



Westports Holdings Berhad

2nd Quarter 2020 Financial Report
24th July 2020



Revenue

- **2Q20** Container revenue reflected lower throughput but at lesser decline rate due to higher revenue per TEU and more reefer charges. Conventional revenue eased with lower volume at break bulk (especially steel and coils) and dry bulk (construction-related) segments
- **YTDJun20** Marine revenue reflected 2% decline in vessel calls. IC12 for construction revenue from liquid bulk jetty and CT9 Yard Zone Z

Segmental Revenue (RM million)

Revenue RM million	2Q20	2Q19	% YoY	% Split	1Q20	% QoQ	YTDJun20	YTDJun19	% YoY	% Split
Container	355	394	-10%	87.7%	396	-10%	752	749	0%	87.2%
Conventional	22	29	-25%	5.3%	31	-30%	52	60	-13%	6.1%
Marine	18	21	-13%	4.5%	20	-8%	38	41	-6%	4.5%
Rental	10	10	-4%	2.4%	10	-2%	20	20	-2%	2.3%
Op. Revenue[^]	405	454	-11%	100%	457	-11%	862	870	-1%	100%
Construction	26	0	nm	-	17	60%	43	0	nm	-
Total Revenue[^]	432	454	-5%	-	473	-9%	905	870	4%	-

[^]May not add up due to rounding

- **2Q20** Manpower cost included special incentives for operational staff during MCO. Fuel cost eased despite weaker RM with lower MOPS and reduced fuel used. Lower M&R needed with lesser moves at container operations. Eliminated electricity arrears with up-to-date cost
- **YTDJun20** Construction cost is marginally lesser than construction revenue with IC12

Cost Of Sales Breakdown (RM million)

Cost RM million	2Q20	2Q19	% YoY	% Split	1Q20	% QoQ	YTDJun20	YTDJun19	% YoY	% Split
Manpower	58	53	10%	36.2%	60	-3%	118	105	12%	36.0%
Depreciation	48	49	-1%	29.9%	48	1%	96	95	0%	29.1%
Fuel	14	28	-49%	8.8%	22	-37%	36	51	-29%	11.1%
M&R	17	19	-9%	10.6%	17	0%	34	37	-7%	10.4%
Electricity	14	10	34%	8.6%	10	36%	24	20	22%	7.3%
Others	9	9	4%	5.9%	11	-14%	20	19	9%	6.2%
Op. Cost[^]	160	167	-4%	100%	168	-4%	328	326	1%	100%
Construction	26	0	nm	-	16	60%	43	0	nm	-
Total Cost[^]	187	167	12%	-	184	1%	371	326	14%	-

[^]May not add up due to rounding

Overall Results & Profitability Margins

	2Q20	2Q19	%Chg	1Q20	% QoQ	YTDJun20	YTDJun19	%Chg	On YTD Performance
Container m TEUs	2.28	2.74	-17%	2.52	-10%	4.80	5.27	-9%	Gateway +2%. Transshipment -14%. Export MT +28% while TS MT +12%. Total empties at 25%, up from 21%. Higher conventional throughput only at the liquid bulk operations
Conventional m MT	2.14	2.33	-8%	2.75	-22%	4.89	4.68	4%	
Op. Revenue	405	454	-11%	457	-11%	862	870	-1%	Stable container revenue despite lower volume due to gateway TEUs and higher reefer chargers. Higher manpower cost with one-off MCO incentives and higher headcount. Stable depreciation with no major new assets being capitalised. Weak RM but much lower MOPS fuel cost
Op. Cost Of Sales	-160	-167	-4%	-168	-4%	-328	-326	1%	
Gross Profit	245	287	-15%	289	-15%	534	543	-2%	Lower EBITDA due to general bad-debt provision and apportionment of Oracle payment at Administrative Expenses. Excluding these, EBITDA % would only be 10 bp lower than previous year's %. Other Expenses included also amortisation of right-of-use assets for tug-pilot boats
EBITDA	246	295	-17%	273	-10%	519	556	-7%	
EBITDA %	60.8%	65.0%		59.7%		60.2%	63.9%		
Results From Op. Act.	190	238	-20%	217	-12%	407	444	-8%	
Profit Before Tax	175	219	-20%	202	-13%	377	404	-7%	Operationally and excluding the dampening effects of the general provision and Oracle's allocation, PBT % would be near identical to previous year %. Reduced finance cost with total outstanding Sukuk of RM1,400m after the repayment of RM100m in Aug19
PBT %	43.1%	48.1%		44.2%		43.7%	46.5%		
Tax	-40	-52	-23%	-49	-18%	-89	-98	-9%	
Tax %	-23.1%	-24.0%		-24.3%		-23.8%	-24.3%		
Profit After Tax[^]	134	166	-19%	153	-12%	287	306	-6%	PAT declined by a lesser rate of 6% despite container volume -9%

