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Company – Update | Malaysia

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Westports Holdings (WPRTS MK)

Adaptation Is Ports Industry's Proven Business Model For Resilience

Highlights

- **The ports industry has a proven business model: that resilience is about adaptation.** The global listed ports outperformance against the market since 2025 reflects how the sector defied pandemic-related disruptions and geopolitical trade tensions. 2H26 will test the ports' resiliency again, as global port congestion hit an all-time high as a series of seven typhoons caused repeated port shutdowns in China. Drewry pointed out a theme echoed in our earlier updates: that spare capacity matters to absorb backlog, especially for high-performance container ports.
- **Westports is adapting well in managing its yard density.** Although we do not have fresh updates on the port's volume, channel checks indicated that Port Klang's yard density eased from the 90-95% peak in end-Jul 26 to 80% by mid-Aug 26, a remarkable feat considering the above developments and that WPRTS lack spare TEU capacity relative to peers. This hints to us that WPRTS' new TGS was ready on time. Separately, the e-waste container removal will be accelerated, and the Westwell E-trucks were delivered on time. Retain HOLD and target price of RM6.50.

Analysis

- **Ports outperformance in 2025-1H26 explained.** About 12 months ago, the prevailing expectation was a sharp board-based slowdown in 2H25 global container port volumes due to inventory corrections and fragile consumer demand, after 1H25's front-loading ahead of higher US tariffs. Instead, geopolitical disruptions (tariffs included) and supply chain diversification reshaped global cargo flows that generated additional port activity. This can be seen as another post-pandemic effect alongside Russia's invasion of Ukraine in 2022, the Red Sea crisis, and Middle East conflicts that redirected trade routes via the Cape of Good Hope, which all reinforced resiliency and efficiency of port network coverage against supply chain disruptions
- **The ports industry's proven business model: resilience is not about staying operational during a crisis; it is about adaptation.** Global ports volumes closed at 994m TEU in 2025 (+6.5% yoy). Global terminal operators (GTO) outperformed the industry with an 8.9% yoy growth, increasing their global market share from 48.8% yoy to 49.9% in 2025. Hence, Drewry's analysis (RHS table) shows that selected listed ports, including Westports Holdings (WPRTS) gained 27%/21% ytd/2025, outperforming S&P 500 (ytd: +12.7%) despite a recent 5% pullback wow (S&P 500: +0.5% wow).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,281	2,552	2,992	3,110	3,115
EBITDA	1,449	1,690	2,023	2,147	2,144
Operating profit	1,194	1,403	1,734	1,840	1,818
Net profit (rep./act.)	898	1,002	1,258	1,333	1,304
Net profit (adj.)	893	1,010	1,258	1,333	1,304
EPS (x)	26.2	29.6	36.9	39.1	38.2
PE (x)	26.1	23.1	18.5	17.5	17.9
P/B (x)	6.1	5.6	5.2	4.8	4.5
EV/EBITDA (x)	13.8	11.9	10.4	9.5	9.5
Dividend yield (%)	2.9	3.2	4.0	4.3	4.2
Net margin (%)	30.5	32.1	38.4	38.7	36.1
Net debt/(cash) to equity (%)	7.8	2.9	4.6	5.2	6.5
Consensus net profit	-	-	1,189	1,267	1,305
UOBKH/Consensus (x)	-	-	1.06	1.05	1.00

Source: Westports (WPRTS), Bloomberg, UOB Kay Hian

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HOLD (Maintained)

Share Price	RM6.83
Target Price	RM6.50
Upside	-4.8%

Stock Data

Sector	Industrials
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,422.0
Market cap (RMm)	23,471.0
Market cap (US$m)	5,795.0
3-mth avg daily t'over (US$m)	4.0

Price Performance (%)

52-week high/low: RM7.25/RM5.05

1mth	3mth	6mth	1yr	YTD
(4.3)	13.5	12.9	24.2	20.5

Major Shareholders (%)

Gnanalingam Family	45.5
SouthPort	23.6

Balance Sheet Metrics

FY26 NAV/Share (RM)	RM1.60
FY26 Net Debt/Share (RM)	n.m.

Price Chart

Source: Bloomberg

Company Description

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling services, whereby volumes are in the twenty-foot equivalent units (TEU). WPRTS also offers value-added services (VAS) supporting container handling. VAS services include storage, reefer, container freight, removal etc. Westports 2 (WP2) expansion will nearly double its capacity to 28m TEUs, covering container terminals (CT)10-17. Since 1Q26, WPRTS has stopped disclosing TEUs by trade lanes, and started disclosing container dwell times (CDT) and yard occupancy/density instead. CDT is defined for only outbound transhipment and gateway (export-only) boxes.

