400-metre LOA vessel berthing at Westports container terminal

WESTPORTS
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Corporate Presentation

Post 4th Quarter 2023 Financial Results

Revenue

Throughput	4Q23	4Q22	% YoY	% Split	3Q23	% QoQ	YTDDec23	YTDDec22	% YoY	% Split
Container m TEU	2.87	2.58	11%	100%	2.77	4%	10.88	10.05	8%	100%
Conventional m MT	3.45	3.25	6%	-	2.73	26%	11.60	12.12	-4%	-

Revenue RM million	4Q23	4Q22	% YoY	% Split	3Q23	% QoQ	YTDDec23	YTDDec22	% YoY	% Split
Container	460	440	5%	85.7%	458	0%	1,805	1,774	2%	86.4%
Conventional	39	37	3%	7.2%	33	17%	139	155	-11%	6.6%
Marine	24	21	12%	4.5%	24	2%	91	76	19%	4.4%
Rental	14	13	13%	2.6%	13	6%	54	50	8%	2.6%
Op. Revenue^	**537**	**511**	**5%**	**100%**	**528**	**2%**	**2,089**	**2,055**	**2%**	**100%**
Construction	17	10	79%	-	15	19%	63	14	364%	-
Total Revenue^	554	521	6%	-	542	2%	2,152	2,069	4%	-

- **4Q23** Container revenue +5% even though container volume +11% due to much lower VAS contribution (specifically, storage charges as boxes' average dwell time eased by more than 20%). The quarterly VAS ratio is back to pre-pandemic levels. Marine revenue +12% with the increase in container vessel berthing by +8% and a notably more significant proportion of larger ships of 10,000-13,300 TEUs. Container boxes handled per vessel +3% to about 1.4k TEUs per vessel
- **YTDDec23** Conventional revenue declined due to much lower breakbulk volume (mainly lesser project cargoes and ingots and a slight reduction in coils and mixed steel) and marine fuel oil. These factors offset the revenue growth in other segments, such as the RoRo, which successfully recorded a total cumulative 3 million units as of December 2023. Meanwhile, rental income increased with new tenants at the Westports Logistics Centre and the liquid bulk operations
- Construction revenue and Construction cost are for the activity at Liquid Bulk Terminal 4A (LBT 4A)

^may not add up due to rounding

Cost Of Sales

Throughput	4Q23	4Q22	% YoY	% Split	3Q23	% QoQ	YTDDec23	YTDDec22	% YoY	% Split
Container m TEU	2.87	2.58	11%	100%	2.77	4%	10.88	10.05	8%	100%
Conventional m MT	3.45	3.25	6%	-	2.73	26%	11.60	12.12	-4%	-

Cost RM million	4Q23	4Q22	% YoY	% Split	3Q23	% QoQ	YTDDec23	YTDDec22	% YoY	% Split
Op. Workforce	70	67	4%	32.2%	72	-2%	286	267	7%	33.5%
Depreciation	51	52	-2%	23.3%	51	-1%	203	206	-1%	23.8%
Fuel	46	48	-5%	20.9%	43	5%	164	201	-18%	19.2%
M&R	23	21	10%	10.8%	23	2%	91	81	12%	10.7%
Electricity	14	12	22%	6.6%	14	3%	59	49	19%	6.9%
Others	14	16	-14%	6.3%	13	3%	51	61	-16%	6.0%
Op. Cost^	**218**	**216**	**1%**	**100%**	**217**	**1%**	**853**	**866**	**-1%**	**100%**
Construction	17	10	79%	-	14	19%	63	13	365%	-
Total Cost Of Sales^	235	226	4%	-	231	2%	916	879	4%	-

- **4Q23** Operational workforce was the most significant cost component. Headcount was reduced marginally, but the higher cost reflected higher salaries, bonus provisions, EPF contributions, allowances, and incentives. Electricity costs increased the most despite lesser electricity consumption by 9% (with reduced reefer units and days at the yard) due to ICPT at 17.0 compared to 3.7 sen/kWh in 4Q22. Diesel fuel cost eased by 5% despite higher total diesel consumption of 3% (on the back of TEUs +11%) and Ringgit's unfavourable forex rates because the much lower Dollar-based MOPS price offset both adverse factors
- **YTDDec23** Depreciation charges eased marginally with the disposal of 7 old Quay Cranes and a fully depreciated OPUS Terminal Operating System. Maintenance & Repair costs outpaced container throughput growth due to the equipment's scheduled Planned Preventive Maintenance and higher tyre replacement unit costs

