

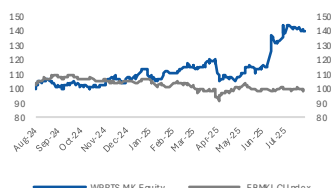
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|                               |              |
|-------------------------------|--------------|
| <b>Recommendation:</b>        | <b>HOLD</b>  |
| Current Price:                | RM 5.59      |
| Previous Target Price:        | RM 5.08      |
| Target Price:                 | RM 5.36      |
| Capital Upside/Downside:      | -4.1%        |
| Dividend Yield (%):           | 3.2%         |
| <b>Total Upside/Downside:</b> | <b>-0.9%</b> |

|                          |                |
|--------------------------|----------------|
| <b>Stock information</b> |                |
| Board                    | MAIN           |
| Sector                   | Logistics      |
| Bursa / Bloomberg Code   | 5246 / WPTS MK |
| Syariah Compliant        | Yes            |
| ESGRating                | ★★★            |
| Shares issued (m)        | 3,410.0        |
| Market Cap (RM' m)       | 19,061.9       |
| 52-Week Price Range (RM) | 5.87-4         |
| Beta (x)                 | 0.6            |
| Free float (%)           | 25.6           |
| 3M Average Volume (m)    | 4.4            |
| 3M Average Value (RM' m) | 23.5           |

|                                    |            |
|------------------------------------|------------|
| <b>Top 3 Shareholders</b>          | <b>(%)</b> |
| Pembinaan Redzai Sdn Bhd           | 42.4       |
| South Port Investment Holdings Ltd | 23.6       |
| Employees Provident Fund Board     | 7.3        |

#### Share Price Performance



|              | <b>1M</b> | <b>3M</b> | <b>12M</b> |
|--------------|-----------|-----------|------------|
| Absolute (%) | -3.6      | 29.7      | 28.2       |
| Relative (%) | -2.6      | 30.5      | 34.7       |

#### Earnings summary

| <b>FYE (Dec)</b> | <b>FY24</b> | <b>FY25F</b> | <b>FY26F</b> |
|------------------|-------------|--------------|--------------|
| Revenue (RM'm)   | 2344        | 2505         | 2689         |
| PATAMI (RM'm)    | 898.0       | 928.6        | 967.5        |
| CNP (RM'm)       | 898.0       | 928.6        | 967.5        |
| EPS - core (sen) | 26.3        | 27.2         | 28.4         |
| P/E(x)           | 20.5        | 19.8         | 19.0         |

Source: Company, Apex Securities

## Westports Holdings Berhad

### Beat expectations on strong transshipment volumes

- Westports posted 2QFY25 CNP of RM 231.6m (+13.7% YoY, +4.1% QoQ), bringing 1HFY25 CNP to 50%/48% of our/consensus full-year forecasts. The results was above expectations, driven by better-than-expected transshipment volumes from restow activities.
- Revised FY25F/FY26F earnings by +2.4%/+2.5% respectively to reflect stronger transshipment revenue from trade imbalances and US tariff adjustments.
- Downgrade to HOLD (from BUY) with a higher TP of RM5.36 (from RM5.08), based on DCF valuation (WACC: 6.2%). While tariff hikes (+15% in 2025 and +9% in 2026) will support earnings, we see limited near-term catalysts until Westports 2 (CT10) commences operations in FY28.

**Results higher than expectations.** 2QFY25 results came in above expectations, with CNP of RM231.6m lifting 1HFY25 CNP to 50% of our full-year forecast and 48% of consensus estimates. We deem the results above expectations as we expect 2H to be stronger on the back of the recently implemented port tariff hikes. The outperformance was mainly driven by better-than-expected throughput volumes, particularly in transshipment, supported by restow activities from the temporary tariff reprieve that contributed to trade imbalances, as well as new service contributions from the Ocean Alliance.

**Dividend.** The board declared an interim dividend of 9.93 sen/share (2QFY24: 8.89 sen/share).

**YoY.** CNP rose 13.7%, underpinned by a 25.0% increase in revenue, driven by higher container revenue from transshipment growth (+9% yoy) and the recognition of RM84m in construction revenue related to ongoing land reclamation and dredging works for Westports 2. Gateway revenue rose a modest 1% yoy, weighed down by stricter regulatory controls on illegal e-waste and metal imports.

**QoQ.** CNP improved 4.1% on an 11.2% uplift in revenue, supported by higher transshipment throughput (+11% qoq) and stronger construction revenue (+184%). Gateway volumes (+2%) and other segment revenues remaining steady.

**Outlook.** Earnings in the coming quarters are expected to benefit from the port tariff hikes (+15% in 2025 and +9% in 2026). That said, we maintain our moderate single digit volume growth forecast, as global trade uncertainties and ongoing import restrictions on e-waste continue to weigh on gateway volumes. Capacity constraints also remain a key issue, with berth occupancy at 85% and yard utilisation at 87%, a situation unlikely to ease until Westports 2 (CT10) becomes operational in FY28.

**Earnings Revision.** We revise our FY25F and FY26F earnings forecasts upward by 2.4% and 2.5%, respectively, reflecting higher transshipment revenue driven by trade imbalances and inefficiencies caused by US tariff adjustments.

**Valuation.** Despite the earnings uplift, we are **downgrading** our call from **BUY** to **HOLD**, with a higher TP of **RM5.36** (from RM5.08), based on the DCF valuation method, applying an unchanged discount rate of 6.2%. The revised TP factors in higher forecasted free cash flows from earnings adjustments as well as the impact of the DRP. The downgrade reflects our view that the current share price has largely priced in the benefits of the port tariff hikes, with limited short term growth catalysts until CT10 becomes operational in FY28.

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

# Results Note

Monday, 04 Aug, 2025

## Results Comparison

| FYE Dec (RM m)             | 2QFY25 | 2QFY24 | yoy (%) | 1QFY25 | qoq (%) | 6M FY25 | 6M FY24 | yoy (%) | Comments |
|----------------------------|--------|--------|---------|--------|---------|---------|---------|---------|----------|
| Revenue                    | 691.1  | 553.0  | 25.0    | 621.3  | 11.2    | 1312.4  | 1096.1  | 19.7    |          |
| Operating profit           | 321.6  | 274.7  | 17.1    | 314.8  | 2.2     | 636.4   | 545.0   | 16.8    |          |
| Pre-tax profit             | 300.5  | 265.9  | 13.0    | 292.5  | 2.8     | 593.0   | 531.3   | 11.6    |          |
| Net profit                 | 231.6  | 203.7  | 13.7    | 222.5  | 4.1     | 454.1   | 408.3   | 11.2    |          |
| Core net profit            | 231.6  | 203.7  | 13.7    | 222.5  | 4.1     | 454.1   | 408.3   | 11.2    |          |
| Core EPS (sen)             | 6.8    | 6.0    | 13.7    | 6.5    | 4.1     | 13.3    | 12.0    | 11.2    |          |
| Operating margin (%)       | 46.5   | 49.7   |         | 50.7   |         | 48.5    | 49.7    |         |          |
| PBT margin (%)             | 43.5   | 48.1   |         | 47.1   |         | 45.2    | 48.5    |         |          |
| Core net profit margin (%) | 33.5   | 36.8   |         | 35.8   |         | 34.6    | 37.2    |         |          |

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

| FYE Dec (RM m)              | FY22   | FY23   | FY24   | FY25F  | FY26F  |
|-----------------------------|--------|--------|--------|--------|--------|
| Revenue                     | 2069.0 | 2151.9 | 2344.1 | 2504.8 | 2689.0 |
| Gross Profit                | 1190.0 | 1235.7 | 1443.5 | 1502.9 | 1532.7 |
| EBITDA                      | 1214.6 | 1296.4 | 1449.1 | 1551.1 | 1624.5 |
| Depreciation & Amortisation | 264.5  | 258.9  | 254.6  | 311.2  | 336.3  |
| EBIT                        | 950.1  | 1037.5 | 1194.5 | 1239.9 | 1288.2 |
| Net Finance Income/ (Cost)  | -52.3  | -41.7  | -55.8  | -43.1  | -42.1  |
| Associates & JV             | 46.2   | 10.5   | 0.0    | 25.0   | 26.9   |
| Pre-tax Profit              | 944.0  | 1006.2 | 1138.7 | 1221.8 | 1273.0 |
| Tax                         | -244.4 | -226.8 | -240.7 | -293.2 | -305.5 |
| Profit After Tax            | 699.7  | 779.4  | 898.0  | 928.6  | 967.5  |
| Minority Interest           | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Net Profit                  | 699.7  | 779.4  | 898.0  | 928.6  | 967.5  |
| Exceptionals                | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Core Net Profit             | 699.7  | 779.4  | 898.0  | 928.6  | 967.5  |

### Key Ratios

| FYE Dec            | FY22  | FY23  | FY24  | FY25F | FY26F |
|--------------------|-------|-------|-------|-------|-------|
| EPS (sen)          | 20.5  | 22.9  | 26.3  | 27.2  | 28.4  |
| P/E (x)            | 26.3  | 23.6  | 20.5  | 19.8  | 19.0  |
| P/B (x)            | 5.6   | 5.2   | 4.8   | 4.3   | 4.0   |
| EV/EBITDA (x)      | 14.8  | 14.0  | 12.5  | 11.8  | 11.3  |
| DPS (sen)          | 16.2  | 15.7  | 16.9  | 17.7  | 18.4  |
| Dividend Yield (%) | 3.0%  | 2.9%  | 3.1%  | 3.3%  | 3.4%  |
| EBITDA margin (%)  | 58.7% | 60.2% | 61.8% | 61.9% | 60.4% |
| EBIT margin (%)    | 45.9% | 48.2% | 51.0% | 49.5% | 47.9% |
| PBT margin (%)     | 45.6% | 46.8% | 48.6% | 48.8% | 47.3% |
| PAT margin (%)     | 33.8% | 36.2% | 38.3% | 37.1% | 36.0% |
| NP margin (%)      | 33.8% | 36.2% | 38.3% | 37.1% | 36.0% |
| CNP margin (%)     | 33.8% | 36.2% | 38.3% | 37.1% | 36.0% |
| ROE (%)            | 21.4% | 22.1% | 23.5% | 21.8% | 21.0% |
| ROA (%)            | 13.2% | 14.6% | 11.5% | 11.1% | 10.8% |
| Gearing (%)        | 29.8% | 24.1% | 28.3% | 23.8% | 22.8% |
| Net gearing (%)    | 12.9% | 7.7%  | 7.8%  | 1.5%  | 0.5%  |

| Valuations      | DCF  |
|-----------------|------|
| WACC            | 6.2% |
| Fair Value (RM) | 5.36 |

Source: Company, Apex Securities

### Balance Sheet

| FYE Dec (RM m)                | FY22   | FY23   | FY24   | FY25F  | FY26F  |
|-------------------------------|--------|--------|--------|--------|--------|
| Cash                          | 552.1  | 577.9  | 780.8  | 951.8  | 1026.5 |
| Receivables                   | 210.1  | 280.7  | 316.5  | 274.5  | 294.7  |
| Inventories                   | 5.3    | 5.3    | 6.7    | 5.4    | 5.4    |
| Other current assets          | 70.8   | 20.4   | 0.0    | 50.1   | 53.8   |
| Total Current Assets          | 838.4  | 884.4  | 1104.0 | 1281.8 | 1380.3 |
| Fixed Assets                  | 4282.6 | 4283.7 | 6502.9 | 6949.8 | 7377.2 |
| Intangibles                   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Other non-current assets      | 160.7  | 171.2  | 171.2  | 171.2  | 171.2  |
| Total Non-Current Assets      | 4443.3 | 4454.9 | 6674.0 | 7121.0 | 7548.4 |
| Short-term debt               | 125.0  | 125.0  | 175.0  | 133.9  | 140.6  |
| Payables                      | 195.3  | 159.0  | 213.1  | 178.4  | 205.9  |
| Other current liabilities     | 299.3  | 332.2  | 374.5  | 330.6  | 381.6  |
| Total Current Liabilities     | 619.6  | 616.1  | 762.7  | 642.9  | 728.0  |
| Long-term debt                | 850.0  | 725.0  | 905.0  | 881.2  | 907.6  |
| Other non-current liabilities | 537.7  | 478.0  | 2292.7 | 2615.4 | 2691.1 |
| Total Non-Current Liabilities | 1387.7 | 1203.0 | 3197.7 | 3496.6 | 3598.7 |
| Shareholder's equity          | 3274.4 | 3520.1 | 3817.6 | 4263.3 | 4601.9 |
| Minority interest             | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Total Equity                  | 3274.4 | 3520.1 | 3817.6 | 4263.3 | 4601.9 |

### Cash Flow

| FYE Dec (RM m)                       | FY22   | FY23   | FY24   | FY25F  | FY26F  |
|--------------------------------------|--------|--------|--------|--------|--------|
| Pre-tax profit                       | 944.0  | 1006.2 | 1138.7 | 1221.8 | 1273.0 |
| Depreciation & amortisation          | 264.5  | 258.9  | 254.6  | 311.2  | 336.3  |
| Changes in working capital           | 34.9   | -89.9  | 46.5   | 19.3   | -54.5  |
| Others                               | -344.1 | -180.7 | -148.3 | -148.3 | -148.3 |
| Operating cash flow                  | 899.3  | 994.6  | 1291.4 | 1404.0 | 1406.5 |
| Net capex                            | -246.1 | -226.8 | -609.7 | -756.6 | -762.2 |
| Others                               | 62.4   | 13.6   | 26.2   | 26.2   | 26.2   |
| Investing cash flow                  | -183.7 | -213.2 | -583.5 | -730.4 | -736.1 |
| Dividends paid                       | -552.1 | -533.7 | -600.5 | -603.6 | -628.9 |
| Others                               | -268.3 | -223.0 | 86.5   | 152.8  | 33.1   |
| Financing cash flow                  | -820.4 | -756.7 | -514.0 | -450.8 | -595.7 |
| Net cash flow                        | -104.7 | 24.6   | 193.9  | 222.7  | 74.6   |
| 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  | 729.1  | 951.8  |
| Ending cash                          | 510.6  | 535.2  | 729.1  | 951.8  | 1026.5 |
| Pledge deposits for Sukuk programees | 4153   | 42.68  | 5166   | 0.00   | 0.00   |
| Balance sheet figure                 | 552.1  | 577.9  | 780.8  | 951.8  | 1026.5 |

# Results Note

Monday, 04 Aug, 2025

## 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 <sup>3</sup> to mitigate water supply disruptions, supplemented by 2,025 m <sup>3</sup> 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.