- **SOM ports growth resumes despite WPRTS' -1% volume growth ytd.** Although it might seem counterintuitive for Port Klang to report a 3% yoy volume growth in 2Q26, the qoq growths are consistent. Just as Port Klang succeeded in debuting in Lloyd's List of top 10 global ports, the consolidation of Port of Tanjung Pelepas and Johor Port (a gateway port) into a single "Port of Johor" data set propelled Johor up four places to 11th, with 2025 volumes of 15.11m TEUs, almost neck to neck with Port Klang's 15.14m TEUs. This change reflects Johor's new status as Gemini's primary transhipment hub in Asia, but nevertheless will hardly alter WPRTS' SOM market share. The gateway volumes commanded by Johor Port is merely 20% of WPRTS'. In the long term, WP2 and Pulau Carey will set the tone for Port Klang's adaptation in the future port landscape.
- **2H26 tests global ports resiliency as congestion risks surged again.** A series of seven typhoons repeatedly shut down ports in various parts of China, from Maysak, which first hit China on 3 Jul 26, to Saudel, which hit China on 28 Aug 26. This prompted Drewry to explain why a short closure produces a long vessel queue, and having spare capacity matters to absorb a backlog. According to Drewry, a CT running at 90% utilisation takes around a week to recover from a single day of disruption, whereas a CT at 75% utilisation takes just two days to recover. Repeated disruptions on a high-performance terminal will make queues and schedule disruptions compound. Global ports congestion has hit a new high since the pandemic, at 4.3m TEUs of stranded volume (12.6% of global TEU fleet) waiting to berth. Consequently, schedule reliability fell sharply in Jul 26.
- **WPRTS managed to keep yard density in control.** Although we do not have WPRTS' latest volume data, weekly reporting from Kuehne+Nagel (myKN) suggests that Port Klang's yard density which peaked at 90-95% in end-Jul 26 had tapered down to 80% by mid-Aug 26. myKN also reported that WPRTS' maintenance dredging works were successfully completed by mid-Aug 26. Although the latest report puts Port Klang's yard density at 85-90%, we believe the primary reason for the good yard density data despite global developments is a timely operational start of its new total ground slots (TGS). (+5% expansion).
- **E-waste repatriation to accelerate.** In line with WPRTS' guidance for an accelerating normalisation of VAS and CDT, the authorities had begun the second phase of e-waste removal involving 531 containers last month, while a third phase scheduled for Oct 26 will target a further 578 containers. This comes after the authorities missed their target of 150 containers by May 26 (actual removal: 143 containers by Jul 26), and WPRTS was still reporting an alarmingly high CDT of 20 days.

Valuation/Recommendation

- **Retain HOLD with an SOTP-based target price of RM6.50.** Premised on DCF until 2070 horizon (ie partial WP2 expansion), this implies an unchanged 17x 2027F PE and 10x EV/EBITDA. WPRTS' unique position as the only listed local stock with exposure to ports, a sector that demonstrates resilience against trade tension that leads to structural change in ports, and benefits from tariff hikes. On a risk-reward basis, we continue to see these being fully priced in at least until the 2028 horizon, when the new capacity addition ie WP2 becomes operational.

Earnings Revision/Risk

- **2026-28 earnings remain unchanged,** premised on volume growths of 2%/5%/3% respectively**.**

Drewry Ports Equity Index (DPEI)*

Price change (%) @ 28 Aug 26	w-o-w	m-o-m	YTD 2026	2025
	(4.5)	(1.8)	+26.9	+21.4

*DPEI comprises of four GTOs, namely AD Ports, COSCO Shipping Ports, CM Port and ICTSI; and three regional terminal operators namely HPHT, HHLA and WPRTS
Source: Drewry

SOM* Ports Statistics

m TEUs	2Q25	3Q25	4Q25	1Q26	2Q26
Westports	2.88	2.87	2.90	2.66	2.84
Growth (%)	*5.5*	*6.3*	*1.0*	*-1.1*	*-1.4*
Port Klang	3.80	3.87	3.94	3.71	3.93
Growth (%)	*3.7*	*3.6*	*4.1*	*5.2*	*3.4*
PTP	3.70	3.54	3.62	3.59	3.79
Growth (%)	*19.3*	*9.1*	*18.5*	*13.3*	*2.4*
PSA Singapore	11.17	11.50	11.45	11.21	11.53
Growth (%)	*8.6*	*9.8*	*10.1*	*6.3*	*3.3*
SOM*	18.66	18.91	19.01	18.52	19.25
Growth (%)	*9.5*	*8.3*	*10.2*	*7.3*	*3.1*
WPRTS market share (%)	*15.4*	*15.2*	*15.3*	*14.4*	*14.8*
Malaysia, Total	8.49	8.42	8.55	8.26	8.71
Growth (%)	*10.0*	*5.6*	*10.3*	*7.1*	*2.5*
Port of Johor (PTP+Johor)	3.96	3.82	3.90	3.84	4.06
Growth (%)	27.8	17.8	17.3	12.1	*2.5*
New SOM, theoretical**	17.50	18.93	19.19	19.29	18.76
WPRTS market share (%)	*15.2*	*15.0*	*15.0*	*14.2*	*14.6*