[^]May not add up due to rounding

Cash Flows & Total Borrowings

Consolidated Cash Flows					Sukuk Musharakah Medium Term Note (SMTN)	
RM million	2Q20	2Q19	YTDJun20	YTDJun19		
Operating Profit Before Working Capital Changes	264	305	563	575	Tenure	<ul style="list-style-type: none"> 20 year Sukuk Musharakah Medium Term Note program obtained on 20 April 2011 Valid unless it has been redeemed, cancelled or repurchased by WMSB
Cash Generated From Operations	211	325	567	567	Nominal Value	RM2,000 million available for issuance
Net Cash Generated From Operating Activities	149	261	446	445	Drawdown	<ul style="list-style-type: none"> 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
Net Cash Used In Investing Activities	-53	-14	-125	-26	Total RM1,500m	
Net Cash Used In Financing Activities	-26	-25	-266	-267	Utilisation of Proceeds	<ul style="list-style-type: none"> Refinance previous SUKUK programme Capital expenditure & assets acquisition Working capital
Net Change In Cash & Cash Equivalents	70	222	55	152	Repayment Schedule	<ul style="list-style-type: none"> RM450 mln - 6 tranches, 2021-2026 RM250 mln - 4 tranches, 2025-2028 RM200 mln - 5 tranches, 2024-2028 RM250 mln - 4 tranches, 2021-2024 RM200 mln - 2 tranches, 2019-2020 repaid RM100m RM150 mln - 3 tranches, 2021-2027
Cash & Cash Equivalents As At Starting Period	642	337	657	407		
Cash & Cash Equivalents As At End Of Period	712	558	712	558		

May not add up due to rounding

- **Capex** for construction of liquid bulk jetty and container yard Zone Z. During 2H2020, capex will be for RTG cranes, terminal trucks and trailers
- **Cash** of RM752m of which RM40m are pledged deposits
- **Sukuk borrowings of RM1,400m.** The next repayment in Aug20 of RM100m
- Net and gross **debt-to-equity ratios** of 0.25x and 0.53x as at Jun20 respectively

Westports Expansion

Proposed acquisition

- Conditional S&P Agreement to acquire **Marina Land** for cash consideration of RM393,958,900

Key details of the land

- 146.4 hectares or 361.762 acres
- 99 years **leasehold** expiring on 24 March 2096

Basis of the purchase price

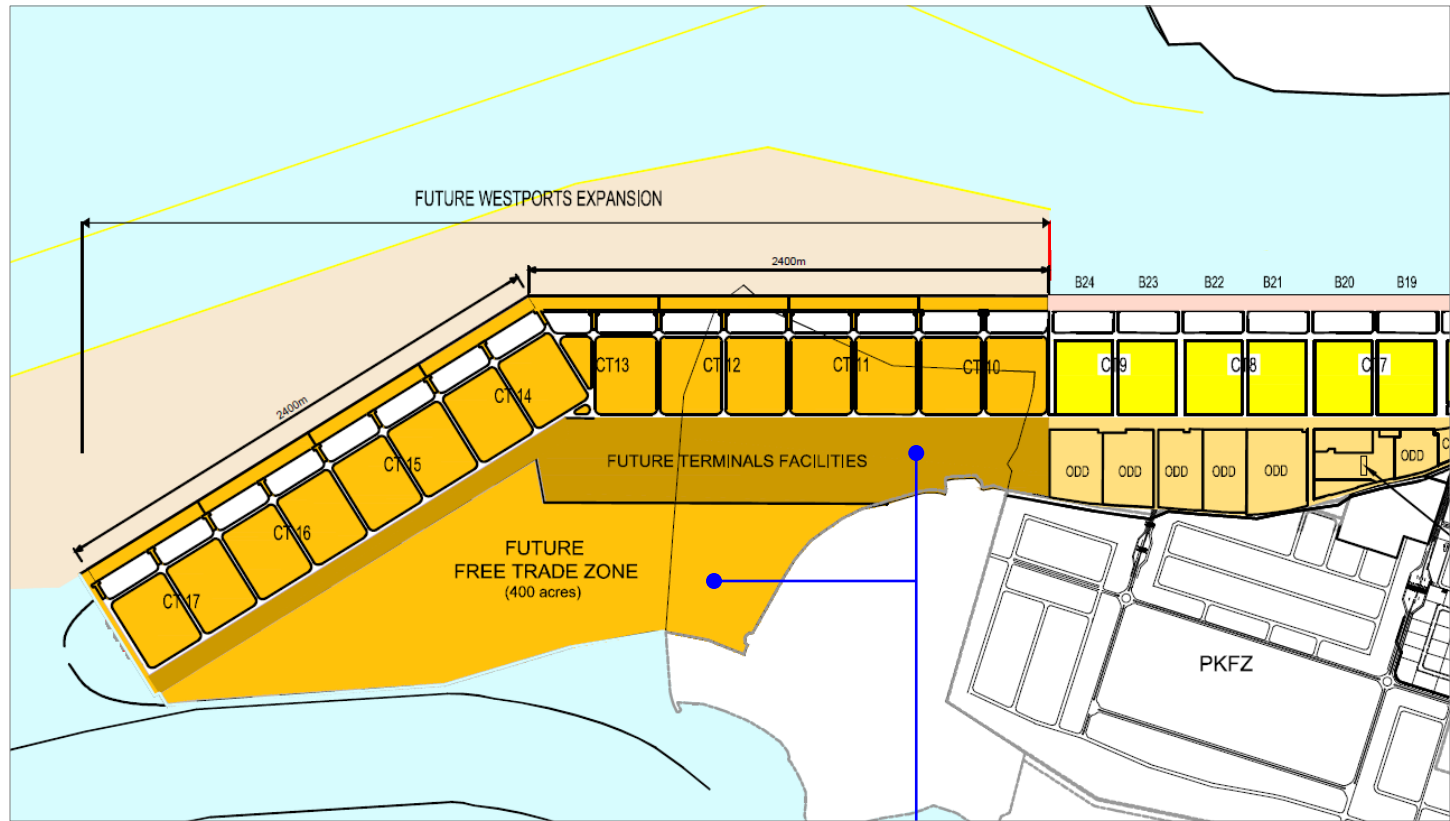
- Appraised **market value** of RM394.0 million (RM25 per square foot)
- Comparison method of valuation