^may not add up due to rounding

Profitability & Margins

Profitability RM million	4Q23	4Q22	% YoY	3Q23	% QoQ	YTDDec23	YTDDec22	% YoY	4Q23 Quarterly % YoY	
Gross Profit	319	295	8%	311	2%	1,236	1,190	4%	Other Income	>100%
EBITDA	337	286	18%	326	4%	1,296	1,215	7%	Administrative Exp	-72%
EBITDA %	62.8%	55.9%		61.7%		62.1%	59.1%		Other Expenses	+5%
Results From Op. Act.	272	221	23%	260	4%	1,037	950	9%		
Profit Before Tax	**263**	**251**	**5%**	**252**	**4%**	**1,006**	**944**	**7%**	Finance Income	-9%
PBT %	49.0%	49.1%		47.8%		48.2%	45.9%		Finance Costs	-14%
Tax	-57	-16	251%	-57	-1%	-227	-244	-7%	Share JV Results	-95%
Tax %	-21.7%	-6.5%		-22.7%		-22.5%	-25.9%			
Profit After Tax^	**206**	**235**	**-12%**	**195**	**6%**	**779**	**700**	**11%**		

- **4Q23** Other Income increased due to scrap value from the disposal of 7 Quay Cranes. Administrative Expenses notably declined as 4Q22 previously included consultancy fees related to the Oracle's case. The Share of Results of a Joint Venture is the 50% stake in Port Klang Cruise Terminal, which uses the Equity Method Accounting – the significant decline in 4Q23 was attributable to the reversal of impairment and recognition amounting to RM42.86m in 4Q22. The Tax Expense was much lower in 4Q22 than in 4Q23; the former had an effective tax rate of only 6.5% due to Investment Tax Allowance (ITA) on the then much higher CapEx amount of 3.5x on terminal operating equipment in the previous year
- **YTDDec23** Other Income for the year included the final non-recurrent recovery for QC51 and QC52 recognised in 2Q23. Administrative Expenses are lower than the previous year, as the latter had the write-off for the 7 Quay Cranes. Other Expenses incorporated the non-operational workforce costs with their annual increments and the amortisation and supplementary lease payments to the Port Klang Authority. Finance Income and Finance Costs eased mainly due to the total Sukuk repayment of RM125m by Jun23. Tax Expense declined by 7% only despite Cukai Makmur's assessment rate of 33% in the previous year due to Westports being granted a 10-year ITA, which is valid till the 31st December 2031. Hence, the effective tax rate was 22.5% versus 25.9% in the previous year

^may not add up due to rounding

Cash Flows & Total Borrowings

Cash Flows RM million	4Q23	4Q22	YTDDec23	YTDDec22
Operating Profit Before Working Capital Chg	339	303	1,303	1,238
Cash Generated From Operations	325	194	1,213	1,273
Net Cash Generated From Op. Activities	**311**	**64**	**995**	**899**
Net Cash Used In Investing Activities	-42	-59	-213	-184
Net Cash Used In Financing Activities	-25	-73	-757	-820
Net Change In Cash & Cash Equivalents	**244**	**-68**	**25**	**-105**
Cash & Cash Equivalents As At Starting Period^	292	579	511	615
Cash & Cash Equivalents As At End Of Period^	535	511	535	511

Sukuk Musharakah Medium Term Note **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 RM1,500 million	▪ 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 repaid RM150m ▪ RM250 mln - 4 tranches, 2025-2028 ▪ RM200 mln - 5 tranches, 2024-2028 ▪ RM250 mln - 4 tranches, 2021-2024 repaid RM200m ▪ RM200 mln - 2 tranches, 2019-2020 repaid RM200m ▪ RM150 mln - 3 tranches, 2021-2027 repaid RM100m

- YTDDec23 **CapEx** of RM227m included the additional spending of the ongoing construction work at LBT4A and 3 new Quay Cranes, and also 9 units of container stackers
- **Cash and equivalent** deposits of RM535m as of Dec23, which excluded the pledged deposits with licensed banks amounting to RM43m

