



Westports Holdings Berhad

(5246 | WPRTS MK) Main | Transportation & Logistics

Transshipment Traffic Remains Sluggish

KEY INVESTMENT HIGHLIGHTS

- **9MFY24 results met expectations**
- **VAS ratio rose to 24.6%**
- **Conventional cargo volume remains strong**
- **No changes to forward earnings estimates**
- **Maintain NEUTRAL with an unchanged TP of RM4.30**

Within expectations. Westports Holdings Berhad (Westports) posted a core PAT of RM230.9m for 3QFY24, bringing the total to RM639.0m for 9MFY24. These results align with our forecasts and account for 76%/77% of our/consensus full-year projections.

Quarterly. In 3QFY24, a +8.7%yoy increase in gateway volume was largely offset by a -9.9%yoy decline in transshipment volume, driven by lower movement of empties. However, container revenue grew by +6.6%yoy driven by value-added services (VAS), with the ratio rising to 24.6% (2QFY24: 21.6%). Conventional revenue grew by +30.3%yoy, driven by a +22.0%yoy volume increase at the break and dry bulk segments. Overall, core PAT increased by +18.7%yoy. Sequentially, despite a decline in container volume (-1.1%qoq), core PAT rose by +13.3%qoq, thanks to the strong contribution from VAS in container revenue and solid growth in conventional volume (+14.0%qoq).

Outlook. Management expects FY24 container volume to end flat, as shifts in transshipment congestion and a subdued market conditions have dampened growth momentum. This is largely in line with our estimate of +1.2%yoy growth. They have guided for low single-digit growth in FY25, driven by strong gateway volume and recovery in transshipment volume, which we translate into a +3.3%yoy growth. Container volume could see a temporary rise if shipments are frontloaded in anticipation of trade tariffs following Donald Trump's presidential transition, though the impact will depend on the scope of the tariffs. Note that the China + 1 strategy has been a key driver of gateway volume growth, particularly from the paper, glass, and solar industries.

Maintain NEUTRAL. No changes have been made to our earnings estimates. Our DCF-derived target price remains unchanged at **RM4.30** (WACC: 7.2%, g: 3%). The last closing price reflects a valuation of 16.0x FY25F EPS, which is close to its 5-year historical mean. Key potential upsides for the stock include the quantum of a tariff hike surpassing expectations or a positive revision in management's guidance for container volume growth.



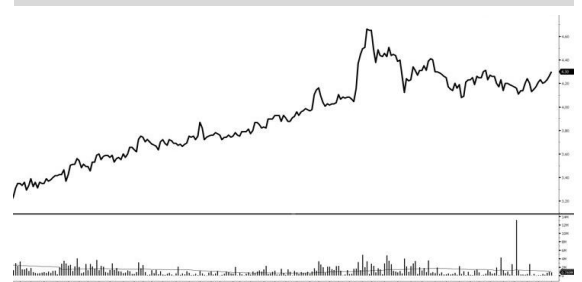
Maintain NEUTRAL

Unchanged Target Price: RM4.30

RETURN STATISTICS

Price @ 8 th November 2024 (RM)	4.30
Expected share price return (%)	+0.0
Expected dividend yield (%)	+4.3
Expected total return (%)	+4.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.9	4.8
3 months	0.7	-2.4
12 months	28.7	15.7

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	2,262.8	2,652.2	2,747.5
Operating profit	1,097.3	1,192.5	1,234.4
PBT	1,067.8	1,158.5	1,184.8
Core PAT	843.6	915.2	936.0
Core EPS (RM)	0.25	0.27	0.27
DPS (RM)	0.19	0.20	0.21
Dividend yield (%)	4.1%	4.4%	4.5%