Payment terms

- Paid 10% deposit
- Balance 90% of the purchase price of RM354,563,010 within 3 months from **fulfilling** last conditions precedent

Key conditions precedent

- Shareholders **approved** in EGM held on 5 May 2020
- **Conversion** category of land use
- Ministry of Economic Affairs' approval or confirmation
- **Concession agreement** with Government of Malaysia



Proposed Acquisition
'Marina Land'
146.4 Hectares / 362 Acres

Throughput Volume

- **2Q20** Full impact from Covid-19 induced slowdown but port operations continued throughout MCO. Higher container yard occupancy than 1Q20. Gateway decline cushioned by growth in paper/rubber-related TEUs. Empties +9% and reflect boxes repositioning by liners
- **YTDJun20** Broad decline across all key trade lanes except Asia-America. At conventional, only liquid bulk-bunker operations improved

Container & Conventional Throughput

Container m TEU	2Q20	2Q19	% YoY	% Split	1Q20	% QoQ	YTDJun20	YTDJun19	% YoY	% Split
Transshipment	1.46	1.83	-20%	64.2%	1.58	-7%	3.04	3.54	-14%	63.4%
Gateway	0.82	0.90	-10%	35.8%	0.94	-13%	1.76	1.73	2%	36.6%
Total^	2.28	2.74	-17%	100%	2.52	-10%	4.80	5.27	-9%	100%
Intra-Asia	1.38	1.73	-20%	60.6%	1.58	-13%	2.96	3.35	-12%	61.8%
Asia-Europe	0.39	0.48	-19%	17.0%	0.40	-2%	0.78	0.89	-12%	16.3%
Asia-Australasia	0.21	0.22	-6%	9.0%	0.20	2%	0.41	0.43	-6%	8.5%
Asia-America	0.15	0.15	0%	6.4%	0.14	5%	0.29	0.28	2%	5.9%
Asia-Africa	0.09	0.12	-22%	4.0%	0.11	-13%	0.20	0.22	-9%	4.1%
Others	0.07	0.05	39%	2.9%	0.09	-28%	0.16	0.10	60%	3.3%
Total^	2.28	2.74	-17%	100%	2.52	-9%	4.80	5.27	-9%	100%
Conventional m MT	2.14	2.33	-8%	-	2.75	-22%	4.89	4.68	4%	-

^May not add up due to rounding

Dividend Distribution Track Record

	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
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
2nd Interim Div	5.78 sen	2H 2015	17 Feb 2016	02 Mar 2016
1st Interim Div	5.32 sen	1H 2015	13 Aug 2015	26 Aug 2015
2nd Interim Div	6.15 sen	2H 2014	26 Feb 2015	11 Mar 2015
1st Interim Div	5.10 sen	1H 2014	07 Aug 2014	20 Aug 2014

Outlook 2020



Greenery at Westports. The main Tower Block is surrounded by multiple gardens

- **Temporarily trimmed** payout ratio to 60%
 - Reduced to **conserve cash** for 2021 when new container terminal **expansion project** is expected to commence with the purchase of Marina Land and land reclamation
- Temporary reduction but still continuing with **semi-annual distribution of dividend** since IPO

- **Container volume** should remain negative in 2H2020 YoY due to Covid-19 induced economic-employment slowdown
- Ongoing **detailed EIA study** and discussion on concession agreement. Engaging with the Government
- The new liquid bulk jetty and **Container Yard Zone Z** being completed by end-2020

Thank You

Westports Holdings Berhad
<http://www.westportsholdings.com/>

2019 Annual Report
<http://westportsholdings.com/wp-content/uploads/files/Westports%20Hldgs%20Bhd%20Annual%20Report%202019.pdf>

2019 Sustainability Report
<http://westportsholdings.com/wp-content/uploads/files/Westports%20Hldgs%20Sustainability%20Report%202019hr.pdf>

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