- All borrowings are denominated in Ringgit Malaysia. **Sukuk borrowings** of RM850m after the total repayment of RM125m in 2023. The scheduled repayment in 2024 is also RM125m
- RAM reaffirmed WMSB's **AAA rating** at Dec23's 3rd annual review
- WMSB's **net gearing and gross debt-to-equity ratios** of 0.08x and 0.24x, respectively, as of Dec23
- WMSB will maintain the **Sukuk Musharakah** Medium Term Note until full redemption in 2028. Planning a new RM5.0 billion **Sukuk Wakalah** Programme based on the Shariah principle

^may not add up due to rounding

Throughput Volume

Container m TEU	4Q23	4Q22	% YoY	% Split	3Q23	% QoQ	YTDDec23	YTDDec22	% YoY	% Split
Transhipment	1.64	1.56	5%	57.2%	1.61	2%	6.35	6.08	4%	58.4%
Gateway / OD	1.23	1.02	20%	42.8%	1.15	6%	4.53	3.97	14%	41.6%
Total TEUs^	**2.87**	**2.58**	**11%**	**100%**	**2.77**	**4%**	**10.88**	**10.05**	**8%**	**100%**
Intra-Asia	1.90	1.63	17%	66.4%	1.83	4%	7.10	6.33	12%	65.3%
Asia-Europe	0.34	0.46	-26%	11.9%	0.33	3%	1.48	1.73	-15%	13.6%
Asia-Australasia	0.21	0.24	-12%	7.4%	0.23	-8%	0.90	0.97	-7%	8.3%
Asia-America	0.28	0.16	72%	9.7%	0.25	12%	0.91	0.68	35%	8.4%
Asia-Africa	0.08	0.06	30%	2.8%	0.09	-11%	0.33	0.20	66%	3.1%
Others	0.05	0.03	65%	1.8%	0.03	47%	0.15	0.13	18%	1.4%
Conventional m MT	**3.45**	**3.25**	**6%**	**-**	**2.73**	**26%**	**11.60**	**12.12**	**-4%**	**-**

- **4Q23** Gateway TEUs were the highest-ever, exceeding the previous quarterly record in 3Q23. A competitive local currency, FDIs that have crystallised into containerised exports and festivities' consumption supported the strong volume. Transhipment's growth of +5% was supported by laden boxes, which grew by +10%
- **YTDDec23** Growth exceeded initial guidance due to empty boxes repositioning in 1H23 and gateway TEUs in 2H23. Intra-Asia's regional trade underpinned the overall volume, whereas Asia-Europe saw weaker demand as inflationary pressures eroded consumption power. Asia-America has additional services while Asia-Africa improved from a low base
- **YTDDec23** Conventional throughput eased due to lower breakbulk throughput (lesser consignment of project cargoes, ingots that switched to container handling due to lower freight rates, and to a lesser degree, coils and mixed steel) which offset volume growth at liquid bulk (more LPG and gasoline/diesel products)