KEY STATISTICS

FBM KLCI	1,621.24
Issued shares (m)	3410.00
Estimated free float (%)	25.65
Market Capitalisation (RM'm)	14,663.00
52-wk price range	RM3.33 - RM4.78
3-mth average daily volume (m)	1.11
3-mth average daily value (RM'm)	4.69
Top Shareholders (%)	
Pembinaan Redzai Sdn Bhd	42.42
South Port Investment Holdings	23.55
Employees Provident Fund	8.38

WESTPORTS: 3QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
	3QFY24	2QFY24	3QFY23	QoQ	YoY	9MFY24	9MFY23	YoY
Income Statement								
Operational revenue	572.6	553.0	527.7	3.5%	8.5%	1,666.5	1,551.9	7.4%
EBITDA	368.0	342.0	326.0	7.6%	12.9%	1,046.0	959.0	9.1%
Depreciation & amortisation	-51.8	-67.5	-65.6	23.2%	21.0%	-184.7	-193.4	4.5%
EBIT	316.2	274.5	260.4	15.2%	21.4%	861.3	765.6	12.5%
Net finance costs	-13.2	-9.4	-10.3	-40.5%	-27.6%	-31.1	-31.1	0.0%
Share of results of JV	0.6	0.5	2.5	6.2%	-77.2%	4.8	8.5	-43.8%
PBT	303.7	265.9	252.4	14.2%	20.3%	835.0	743.1	12.4%
Tax expense	-70.6	-62.1	-57.4	-13.6%	-23.1%	-193.6	-169.8	-14.1%
PAT	233.1	203.7	195.0	14.4%	19.5%	641.3	573.4	11.9%
Core PAT	230.9	203.7	194.5	13.3%	18.7%	639.0	568.4	12.4%
Core EPS (sen)	6.8	6.0	5.7	13.3%	18.7%	18.7	16.7	12.4%
				ppts	ppts			ppts
EBIT margin	55.2%	49.6%	49.3%	5.6	5.9	51.7%	49.3%	2.3
PBT margin	53.0%	48.1%	47.8%	5.0	5.2	50.1%	47.9%	2.2
Effective tax rate	-23.2%	-23.4%	-22.7%	0.1	-0.5	-23.2%	-22.8%	-0.3
Core PAT margin	40.3%	36.8%	36.9%	3.5	3.5	38.3%	36.6%	1.7

OPERATIONAL REVENUE & COST

Revenue (RM'm)	Quarterly					Cumulatively		
	3QFY24	2QFY24	3QFY23	QoQ	YoY	9MFY24	9MFY23	YoY
Container	488	482	458	1.2%	6.6%	1,440	1,345	7.1%
Conventional	43	37	33	16.2%	30.3%	115	100	15.0%
Marine	20	21	24	-4.8%	-16.7%	63	67	-6.0%
Rental	22	14	13	57.1%	69.2%	49	40	22.5%
Total Revenue	573	554	528	3.4%	8.5%	1,667	1,552	7.4%
Cost (RM'm)								
Workforce	-71	-72	-72	1.4%	1.4%	-217	-216	-0.5%
Depreciation	-35	-51	-51	31.4%	31.4%	-137	-153	10.5%
Fuel	-37	-41	-43	9.8%	14.0%	-118	-118	0.0%
M&R	-22	-22	-23	0.0%	4.3%	-68	-68	0.0%
Electricity	-12	-15	-14	20.0%	14.3%	-42	-44	4.5%
Others	-16	-15	-13	-6.7%	-23.1%	-46	-37	-24.3%
Total Cost	-194	-216	-217	10.2%	10.6%	-627	-635	1.3%

