in general, everywhere, every other port in the whole world, people are still waiting a long time because ships are not coming on time.

Participant: All right, okay. That's helpful. And I think this is my last question. Do you think your first quarter volume is above your expectations or it's in line?

Ruben: Very much in line. Volume-wise, in line. We didn't expect so much from Value Added Services. I think that was a bit surprised.

Participant: Okay. I think that's all for me. Thank you so much.

Ruben: Thank you.

Moderator: Ho Meng, back to you for your question.

Participant: Hi, thanks again. If you don't mind, I have about 4 more questions. Okay.

Ruben: One by one, please.

Participant: I know there's been many questions asked already on the volume. But just to get an assumption, not sure whether you have read, the Malaysian Shippers Council had done a survey in February across the industry, and the industry believes that continuous shortage may linger for another 8 more months. So you don't need to put your guidance yet, but assuming these 8 more months is correct by the industry, roughly, how may your volume guidance change, assuming 8 more months of shortage.

Ruben: It has been factored in already. We've have container shortage for over a year, more than 8 months already, so I don't think that part is going to - I mean, we factor that part earlier.

Participant: Okay. Good. My next question is on the congestion, the port charges. I think from my understanding from Singapore Port, they are charging more for congestion. For example, if a ship sits longer in the port, then they charge more congestion charges, stuff like that. So I'm just wondering whether Port Klang Authority is considering this as well?

Ruben: We don't really have a situation where ships simply come and stay there for a time. I'm not exactly sure why MPA decided to do that over there. But if you're trying to ease congestion, I don't think the congestion really will come in and stay a long time. I don't think anybody is trying to do that really. I think everybody is coming and bringing as fast as they can. So I'm not exactly sure why Singapore did what they did. And from what we know from LPK, they have no intention to start doing any changes from that angle here. What's worrying is that the fuel price is going up. I think that part, everybody has taken notice of. And that may change marine charges accordingly if fuel prices continue to skyrocket, if it doesn’t, then I don't see we are going to see that either.

Participant: Okay. My next question is, what is the CapEx for 2021 and 2022? And based on that, what will be the target for Quay Cranes delivery, for this horizon, including the ones that they intend to replace the damaged cranes.

Ruben: Damaged cranes arriving this year. Total CapEx this year - I mean, let’s exclude WP2 because that complicates matters. I believe total CapEx this year is about MYR500 million to MYR600 million. This year, for additional expansion onto Westport 1 concession. So it includes RTGs which we ordered, it includes the cranes that are coming, it includes more cranes we are planning to order as well for next year, and it includes expanding the yard, and, of course, the liquid bulk facilities that we're building as well. So that's our range for this year and next year.

Participant: So, MYR500 to MYR600 million is for both years? Is it combined?

Ruben: I believe so. It may be slightly more but in that range.

Participant: Okay. And how many QCs would that represent after net CapEx?

Ruben: So we know that 2 replacements are coming right now. The balance now we're trying to gauge – we’re trying to gauge the exact number. So we don't have the exact number, but let’s just say it will add a little bit more.

Participant: Because I remember previously, you guided something like I maybe 5 more quay cranes, I'm not sure whether this is excluding the replacement, I'm sure that this is roughly a correct number.

Ruben: Yes. I think 4 or 5 is where we're trying to land on.

Participant: Okay. Got it. And my last question is on the dividends. Your dividend policy is based on your reported number. And it looks like this year, this time around, because all of us analysts we tend to exclude one-off items in our forecast, but your reported profit for this year, if you claim back more provisions and the net of reinsurance recovery could be higher than what we forecast, and your dividend is peg to 75% payout, So is there a possibility that your dividends could be potentially including what you may claim back, may include big jump YoY. Are you expecting that?

Ruben: So I think our policy is based on profit after tax. So whatever is in profit after tax will be paid out as dividend. I think in a year where we had damage it affected the profit after tax for that year and we kept the payout ratio the same. So I think now we've gained back, there shouldn't be a difference. So I think as far as we are concerned, we are not picking out the one-off items.

Participant: Yes. So it means, whatever you're getting back is also included in your dividend calculation as well, right?

Ruben: Yes.

Participant: Okay. Thank you.

Moderator: Mr. Ruben, I think we have some questions in the chat. Chery Pola asked, how much will the cost of our debt decline with the higher rating of AAA?

Ruben: Eddie, do you have a number. I think we announced it when we announced the new rating, but I don't know what time horizon it was based on. I know over the longer period of time, it's like MYR70 million as long as we can provide, I don't know for the shorter period of time what exactly it will be. But again, I think it gives us some new issuance.

Participant: With the higher rating by AAA by RAM, what will be the reduction in our borrowing cost or how many basis points would it drop?

Eddie: So I think this is very indicative. I think it all depends on the prevailing market condition in regards to the interest rate, I think, but we have done a very simple calculation based on the indicative. I think yes, I think what Ruben mentioned. So we look at for the next 60 years. So the amount of interest that we are potentially able to save, I think has come out to be close to MYR70 million, but this is also very, very ballpark as much is based on the prevailing market interest rate. I think now, as we all know, the overnight policy rate is very, very low. I think last year, the central bank have reduced 3 times. Now, we're talking about 1.75%. So it will very much depend on what is the overnight policy rate going forward, especially if you issue new Sukuk but definitely, there will be a cost saving. But how much of a cost saving is something that we can't ascertain but at least MYR70 million is what we have calculated based on very ballpark in the next 60 years.

Moderator: Okay. There is one question on Boustead Cruise. What kind of ROI are we expecting?

Ruben: I think it depends on what we eventually do with it. As I said earlier, we'll share all the details when we finalize that plan.

Moderator: And there's 1 other question. How many COVID cases do we have?

Ruben: I think about 56 or 57 right now. We are testing our colleagues randomly from time to time. Unfortunately, as we can see in the market, as the cases rise in the public, our cases also start going up. During the lockdowns, we didn't have any cases. And therefore, now when the lockdowns have been eased, we see cases going up again. We're trying to get the government to consider some of our key frontline personnel for the vaccine earlier. Hopefully, they will listen to logic. For example, in Singapore, the port has been vaccinated already. The airports have been vaccinated already. Whereas here, we understand we probably don't have enough to go around so fast. So I think we'll have to wait and see from that angle, but yes, so far, we have, I think, 57 official cases or something like that.

Moderator: Okay. One last question. Do the rising charter rates have a direct or indirect impact for the ports and perhaps in terms of handling rates and so on?

Ruben: No, charter rates, in general, don't have any impact. Charter rates for cargo ships don’t have impact for us in any way. When the charter rates go down, the we charge the same, when the charter rates go up, we charge the same, so there's no impact there. However, for the charter rates for the tug boats but we're not seeing a massive rise in terms of tugboats because we pay for. We pay charter hire for tugboats, so that's where it might impact us from a cost perspective but from a revenue perspective, we don't see any impact.

Moderator: Okay. I think that's all the questions we have. For your closing remarks, Mr. Ruben?

Thank you, everybody, for calling in. Selamat berpuasa and stay safe everyone.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *This document has been transcribed based on English language audio provided by the Company.*

Disclaimer