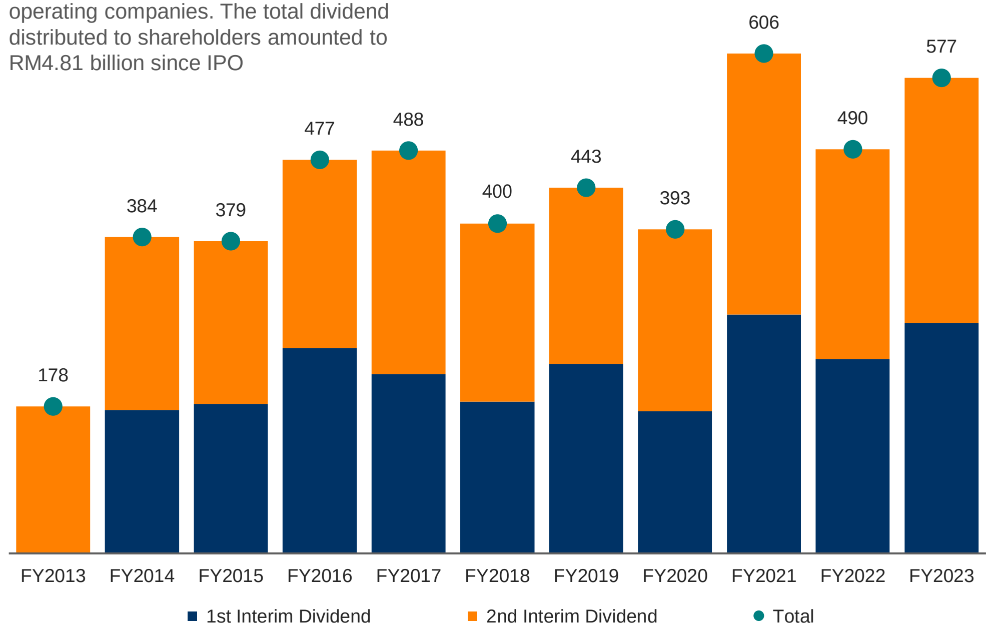
^may not add up due to rounding

Dividend & Outlook

Dividend Distribution Track Record	Dividend Per Share (RM)	Financial Year	Ex-Date	Payment Date
2nd Interim Dividend	**8.72 sen**	**2H 2023**	**20 Feb 2024**	**29 Feb 2024**
1st Interim Dividend	8.19 sen	1H 2023	11 Aug 2023	22 Aug 2023
2nd Interim Dividend	7.46 sen	2H 2022	09 Feb 2023	20 Feb 2023
1st Interim Dividend	6.91 sen	1H 2022	12 Aug 2022	23 Aug 2022
2nd Interim Dividend	9.28 sen	2H 2021	15 Feb 2022	24 Feb 2022
1st Interim Dividend	8.50 sen	1H 2021	17 Aug 2021	26 Aug 2021
2nd Interim Dividend	6.47 sen	2H 2020	18 Feb 2021	01 Mar 2021
1st Interim Dividend	5.05 sen	1H 2020	11 Aug 2020	21 Aug 2020
Total Dividend	13.00 sen	FY 2019		
Total Dividend	11.73 sen	FY 2018		
Total Dividend	14.322 sen	FY 2017		
Total Dividend	14.00 sen	FY 2016		
Total Dividend	11.10 sen	FY 2015		
Total Dividend	11.25 sen	FY 2014		
Total Dividend	#5.22 sen	FY 2013	# IPO in Oct 2013. Only one dividend payment	

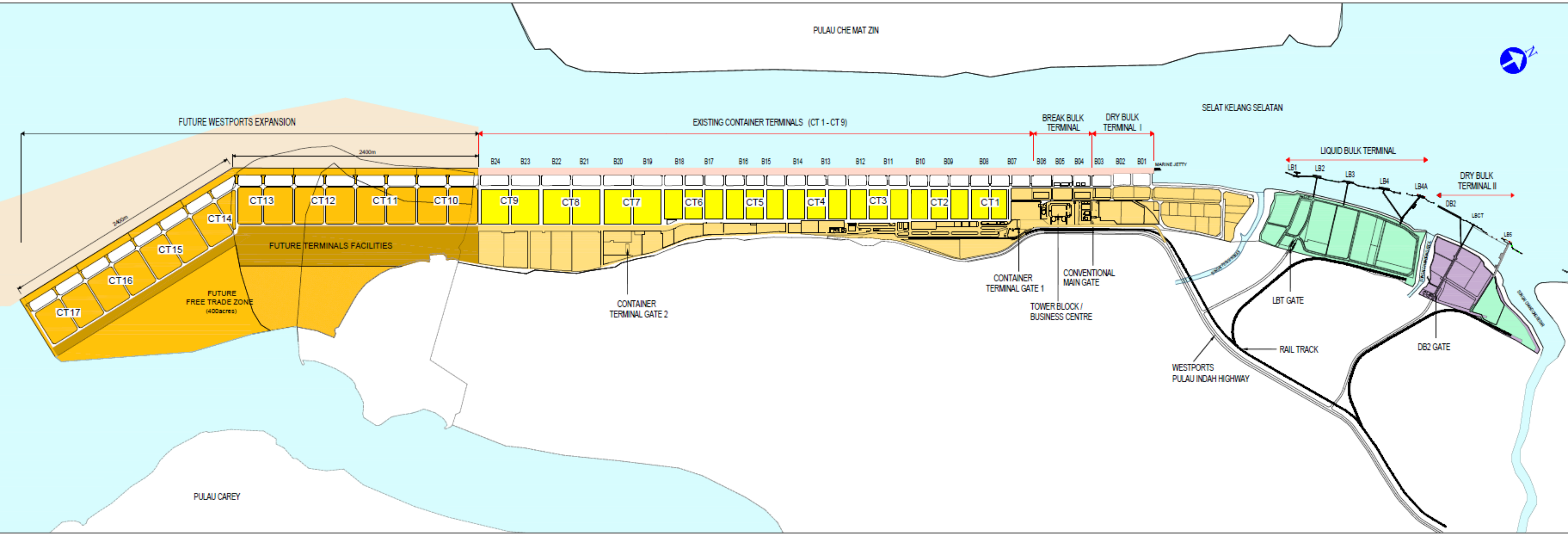
Semi-Annual Dividend Distribution To Shareholders Since IPO (RM million)

