



Westports Holdings Berhad

(5246 | WPRTS MK) Main | Transportation & Logistics

Maintain NEUTRAL

Gateway Cargoes Reached New Heights

Revised Target Price: RM4.43
(Previously RM4.30)

KEY INVESTMENT HIGHLIGHTS

- **FY24 results aligned with expectations**
- **Gateway cargoes held strong ahead of festive season**
- **Container volume expected to grow +3.0%yoy in FY25**
- **Earnings estimates adjusted upward by +2% to +3%**
- **Maintain NEUTRAL with a revised TP of RM4.43**

Within expectations. Westports Holdings Berhad (Westports) recorded a 4QFY24 core PAT of RM256.4m, bringing the total to RM900.4m for FY24. This aligns with our expectations at 102% of our estimate, slightly exceeding the consensus at 106%. In line with its 75% dividend payout policy, a second interim dividend of 10.86sen was declared, bringing the FY24 total to 19.75sen.

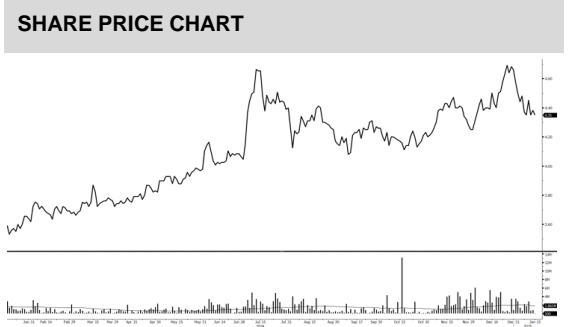
Quarterly. Container volume in 4QFY24 rose slightly to 2.87m TEUs (+0.2%yoy), driven by record gateway cargoes (+3.3%yoy) ahead of Lunar New Year, offsetting transshipment weakness (-1.8%yoy). However, container revenue rose +11.1%yoy, supported by; (i) increased handling of higher-yielding gateway cargoes, and (ii) higher value-added services (VAS) revenue, mainly from extended storage of metal commodities due to regulatory delays. Conventional revenue rose +5.1%yoy, despite an -8.1%yoy volume decline, boosted by higher breakbulk revenue from steel, ingots, and project cargoes. Core PAT grew +24.7%yoy, aided by higher investment tax allowance (ITA) claimed for terminal truck purchases. Sequentially, core PAT rose +11.1%qoq on seasonality, with container volumes up +6.3%qoq (transshipment: +11.0%qoq, gateway: +1.6%qoq).

Outlook. Overall container volume for FY24 remained largely flat, growing by just +0.9%yoy as expected. Management has guided for low single-digit growth in container volume for FY25, which we estimate to be a +3.0%yoy increase. We expect the growth trend to remain driven by gateway operations, though the strong momentum from recent FDIs is likely to ease. This is evident in the moderation of gateway growth, which stood at +8.4%yoy in FY24, compared to +14.1%yoy in FY23. Additionally, the Port Klang Authority (PKA) is anticipated to announce its decision on the proposed tariff hike within this quarter.

Maintain NEUTRAL. We have made slight upward adjustments to our FY25/FY26 core PAT estimates by +2%/+3%, respectively, following the update of full-year figures. Consequently, our DCF-derived target price is now slightly higher at **RM4.43** (from RM4.30). We maintain our **NEUTRAL** call, with the stock trading at an FY25F PER of 16.2x, in line with its 5-year historical average. Key potential upsides include the possibility of a larger tariff hike or an upward revision in container volume growth guidance.