** Straits of Malacca (SOM) combines Port Klang, Port of Tanjung Pelepas (PTP) and Port of Singapore (PSA). Malaysia's data is based on 12 federal ports. We estimate new SOM with Port of Johor being the consolidated data of PTP and Johor Port*
Source: Westports, MOT, PSA Singapore, UOB Kay Hian

Environmental, Social, Governance Updates (ESG)

- WPRTS' commitment to adopting automation. In 17 Apr 25, WPRTS launched its automated gate system (AGS). Tests revealed that the AGS was able to cut processing time from 40-60 seconds (export) to <15 second (all). This underscores its commitment to digital transformation and sustainable port operations as per the relevant United Nation Sustainable Development Goals.
- Goal 8: Decent work and economic growth. Automation boosts operational efficiency and reduce costs.
- Goal 9: Industry, innovation and infrastructure. Foster innovation and modernisation of port operations
- Goal 11: Sustainable cities and communities. Efficient cargo movement reduces congestion and emissions, and improves urban logistics
- Goal 12: Responsible consumption and production. Reduces resource waste through automation and improving process accuracy

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	2,552	2,890	3,058	3,069
EBITDA	1,690	1,928	2,098	2,101
Deprec. & amort.	287	288	308	328
EBIT	1,002	1,184	1,296	1,271
Total other non-op. income	(8)	0	0	0
Associate contributions	(8)	0	0	0
Net interest income/(expense)	(125)	(132)	(140)	(156)
Pre-tax profit	1,296	1,533	1,677	1,646
Tax	(294)	(349)	(382)	(374)
Minorities	0	0	0	0
Net profit	1,010	1,184	1,296	1,271
Net profit (adj.)	1,010	1,184	1,296	1,271

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,636	1,560	1,476	1,385
Other LT assets	5,678	5,978	6,378	6,778
Cash/ST investment	832	841	1,056	1,230
Other current assets	473	467	490	492
Total assets	8,892	8,986	9,561	10,094
ST debt	937	797	835	838
Other current liabilities	225	150	151	152
LT debt	730	895	1,154	1,412
Other LT liabilities	404	404	404	404
Shareholders' equity	4,723	4,518	4,766	4,978
Minority interest	0	0	0	0
Total liabilities & equity	8,892	8,986	9,561	10,094

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	1,469	1,335	1,615	1,594
Pre-tax profit	1,296	1,533	1,677	1,646
Tax	(254)	(349)	(382)	(374)
Deprec. & amort.	287	288	307	326
Associates	(3)	(3)	(4)	(4)
Working capital changes	81	(135)	16	1
Non-cash items				
Other operating cashflows				
Investing	(523)	(560)	(600)	(639)
Capex (growth)	(538)	(134)	(134)	(134)
Investment	(50)	(450)	(450)	(450)
Proceeds from sale of assets	64	24	(16)	(56)
Others				
Financing	(890)	(718)	(800)	(781)
Dividend payments	(752)	(886)	(969)	(950)
Proceeds from borrowings	50	409	409	409
Loan repayment	(225)	(150)	(150)	(150)
Others/interest paid	37	(91)	(91)	(91)
Net cash inflow (outflow)	55	57	215	174
Beginning cash & cash equiv.	729	784	841	1,056
Changes due to forex impact	48	0	0	0
Ending cash & cash equiv.	832	841	1,056	1,230

Key Metric

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	66.2	66.7	68.6	68.5
Pre-tax margin	50.8	53.0	54.9	53.6
Net margin	39.3	41.0	42.4	41.4
ROA	15.1	17.8	18.6	17.6
ROE	32.4	36.2	37.8	35.4
Growth (% yoy)				
Turnover	26.5	33.3	43.5	55.3
EBITDA	47.2	65.0	79.3	97.6
Pre-tax profit	47.4	61.7	76.8	95.9
Net profit	37.2	48.6	62.4	80.0
Net profit (adj.)	37.2	48.6	62.4	80.0
EPS	37.2	48.6	62.4	80.0
Leverage				
Debt to total capital	22.9	23.4	27.2	30.6
Debt to equity	22.9	23.4	27.2	30.6
Net debt/(cash) to equity	28.3	28.3	33.3	37.5
Interest cover (x)	28.3	28.3	33.3	37.5