WHB paid all dividends it received from operating companies. The total dividend distributed to shareholders amounted to RM4.81 billion since IPO



- **Dividend payout**
  - Westports Malaysia is paying 75% of its PAT, and WHB is just **redistributing all dividends** it received
  - 2023 dividend payout of RM577m will be the 2nd highest since IPO
- **New concession extension**: implications on financial statements
  - **Amortisation charges** for the existing and additional concession assets arising from the extension of the concession arrangement
  - **Finance costs** arising from present value of the extended service concession obligation, accretion of service concession obligation
  - Annual lease rental, fixed lease and variable **payments to PKA**
  - **Rental** revenue recognised in P&L on a straight-line basis
  - **Depreciation of PPE** when the asset is ready for intended use

- **Outlook**. Barring a significant escalation of conflict beyond the Middle East region and a sharp reduction of economic growth in many major developed and regional economies, we are cautiously forecasting a low single-digit container volume growth in 2024
- **Liquid Bulk Terminal 4A** is to be completed by 1Q24
- Commitment to **Scope 1** operational **net-zero carbon emissions by 2050**. Tested two types of **electric terminal trucks** since 1Q23. WMSB deployed 2 autonomous electric terminal trucks and has planned to buy some non-autonomous electric trucks in 2024
- We have commenced the process to request for a **container tariff revision**



Thank You

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

Available for download from the corporate website

- Westports Climate Change Assessment Report
- Carbon Stock And Sequestration Valuation Of Flora In Westports
- Corporate Impact Report
- Sustainability Report 2022
- Annual Report 2022

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3^{rd} Supplemental Privatisation Agreement

1. **Concession Period**
   - The 3rd Supplemental Privatisation Agreement with the Government and the Port Klang Authority
     - To facilitate WP2 container terminal development
     - To extend the concession period beyond 31 August 2024 for all existing concession areas
   - Concession period extended to 31 August 2070 with CT10-CT13
   - Concession period will be further extended to 31 August 2082, with
     - The acquisition and the transfer of the 3rd land (underwater) by 31 August 2045
     - The development of CT14-CT17

2. **Demised Area, Land Transfer And Implications**
   - WP1 existing demised area is 2,011 acres
   - WP2 area
     - Westports is transferring 2 parcels of land to the Port Klang Authority
     - The total land costs and other related expenses incurred amounted to approximately RM610m
       - 381-acre PKNS Land to be transferred by 01 September 2024
       - 362-acre Marina Land to be transferred by 31 August 2026
   - Risk mitigation on land transfer
     - If the concession ends earlier, a compensation mechanism will be activated

3. **Lease Terms And Payments To The Port Klang Authority**
   - Fixed lease effective 01 September 2024
     - WP1 of RM90m
       - The future lease increase rate will be in line with the container tariff revision rate
       - WP1 demised area fixed annual payment to the port authority is 40% higher than the year before
     - WP2 of RM1m annually since 2 parcels of land are transferred to the port authority
   - Container variable lease effective 01 September 2024
     - RM3.00 per local box
     - RM2.00 per transhipment box
   - Conventional variable lease unchanged at RM0.10 per tonne

4. **MFRS And IC12 Implications**
   - PKNS Land and Marina Land
     - Addition to the balance sheet as concession assets
     - No impact to the profit or loss statement on the transfer of both lands
   - Rental revenue
     - Rental income from land and building is recognised in the profit or loss statement on a straight-line basis over the term of the lease
   - Depreciation and amortisation
     - Over the concession period
       - For land, dredging, reclamation, wharf, yard, buildings and infrastructure costs
     - Over the operational lifespan
       - For Terminal Operating Equipment. 30 years for most capital-intensive Quay Cranes
   - Initial financing cost
     - Capitalised until CT10 commences
   - Payments to Port Klang Authority, at ‘Other Expenses’
     - Fixed lease – to recognise the revised lease liabilities from 01 September 2024
     - Variable lease
   - Tax implications
     - 10-year Investment Tax Allowance from 01 January 2022 to 31 December 2031
     - With WP2, an estimated average effective tax rate of 18% to 21% for 2024-2028