RETURN STATISTICS	
Price @ 23 rd January 2025 (RM)	4.47
Expected share price return (%)	-0.9
Expected dividend yield (%)	+4.6
Expected total return (%)	+3.7



Price performance (%)	Absolute	Relative
1 month	-4.1	-3.6
3 months	-5.8	7.0
12 months	16.8	10.0

INVESTMENT STATISTICS			
FYE Dec	2024E	2025F	2026F
Revenue	2,280.0	2,628.7	2,720.3
Operating profit	1,194.4	1,223.7	1,278.5
PBT	1,138.7	1,187.4	1,233.4
Core PAT	900.4	938.1	974.4
Core EPS (RM)	0.26	0.28	0.29
DPS (RM)	0.20	0.21	0.21
Dividend yield (%)	4.6%	4.8%	4.9%

KEY STATISTICS	
FBM KLCI	1,577.20
Issued shares (m)	3,410.00
Estimated free float (%)	25.65
Market Capitalisation (RM'm)	14,969.90
52-wk price range	RM3.69 - RM4.78
3-mth average daily volume (m)	1.83
3-mth average daily value (RM'm)	8.04
Top Shareholders (%)	
Pembinaan Redzai Sdn Bhd	42.42
South Port Investment Holdings	23.55
Employees Provident Fund	8.67

WESTPORTS: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
	4QFY24	3QFY24	4QFY23	QoQ	YoY	FY24	FY23	YoY
Income Statement								
Operational revenue	613.5	572.6	536.8	7.1%	14.3%	2,344.1	2,151.9	8.9%
EBITDA	403.0	368.0	337.0	9.5%	19.6%	1,449.0	1,296.0	11.8%
Depreciation & amortisation	-69.9	-51.8	-65.4	-34.8%	-6.8%	-254.6	-258.9	1.6%
EBIT	333.1	316.2	271.6	5.4%	22.7%	1,194.4	1,037.1	15.2%
Net finance costs	-24.7	-13.2	-10.6	-87.0%	-132.4%	-55.8	-41.7	-33.7%
Share of results of JV	-4.8	0.6	2.0	-927.0%	-343.5%	-0.02	10.5	-100.2%
PBT	303.7	303.7	263.1	0.0%	15.4%	1,138.7	1,006.2	13.2%
Tax expense	-47.0	-70.6	-57.0	33.4%	17.5%	-240.7	-226.8	-6.1%
PAT	256.7	233.1	206.1	10.1%	24.5%	898.0	779.4	15.2%
Core PAT	256.4	230.9	205.6	11.1%	24.7%	897.4	777.6	15.4%
Core EPS (sen)	7.5	6.8	6.0	11.1%	24.7%	26.3	22.8	15.4%
				ppts	ppts			
EBIT margin	54.3%	55.2%	50.6%	-0.9	3.7	51.0%	48.2%	2.8
PBT margin	49.5%	53.0%	49.0%	-3.5	0.5	48.6%	46.8%	1.8
Effective tax rate	-15.5%	-23.2%	-21.7%	7.8	6.2	-21.1%	-22.5%	1.4
Core PAT margin	41.8%	40.3%	38.3%	1.5	3.5	38.3%	36.1%	2.1

OPERATIONAL REVENUE & COST

Revenue (RM'm)	Quarterly					Cumulatively		
	4QFY24	3QFY24	4QFY23	QoQ	YoY	FY24	FY23	YoY
Container	511	488	460	4.7%	11.1%	1,950	1,805	8.0%
Conventional	41	43	39	-4.7%	5.1%	156	139	12.2%
Marine	23	20	24	15.0%	-4.2%	86	91	-5.5%
Rental	39	22	14	77.3%	178.6%	88	54	63.0%
Total Revenue	613	573	537	7.0%	14.2%	2,280	2,089	9.1%
Cost (RM'm)	4QFY24	3QFY24	4QFY23	QoQ	YoY	FY24	FY23	YoY
Workforce	-70	-71	-70	1.4%	0.0%	-287	-286	-0.3%
Depreciation	-48	-35	-51	-37.1%	5.9%	-185	-203	8.9%
Fuel	-38	-37	-46	-2.7%	17.4%	-155	-164	5.5%
M&R	-27	-22	-23	-22.7%	-17.4%	-95	-91	-4.4%
Electricity	-13	-12	-14	-8.3%	7.1%	-54	-59	8.5%
Others	-14	-16	-14	12.5%	0.0%	-60	-51	-17.6%
Total Cost	-210	-194	-218	-8.2%	3.7%	-837	-853	1.9%

THROUGHPUT VOLUME

Container (m TEU)	Quarterly					Cumulatively		
	4QFY24	3QFY24	4QFY23	QoQ	YoY	FY24	FY23	YoY
Transshipment	1.61	1.45	1.64	11.0%	-1.8%	6.07	6.35	-4.4%
Gateway	1.27	1.25	1.23	1.6%	3.3%	4.91	4.53	8.4%
	2.87	2.70	2.87	6.3%	0.2%	10.98	10.88	0.9%
Intra-Asia	1.86	1.79	1.92	3.9%	-3.1%	7.25	7.11	2.0%
Asia-Europe	0.41	0.39	0.34	5.1%	20.6%	1.52	1.48	2.7%
Asia-Australasia	0.26	0.25	0.28	4.0%	-7.1%	1.00	0.92	8.7%
Asia-America	0.22	0.20	0.21	10.0%	4.8%	0.77	0.90	-14.4%
Asia-Africa	0.05	0.04	0.08	25.0%	-37.5%	0.26	0.33	-21.2%
Others	0.06	0.05	0.03	20.0%	100.0%	0.20	0.14	42.9%
Conventional (m MT)	3.17	3.33	3.45	-4.8%	-8.1%	12.19	11.60	5.1%

Source: Westports, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	2,069.0	2,088.6	2,280.0	2,628.7	2,720.3
Operating profit	950.1	1,037.5	1,194.4	1,223.7	1,278.5
PBT	943.9	1,006.2	1,138.7	1,187.4	1,233.4
PAT	699.6	779.4	898.0	938.1	974.4
Core PAT	670.8	777.6	900.4	938.1	974.4
EPS (RM)	0.20	0.23	0.26	0.28	0.29
PER (x)	22.7	19.6	16.9	16.2	15.6
DPS (RM)	0.14	0.17	0.20	0.21	0.21
Dividend yield (%)	3.3	3.9	4.6	4.8	4.9
Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
PPE	1,775.8	1,739.0	1,686.5	1,795.6	1,791.4
Non-current assets	4,443.4	4,454.9	6,674.0	5,515.7	6,916.7
Receivables	210.1	280.7	316.5	352.2	365.6
Cash	552.1	577.9	780.8	613.0	332.5
Current assets	838.3	884.3	1,104.0	965.2	698.1
Long-term debt	850.0	725.0	905.0	1,025.0	1,500.0
Non-current liabilities	1,387.7	1,203.0	3,197.7	1,820.7	2,703.9
Short-term debt	125.0	125.0	175.0	125.0	125.0
Payables	195.3	159.0	213.1	180.9	188.0
Current liabilities	619.6	616.1	762.7	680.4	687.6
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	2,779.6	2,941.7	3,185.3
Equity	3,274.4	3,520.1	3,817.6	3,979.7	4,223.3
Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	943.9	1,006.2	1,187.4	1,187.4	1,233.4
Depreciation & amortisation	237.8	258.9	253.2	253.2	278.7
Changes in working capital	34.9	-89.9	-4.3	-4.3	7.9
Operating cash flow	898.9	994.6	1,291.4	1,186.9	1,261.0
Capital expenditure	-246.0	-226.8	-724.5	-724.5	-1,285.8
Investing cash flow	-183.7	-213.2	-583.5	-724.5	-1,285.8
Debt raised/(repaid)	-175.0	-125.0	230.0	125.0	475.0
Dividends paid	-552.1	-533.7	-600.5	-703.5	-730.8
Financing cash flow	-820.4	-756.7	-514.0	-578.5	-255.8
Net cash flow	-105.2	24.6	193.9	-116.1	-280.5
Beginning cash flow	615.3	510.6	535.2	729.1	613.0
Ending cash flow	510.6	535.2	729.1	613.0	332.5
Profitability Margins	2022A	2023A	2024A	2025F	2026F
EBIT margin	45.9%	49.7%	52.4%	46.6%	47.0%
PBT margin	45.6%	48.2%	49.9%	45.2%	45.3%
PAT margin	33.8%	37.3%	39.4%	35.7%	35.8%
Core PAT margin	32.4%	37.2%	39.5%	35.7%	35.8%

Source: Bloomberg, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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