

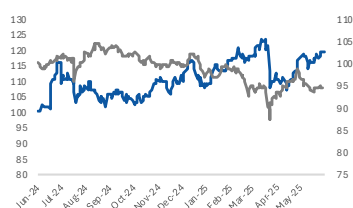
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Recommendation:	BUY
Current Price:	RM 4.67
Previous Target Price:	RM 5.08
Target Price:	↔ RM 5.08
Capital Upside/ Downside:	8.8%
Dividend Yield (%):	3.7%
Total Upside/ Downside:	12.5%

Stock information	
Board	MAIN
Sector	Logistics
Bursa / Bloomberg Code	5246 / WPRTS MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	3,410.0
Market Cap (RM' m)	15,924.7
52-Week Price Range (RM)	4.89-4
Beta (x)	0.6
Free float (%)	25.6
3M Average Volume (m)	2.5
3M Average Value (RM' m)	11.2

Top 3 Shareholders	(%)
Pembinaan Redzai Sdn Bhd	42.4
South Port Investment Holdings Ltd	23.6
Employees Provident Fund Board	9.2

Share Price Performance



	1M	3M	12M
Absolute (%)	1.7	1.3	13.9
Relative (%)	5.3	0.9	20.6

Earnings summary

FYE (Dec)	FY24	FY25F	FY26F
Revenue (RM'm)	2344	2460	2643
PATAMI (RM'm)	898.0	906.9	943.8
CNP (RM'm)	898.0	906.9	943.8
EPS - core (sen)	26.3	26.6	27.7
P/E(x)	16.8	16.6	16.0

Source: Company, Apex Securities

Westports Holdings Berhad

Port tariff hike officially implemented

- The Port Klang Authority has officially gazetted a tariff hike, the first since 2019, effective 15 July 2025, with staggered increases of +15%/+9%/+4% over 2025–2027 period. The move will raise overall port tariff rates by 30% cumulatively by 2027.
- The adjustment had been widely anticipated and is largely priced in. Cargo diversion risks remain limited, as revised transshipment charges by 2027 (approximately USD60/TEU) are comparable to or slightly lower regional competitor Singapore.
- No change to earnings forecasts. Maintain BUY with an unchanged TP of RM5.08, based on DCF (6.2% discount rate). Upside is limited as recent share price hike share price has reflected much of the widely anticipated tariff revision.

Revised tariffs officially implemented after a decade. The Port Klang Authority has officially gazetted the long-awaited tariff revision, marking the first adjustment since 2018 and nearly a decade after the initial proposal in 2015. The by-law was announced on 15 Jun 2025 and, while legally effective from that date, operational implementation is expected to commence from 15 Jul 2025, allowing port users a brief window to update billing systems and operational processes.

Details of the tariff adjustments. Under the revised schedule, port charges will be progressively increased over three years. As an illustration, the 20ft gateway full container load (FCL) rate will rise from RM300 currently to RM345 in July 2025 (+15%), followed by RM375 in 2026 (+9%) and RM390 in 2027 (+4%), representing a cumulative increase of 30%. For transshipment FCL rates will increase from RM182 to RM209.30 in 2025, RM227.50 in 2026, and RM236.60 in 2027, following the same 15%-9%-4% increment structure. These figures are provided as reference for 20ft containers; other container sizes (e.g., 40ft and empty boxes) and services, including conventional cargo handling and marine operations, will adopt a similar tiered adjustment, resulting in a uniform 30% increase across key categories by 2027.

Market has largely priced in the adjustment. The tariff revision had been widely anticipated, following prior guidance from authorities and management briefings. As such, we believe this implementation will not prompt any immediate re-rating of the stock. While a slight cargo diversion risk exists, particularly for transshipment volumes, the overall impact is expected to be minimal, given that the revised transshipment charges (approximately USD60/TEU by 2027) are comparable to or slightly lower than Singapore's ports. Additionally, terminal handling charges account for only a small fraction of total business costs, which limits the incentive for shipping lines to shift volumes solely based on tariff differentials.

Strategic alignment with Westports growth plan. We are positive on the revision, as it aligns with Westports' long-term strategic direction and enhances the group's earnings visibility. The additional revenue from higher tariffs will support the Westports 2 capacity expansion, including CT10, which is targeted for completion by 2028 and will strengthen the port's position as a key regional hub.

Earnings Revision. No changes are made to our earnings forecasts, as the expected tariff revision has already been incorporated into our existing projections.

Valuation. We reiterate our **BUY** call on Westports with an unchanged target price of **RM5.08**, based on a DCF methodology applying a 6.2% discount rate. However, we note that the upside is now limited, as the market has likely priced in the anticipated tariff hikes.

Risks. Key risks include uncertainties surrounding Trump's trade policies, stiff regional competition, and potential delays in the Westport 2 expansion.

Staggered Tariff Adjustments for Key Port Services (2025–2027)

	Existing rate	New rate					
		2025 Jul		Starting 1/1/2026		Starting 1/1/2027	
	20ft (RM)	20ft (RM)	% increase	20ft (RM)	% increase	20ft (RM)	% increase
Gateway FCL	300	345	15%	375	9%	390	4%
Transshipment FCL	182	209.3	15%	227.5	9%	236.6	4%
Conventional Cargo							
Marine Service							
							Eventually increasing by
							30%
							30%
							30%
							30%

Source: PKA, Apex Securities

Financial Highlights**Income Statement**

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	2069.0	2151.9	2344.1	2460.4	2642.6
Gross Profit	1190.0	1235.7	1443.5	1476.2	1506.3
EBITDA	1214.6	1296.4	1449.1	1529.1	1602.4
Depreciation & Amortisation	264.5	258.9	254.6	311.3	336.4
EBIT	950.1	1037.5	1194.5	1217.9	1266.0
Net Finance Income/ (Cost)	-52.3	-41.7	-55.8	-49.3	-50.5
Associates & JV	46.2	10.5	0.0	24.6	26.4
Pre-tax Profit	944.0	1006.2	1138.7	1193.2	1241.9
Tax	-244.4	-226.8	-240.7	-286.4	-298.1
Profit After Tax	699.7	779.4	898.0	906.9	943.8
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	699.7	779.4	898.0	906.9	943.8
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	699.7	779.4	898.0	906.9	943.8

Key Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	20.5	22.9	26.3	26.6	27.7
P/E (x)	21.5	19.3	16.8	16.6	16.0
P/B (x)	4.6	4.3	4.0	3.7	3.4
EV/EBITDA (x)	12.1	11.4	10.1	9.6	9.1
DPS (sen)	16.2	15.7	17.3	17.3	18.0
Dividend Yield (%)	3.7%	3.5%	3.9%	3.9%	4.1%
EBITDA margin (%)	58.7%	60.2%	61.8%	62.2%	60.6%
EBIT margin (%)	45.9%	48.2%	51.0%	49.5%	47.9%
PBT margin (%)	45.6%	46.8%	48.6%	48.5%	47.0%
PAT margin (%)	33.8%	36.2%	38.3%	36.9%	35.7%
NP margin (%)	33.8%	36.2%	38.3%	36.9%	35.7%
CNP margin (%)	33.8%	36.2%	38.3%	36.9%	35.7%
ROE (%)	21.4%	22.1%	23.8%	22.2%	21.4%
ROA (%)	13.2%	14.6%	15.4%	14.3%	13.8%
Gearing (%)	29.8%	24.1%	26.1%	24.8%	23.7%
Net gearing (%)	12.9%	7.7%	12.6%	11.1%	10.7%

Valuations	DCF
WACC	6.2%
Fair Value (RM)	5.08

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	552.1	577.9	507.6	560.0	576.2
Receivables	210.1	280.7	257.6	269.6	289.6
Inventories	5.3	5.3	5.4	5.4	5.4
Other current assets	70.8	20.4	47.0	49.2	52.9
Total Current Assets	838.4	884.4	817.6	884.2	924.0
Fixed Assets	4282.6	4283.7	4778.0	5223.5	5649.5
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	160.7	171.2	251.6	251.6	251.6
Total Non-Current Assets	4443.3	4454.9	5029.6	5475.1	5901.1
Short-term debt	125.0	125.0	127.5	133.9	140.6
Payables	195.3	159.0	180.0	175.3	202.4
Other current liabilities	299.3	332.2	333.6	324.8	375.0
Total Current Liabilities	619.6	616.1	641.1	633.9	717.9
Long-term debt	850.0	725.0	855.5	881.2	907.6
Other non-current liabilities	537.7	478.0	577.8	754.2	779.1
Total Non-Current Liabilities	1387.7	1203.0	1433.3	1635.3	1686.7
Shareholder's equity	3274.4	3520.1	3772.7	4090.1	4420.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	3274.4	3520.1	3772.7	4090.1	4420.4

Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	944.0	1006.2	1138.7	1193.2	1241.9
Depreciation & amortisation	264.5	258.9	254.6	311.3	336.4
Changes in working capital	34.9	-89.9	-19.0	27.8	-53.7
Others	-344.1	-180.7	-180.7	-180.7	-180.7
Operating cash flow	899.3	994.6	1167.4	1351.6	1343.9
Net capex	-246.1	-226.8	-752.3	-755.3	-760.9
Others	62.4	13.6	13.6	13.6	13.6
Investing cash flow	-183.7	-213.2	-738.7	-741.7	-747.3
Dividends paid	-552.1	-533.7	-589.4	-589.5	-613.5
Others	-268.3	-223.0	133.0	32.0	33.1
Financing cash flow	-820.4	-756.7	-456.4	-557.4	-580.4
Net cash flow	-104.7	24.6	-27.7	52.4	16.2
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	615.3	510.6	535.2	507.6	560.0
Ending cash	510.6	535.2	507.6	560.0	576.2
Pledge deposits for Sukuk programmees	4153	42.68	0.00	0.00	0.00
Balance sheet figure	552.1	577.9	507.6	560.0	576.2

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Commitment to achieving net-zero carbon emissions by 2050, including carbon intensity reduction initiatives and the planting of 10,000 mangrove trees to enhance carbon sequestration.
Waste & Effluent	★★★	Comprehensive waste management, including scheduled waste tracking through eSWIS, hydraulic oil recycling, and water quality monitoring at 25 discharge points.
Energy	★★★	Investment in solar energy, rainwater harvesting, and energy efficiency measures to reduce carbon footprint and enhance operational sustainability.
Water	★★★	Implementation of rain-harvesting systems with a capacity of 3,045 m ³ to mitigate water supply disruptions, supplemented by 2,025 m ³ of vessel tank reserves.
Compliance	★★★	Adherence to ISO 14001 standards and environmental regulations, including proactive pollution control and effluent management.

Social

Diversity	★★★	Promotes an inclusive workplace, supporting freedom of association and collective bargaining, with structured succession planning and gender inclusivity.
Human Rights	★★★	Formal policies prohibiting child and forced labour, with comprehensive human rights training for employees and suppliers.
Occupational Safety and Health	★★★	Regular safety training and risk assessments, including emergency response drills and safety committee oversight to mitigate workplace hazards.
Labour Practices	★★★	Strong commitment to fair wages, decent work hours, and safe working conditions, with ongoing skills development and career growth opportunities.

Governance

CSR Strategy	★★★	Strategic focus on supporting local communities through donations, social programmes, and disaster relief efforts.
Management	★★★	Robust governance framework with a diverse and experienced Board of Directors committed to ethical business practices.
Stakeholders	★★★	Active engagement through annual general meetings, investor briefings, and transparent sustainability reporting.

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.