5. **Initial Development CapEx**
   - The overall total projected CapEx to 2082 for WP1 and WP2
     - Including all replacement and maintenance CapEx, approximately RM39.6bn
   - WP2 initial development CapEx of RM12.6 billion
     - Phase 1 for CT10-CT13 between 2024 and 2038, at RM6.3bn
     - Phase 2 for CT14-CT17 between 2036 and 2053, at RM6.3bn
   - The first two terminals, CT10-CT11
     - Initial development CapEx of RM2.2bn to RM2.4bn
     - Target CT10 to commence operations by 2H27 and then CT11 by 2H29
   - Phase 1 land reclamation, dredging and containment bund
     - From Year 1 to 4
     - To accommodate the development of CT10 to CT13
     - Each year, annual CapEx from RM250m to RM600m
   - Year 1
     - Complete Marina Land acquisition and the transfer both lands
     - Project’s Environmental Management Plan to include areas identified to replant mangroves
     - Year 1 dredging and reclamation CapEx of less than RM400m

3rd Supplemental Privatisation Agreement

6. Financing

- Internally generated funds
- New RM5.0 billion Wakalah Shariah principle Sukuk Programme for WP2
  - Proposing perpetual tenure with no expiry date
  - Incorporate green features in line with sustainability objectives/commitment
    - Sustainable and Responsible Investment (SRI) Sukuk framework
    - 4 criterias. Use of proceeds, evaluation, management, reporting and KPIs
  - Wakalah bi Al-Istithmar or other Shariah principal
  - The target for a maximum debt-to-equity ratio of 40:60
  - Current indicative rate is 3.9% to 4.5%, with an AAA rating
- Equity injection via dividend reinvestment, share placements or strategic investor
  - Between RM800 million and RM1.2 billion by 2027
- Maintain existing Sukuk Musharakah Medium Term Note RM850m until full redemption in 2028
  - Finance to equity ratio of not more than 2.0x
  - Finance Service Cover Ratio (FSCR) of not less than 1.25x

7. Sustainability

- Marina Land
  - To extract some mangrove tree saplings, replant in other areas
  - Will lose 97-hectare of mangroves with WP2 development
- To replace mangroves lost
  - Target to earmark areas and replant 100 hectares of mangroves
  - Proposed to plant more than 250,000 mangrove trees over 25 years
- Decarbonisation via electrification of terminal operating equipment
  - Scope 1 operational net zero carbon emission of WP2 terminal from Day 1 of operations
  - Testing/evaluating/considering electric/autonomous terminal trucks, electric Rubber Tyred Gantry Cranes, Automated Guided Vehicles

8. Automation And Digitalisation

- An electrified architecture facilitate
  - The flexibility for complete and semi-automation of terminal equipment
  - Future-proofing WP2. Support future advances such as IoT, blockchain and AI
  - The capability for greater integration with liners' operations
  - Enhancing the terminal's energy efficiency profile and reducing GHG emissions
  - Raising operational reliability, efficiency and safety standards
  - Nurturing and employing high-skilled local talent pool
  - Fostering the development of local logistics-related technologies
  - Reducing long-term operational cost

9. Economic Multiplier Effect And Job Creation

- Economic benefits from the entire WP2
  - Output impact of RM55bn – triggered by initial demand created through WP2 investment
    - RM22bn from direct impact on economic output
    - RM23bn from indirect impact on the supply chain, e.g. construction-related
    - RM10bn from induced impact by wages paid by the impacted businesses
  - Contribution to GDP of RM19bn from value-added impact such as goods and services, sectoral linkages, supply chain effects, salaries paid by beneficiary businesses
  - Create 6,000 additional full-time job opportunities for Malaysians
- Strengthen Westports' competitive position
  - Catalyse growth in the nation's trade with capacity and productivity
  - Improve Malaysia's logistics efficiency and global competitiveness
  - Support liners' growing regional transhipment requirements
- Features of WP2
  - 8 berths x 600-metre each. Total quay length of 4,800 metres
  - The total additional container yard area of 260 hectares
  - Maximum depth at Chart Datum of 18.0 metres for ULCV
  - An additional total container handling capacity of 13m TEUs per annum

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