THROUGHPUT VOLUME

Container (m TEU)	Quarterly					Cumulatively		
	3QFY24	2QFY24	3QFY23	QoQ	YoY	9MFY24	9MFY23	YoY
Transshipment	1.45	1.53	1.61	-5.2%	-9.9%	4.46	4.71	-5.3%
Gateway	1.25	1.19	1.15	5.0%	8.7%	3.64	3.30	10.3%
	2.70	2.73	2.77	-1.1%	-2.5%	8.11	8.01	1.2%
Intra-Asia	1.79	1.77	1.83	1.1%	-2.2%	5.38	5.20	3.5%
Asia-Europe	0.39	0.38	0.33	2.6%	18.2%	1.10	1.14	-3.5%
Asia-Australasia	0.25	0.26	0.25	-3.8%	0.0%	0.74	0.64	15.6%
Asia-America	0.20	0.18	0.23	11.1%	-13.0%	0.55	0.69	-20.3%
Asia-Africa	0.04	0.09	0.09	-55.6%	-55.6%	0.20	0.25	-20.0%
Others	0.05	0.05	0.03	0.0%	66.7%	0.13	0.10	30.0%
Conventional (m MT)	3.33	2.92	2.73	14.0%	22.0%	9.02	8.15	10.7%

Source: Westports, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	2,069.0	2,088.6	2,262.8	2,652.2	2,747.5
Operating profit	950.1	1,037.5	1,097.3	1,192.5	1,234.4
PBT	943.9	1,006.2	1,067.8	1,158.5	1,184.8
PAT	699.6	779.4	843.6	915.2	936.0
Core PAT	670.8	777.6	843.6	915.2	936.0
EPS (RM)	0.20	0.23	0.25	0.27	0.27
PER (x)	21.9x	18.9x	17.4x	16.0x	15.7x
DPS (RM)	0.14	0.17	0.19	0.20	0.21
Dividend yield (%)	3.3%	3.9%	4.3%	4.7%	4.8%
Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
PPE	1,775.8	1,739.0	1,723.0	1,729.3	1,733.2
Non-current assets	4,443.4	4,454.9	5,185.5	5,429.7	6,838.7
Receivables	210.1	280.7	338.0	395.6	410.2
Cash	552.1	577.9	723.5	690.5	393.3
Current assets	838.3	884.3	1,061.5	1,086.0	803.5
Long-term debt	850.0	725.0	1,150.0	1,275.0	1,750.0
Non-current liabilities	1,387.7	1,203.0	1,462.2	1,479.8	2,365.2
Short-term debt	125.0	125.0	125.0	125.0	125.0
Payables	195.3	159.0	162.2	184.4	191.5
Current liabilities	619.6	616.1	586.5	608.7	615.8
Share capital	1,038.0	1,038.0	1,038.0	1,038.0	1,038.0
Retained earnings	2,236.4	2,482.1	3,160.4	3,389.2	3,623.2
Equity	3,274.4	3,520.1	4,198.4	4,427.2	4,661.2
Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
PBT	943.9	1,006.2	1,067.8	1,158.5	1,184.8
Depreciation & amortisation	258.2	258.9	263.4	264.9	290.9
Changes in working capital	34.9	-89.9	3.0	73.4	8.9
Operating cash flow	898.9	994.6	1,110.0	1,253.5	1,235.7
Capital expenditure	-250.0	-226.8	-819.5	-725.2	-1,305.9
Investing cash flow	-183.7	-213.2	-819.5	-725.2	-1,305.9
Debt raised/(repaid)	-175.0	-125.0	175.0	125.0	475.0
Dividends paid	-552.1	-533.7	-632.7	-686.4	-702.0
Financing cash flow	-820.4	-756.7	-457.7	-561.4	-227.0
Net cash flow	-105.2	24.6	-167.2	-33.1	-297.2
Beginning cash flow	615.3	510.6	890.7	723.5	690.5
Ending cash flow	510.6	535.2	723.5	690.5	393.3
Profitability Margins	2022A	2023A	2024E	2025F	2026F
EBIT margin	45.9%	49.7%	48.5%	45.0%	44.9%
PBT margin	45.6%	48.2%	47.2%	43.7%	43.1%
PAT margin	33.8%	37.3%	37.3%	34.5%	34.1%
Core PAT margin	32.4%	37.2%	37.3%	34.5%	34.1%

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology