

18 May 2026

Westports Holdings

Value-Driver Income

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WPRTS's 1QFY26 results met expectations. Its 1QFY26 core net profit soared 45% YoY, on the full impact of the tariff adjustments of 15% and 10% (July 2025 and January 2026), boosted by the higher value-added services (VAS) on yards congestion in January 2026. The yards capacity has since improved and it expects normalisation in VAS ratio in the coming quarters. Fuel and electricity cost will be managed through electrification of fleet and solar-powered green initiatives. We maintain our forecasts, DCF-derived TP of RM6.20 and MARKET PERFORM call.

WPRTS's 1QFY26 core net profit (excluding one-off items at RM5m) came in at 28% of both our full-year forecast and consensus full-year estimate. We deem the results to be within our expectation as we expect normalisation of VAS services in 2QFY26 as guided. No dividend was declared as it typically announced half-yearly.

It guided that despite an increase in VAS income as a proportion of container revenue, the average dwell time should normalize downward in the coming quarters, as consignees and shipping lines factor in the higher storage charges.

YoY, its 1QFY26 revenue rose 44% (or 27% if excluding RM143m/RM29m for 1QFY26/FY25 in construction revenue for the ongoing CT10-CT13 which at 56% completion rate currently).

This was despite a weaker container throughput volume (-1%) driven by higher average per TEU at RM238 (+30%) from higher VAS ratio of 28.3% (vs. 22.2% in 1QFY25), and the 1st and 2nd phases of tariff adjustments of 15% and 10%, implemented with effect from 15th July 2025 and 1st January 2026, respectively.

Its transshipment volume rose 1% as there were residual Gemini-related TEUs in 1QCY25, and some service omissions in 1QCY26 as shipping lines worked to recover their schedules due to Middle East conflicts (it has been turning away Middle East-bound containers to avoid yards congestion). With continued growth in transshipment TEUs, they now account for 57.2% of all TEUs handled, up from 56.3% in 1QCY25. This offset the weaker gateway container volume (-3%) due to fewer exports.

On the other hand, its conventional cargo volume increased to 3.45m metric tonnes (+17%) on higher volume of break bulk throughput (project cargoes and mixed steel), dry bulk throughput (soybean, maize, clinker/slag, and fertiliser) and RORO units (up 24% to 51.9k units, mostly from Proton eMas models CBU delivery).

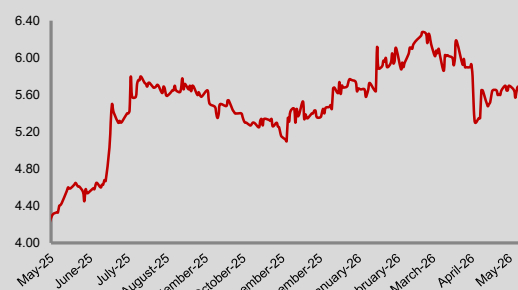
Its core net profit grew 45%, with slightly lower effective tax rate at 23.4% vs. 23.9% in 1QFY25.

QoQ, its 1QFY26 revenue fell 15% (or soared 11% if excluding RM143m/RM381m for 1QFY26/4QFY25 in construction revenue) despite a decrease in container volume (-8%) on seasonally lower festive quarter (Transshipment at -11%, Gateway at -4%). This was largely boosted by the 2nd phase port tariff adjustment of 10% starting 1st January 2026 and VAS ratio of 28.3% (vs. average of 22% in 4QFY25). Yards utilisation still remains higher in Janu 2026 at c.90% vs 100% in 4QFY25 (congestion has since recovered to 70% yards capacity in April 2026). Its core net profit rose 18%, despite higher effective tax rate of 23.4% vs 22.1% in 4QFY25.

MARKET PERFORM ↔

Price: **RM5.81**
Target Price: **RM6.20** ↔

Share Price Performance



KLCI 1,740.22
YTD KLCI chg 3.6%
YTD stock price chg 2.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	WPRTS MK Equity
Market Cap (RM m)	19,965.9
Shares Outstanding	3,436.5
52-week Range (H)	6.33
52-week Range (L)	4.42
3-mth avg. daily vol.	5,069,878
Free Float	26%
Beta	0.7

Major Shareholders

Pembinaan Redzai Sdn Bhd	42.5%
South Port Invest Holdings	23.6%
KWAP	6.6%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	3,125.0	3,323.4	3,475.0
EBIT	1,391.4	1,502.0	1,601.1
PBT	1,292.3	1,448.9	1,552.0
Net Profit (NP)	998.3	1,130.1	1,210.5
Core Net Profit	998.3	1,130.1	1,210.5
Consensus NP	-	1136.9	1214.8
Earnings Revision	-	-	-
Core EPS (sen)	29.2	33.0	35.4
CNP Growth (%)	11.2	13.2	7.1
DPS (sen)	21.9	24.8	26.5
BV/Share (RM)	1.2	1.3	1.4
Core PER (x)	19.9	17.6	16.4
Price/BV (x)	4.8	4.5	4.2
Net Gearing (x)	0.0	0.1	0.0
Dividend Yield (%)	3.8	4.3	4.6

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Forecasts. Maintained as we expect normalisation of VAS services in the 2QFY26 as guided.

Valuations. We also maintained our DCF-derived TP of RM6.20 which is based on a discount rate equivalent to its WACC of 7.0% and a terminal growth rate of 2%. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Note that, our TP has factored in the EPS dilution for the DRP. The second tranche of the DRP (2HFY25) at 2.38 sen/share, with 90.78% subscription rate (14,109,151 DRP shares with RM73.9m proceeds raised) and the new share base has increased by 0.44% to 3,437m from 3,422m (insignificant change for us to revise our TP). The second tranche of the DRP (2HFY25) has been completed on 26 March 2026.

Investment case. We like WPRTS for: (i) its resilient earnings underpinned by long-term contracts with key clients such as Ocean Alliance, (ii) its long-term growth prospect driven by the Westports 2 expansion project, and (iii) its price competitiveness, i.e. lower transshipment tariffs vs. peers such as Port of Tanjung Pelepas and Port of Singapore. We believe that WPRTS should be able to weather the challenging global trade outlook as key beneficiary of trade diversion, while effectively managing its yards congestion issues by the significant hike in containers storage charge that can withstand vessels bunching from Middle East crisis. However, we believe that WPRTS is fairly valued at this juncture. Maintain **MARKET PERFORM** call.

Our current valuation entails an implied PER of 18x FY27F EPS which we believe is fairly valued against regional peers' PER of 18.4x and WPRTS's 10-year average PER of 20x (WPRTS traded higher than PER of 20x only on three occasion i.e. previous port tariff hike in 2015-2018, covid period where only WPRTS fully operational and initial news on the latest port tariff hike). Note that, regional peers PER of 19.2x includes Beibuwan Port Co LTD -A (China) at 17.6x PER, International Container Terminal Services, Inc. (Philippine) at 19.6x PER and Bintulu Port Holdings Bhd (Malaysia) at 18.0x PER.

Risks to our call include: (i) a significant downturn in the global economy, affecting the global containerised trade traffic, (ii) escalation in Middle East conflicts, (iii) operating costs turn more benign, particularly fuel, and (iii) its expansion plans and tariff revision materialise sooner or later than expected.

Key takeaways from the results briefing are as follows:

1. Its guidance remains unchanged despite the recent escalating Middle East conflicts. It guided for a low single-digit container volume growth rate in FY26 and the same for the next few years which are within the range of 0%-5% (vs. our assumption of 5%). It expects no significant changes in shipping services for 2026 onwards. It will remain consistent to service shipping liners to the US for the new Premier Alliance (80% transshipments: 20% gateway cargoes) which started on 1QFY25, and Asean ports to benefit from China+1 business strategy. It also expects normalisation in export and imports TEUs after stricter inspections of metal imports by the authorities (to curb illegal e-waste entry) in 2025 which resulted in expected lower entry of illegal e-waste for 2026.
2. **Diesel and electricity cost still manageable.** Fuel cost was higher by 17% YoY (RM5m) and 18% QoQ for 1QFY26 as Westports uses unsubsidized diesel (1-month impact) with estimated RM50m impact for a full-year impact from the Middle East conflicts. However, it strives to efficiently managed fuel cost hike with 10% replacement of its fleet with EV truck by 4Q, cost pass-through to customers and eyeing for government assistance. Average MOPS price in 1QCY26 increased by 33% to USD121.7, while Ringgit strengthened by 15%, resulting in a 25% increase in the cost per litre of diesel. Total fuel consumption eased by 5%, resulting in a 17% increase in final fuel costs. Fuel-to-total operational cost was 19% in 1QCY26 and 23% in 2022 (as a comparison, when the Russia-Ukraine conflict began). In 1QCY26, Westports ordered 60 electric trucks (to replace 10% of WP1 fleet) for deployment in 3QCY26. Fuel usage should ease in 4QCY26.

On the other hand, electricity costs eased by 37% as: (i) Westports was reclassified from Medium Voltage to Medium Bulk Voltage Tariff user, (ii) it subscribed to the Green Energy Tariff (GET), and (iii) it used 16.8% less electricity from the national grid and relied on the its own on-premise solar installations for 18% of the total electricity consumed. From 1QCY26 to 31st December 2027, with GET, Westports will: (i) obtain green electricity/Malaysia Renewable Energy Certificate (mREC), (ii) be exempted from the Automatic Fuel Adjustment (AFA) mechanism, hence not affected by higher electricity generation costs arising from higher fuel/gas-related input costs, and (iii) be exempted from contributing towards the 1.6% Renewable Energy Fund.

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Results Highlight

FY Dec (RM m)	1QFY26	4QFY25	QoQ	1QFY25	YoY	1QFY26	1QFY25	YoY
Revenue	896.3	1,060.6	-15%	621.3	44%	896.3	621.3	44%
Gross Profit (GP)	530.5	473.1	12%	380.9	39%	530.5	380.9	39%
EBITDA	526.3	452.8	16%	383.4	37%	526.3	383.4	37%
EBIT	452.9	379.5	19%	315.6	44%	452.9	315.6	44%
Finance Income	7.9	5.6	43%	6.2	29%	7.9	6.2	29%
Finance Costs	(34.3)	(34.4)	0%	(29.3)	17%	(34.3)	(29.3)	17%
Share of JV	0.6	1.1		0.8		0.6	0.8	
PBT	426.5	350.7	22%	292.5	46%	426.5	292.5	46%
Taxation	(100.0)	(77.6)	29%	(70.0)	43%	(100.0)	(70.0)	43%
Net Profit	326.5	273.1	20%	222.5	47%	326.5	222.5	47%
Exceptional Items	5.0	0.0		0.0		5.0	0.0	
Core Net Profit (CNP)	321.5	273.1	18%	222.5	45%	321.5	222.5	45%
NDPS (sen)	0.00	11.92		0.00		0.00	0.00	
GP Margin	59.2%	44.6%		61.3%		59.2%	61.3%	
EBIT Margin	50.5%	35.8%		50.8%		50.5%	50.8%	
PBT Margin	47.6%	33.1%		47.1%		47.6%	47.1%	
CNP Margin	35.9%	25.8%		35.8%		35.9%	35.8%	
Effective Tax Rate	23.4%	22.1%		23.9%		23.4%	23.9%	
Container Throughput (m TEU)	1QFY26	4QFY25	QoQ	1QFY25	YoY	1QFY26	1QFY25	YoY
Transshipment	1.52	1.71	-11%	1.51	1%	1.52	1.51	1%
Gateway	1.14	1.19	-4%	1.18	-3%	1.14	1.18	-3%
Total	2.66	2.90	-8%	2.69	-1%	2.66	2.69	-1%

^ Exceptionals items which includes RM10m (insurance claim on previous accident), other income claim (RM3.9m) and concession assets write off (RM8m) with net total of RM5m. Note that, there will more insurance claim and write-offs on the latest incident for LBT4 and LBT4A, which were damaged in a collision in Jan26.

Source: Company, Bursa Malaysia, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BINTULU PORT HOLDINGS BHD	MP	5.65	5.30	-6.2%	2,599.0	Y	12/26	29.8	30.9	14.3%	3.7%	19.0	18.3	1.3	6.8%	15.0	2.7%
POS MALAYSIA BHD	UP	0.305	0.140	-54.1%	238.8	Y	12/26	(19.8)	(17.2)	-174%	-187%	N.A.	N.A.	4.3	-223%	0.0	0.0%
SWIFT HAULAGE BHD	UP	0.460	0.320	-30.4%	409.3	Y	12/26	3.2	3.4	5.4%	8.2%	14.5	13.4	0.5	3.7%	1.6	3.5%
WESTPORTS HOLDINGS BHD	MP	5.81	6.20	6.7%	19,881.8	Y	12/26	33.0	35.4	13.2%	7.1%	17.6	16.4	4.5	26.2%	24.8	4.3%
SECTOR AGGREGATE					5,782.2							17.0	16.0	2.6	-46.7%		2.6%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★	★	
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Port Service Quality & Safety	★	★	★	★	
	Cybersecurity & Data Privacy	★	★	★		
	Customer Experience	★	★	★		
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	★	★	
	Effluent & Water Management	★	★	★		
	OVERALL		★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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