

Westports Holdings (WPRTS MK)

3Q26: Conventional Business Outperforms Container

Highlights

- 9M26 core profit beat expectations.** Unlike 1H26 where container yields drove the results outperformance, the conventional business outperformed container revenues on both yield and volume growth that had become material despite its small contribution to group earnings.
- Other 3Q26 takeaways.** The company recorded the real normalisation of VAS income, and full delivery of E-trucks, though we assume the deployment will be gradual hence unlikely to result in immediate fuel savings. WPRTS's timely rollout of the additional TGS helped cope with unexpected yard congestion.
- Volume growth should remain resilient, even if interest rates start to pivot upward due to inflation. Retain HOLD. Target price adjusted to RM7.00.

3Q26 Results

Year to 31 Dec	3Q	qoq	yoy	YTD	yoy	
(RMm)	2026	% chg	% chg	2026	% chg	Remarks (3Q26 comparison)
Operating Revenue	1,068.4	23.2	42.1	2,831.6	37.2	qoq/ yoy volume growth: +7%/+6%; 9M26:+1%
- Container	672.0	(2.5)	21.7	1,995.0	28.2	qoq/ yoy transshipment growth: +15%/+12%; 9M26:+2%
- Conventional	60.0	11.1	27.7	169.0	40.8	qoq/ yoy gateway growth: -3%/-2%; 9M26:0%
EBIT	473.3	(4.7)	25.7	1,422.2	40.4	qoq/ yoy yield growth: -9%/ +15%; 9M26:+27%
Operating margin (%)	44.3%	-13.0%	-5.8%	50.2%	1.2%	
Net finance cost	(23.0)	(10.4)	(15.2)	(75.1)	2.4	3Q26 VAS mix: 27% (2Q26/3Q25: 31%/25%)
JV/associates	0.1	(64.2)	(115.1)	1.1	(42.3)	3Q26 CDT:19.5 days (2Q26/3Q25: 20.4/16.8)
PBT	450.4	(4.4)	29.2	1,348.2	43.2	Yard density: 89% (2Q26/3Q25: 70%/82%)
Tax	(107.9)	(2.3)	39.2	(318.2)	47.1	El*: RM2.7 insurance proceeds (9M26: RM40m)
Net Profit	342.6	(5.1)	26.4	1,030.0	42.0	- RM4m loss on disposal of concession assets
Core profit	339.9	2.3	27.1	1,002.7	38.9	- RM4m one-off Dasar Gaji Progresif (DGP) incentive

Source: Westports Holdings (WPRTS) *Note: Exceptional items (EI)

Analysis

- 9M26 profit exceeded expectations**, accounting for 79%/78% of our/consensus forecasts respectively. While exceptional VAS was the primary driver for the 1H26 results outperformance, 3Q26's positive deviation is due to a stronger conventional business, whose contribution had always been small relative to container (historically, conventional revenue mix ranged between 5-8%). However, 9M26 revenue growth of 40% outperformed container's 28%, as it benefitted from the tariff hike and also saw a strong 11% volume growth in contrast to a flattish gateway container growth. Westports' (WPRTS) conventional business may have become a better reflection of Malaysia's domestic economic resilience, vs gateway (where imports' contraction outweighed export growth).
- 3Q26 VAS mix fell qoq from 31% to 27%**, alongside a lower gateway mix which trended closer to 40%; this is likely the first qoq contraction (of 15%) since 2025 and the tariff hike. Container yields ex-VAS expanded by 3% qoq and 19% yoy, consistent with the two phases of tariff hikes since Jul 25.

Key Financials

Year to 30 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,344	3,125	3,703	3,826	3,944
EBITDA	1,449	1,690	2,161	2,290	2,391
Operating profit	1,194	1,403	1,873	1,983	2,065
Net profit (rep./act.)	898	999	1,347	1,425	1,476
Net profit (adj.)	893	1,007	1,347	1,425	1,476
EPS (x)	25.9	29.2	39.0	41.3	42.8
PE (x)	26.2	23.2	17.3	16.4	15.8
P/B (x)	6.1	5.6	5.2	4.8	4.5
EV/EBITDA (x)	16.3	13.9	10.9	10.3	9.8
Dividend yield (%)	2.9	3.2	4.3	4.6	4.7
Net margin (%)	38.3	32.0	36.4	37.2	37.4
Net debt/(cash) to equity (%)	7.8	2.9	3.1	3.2	3.5
Consensus net profit	-	-	1,298	1,362	1,427
UOBKH/Consensus (x)	-	-	1.04	1.05	1.03

Source: Westports, Bloomberg, UOB Kay Hian

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HOLD (Maintained)

Share Price	RM6.77
Target Price	RM7.00
Upside	+3.4%
Previous TP	RM6.50

Stock Data

Sector	Industrials
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,451.0
Market cap (RMm)	23,370.0
Market cap (US\$m)	5,728.0
3-mth avg daily t'over (US\$m)	4.2

Price Performance (%)

52-week high/low			RM5.05/RM7.25	
1mth	3mth	6mth	1yr	YTD
0.5	3.4	20.9	27.0	19.4

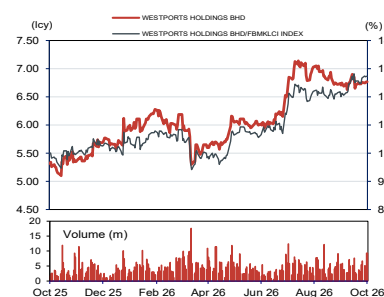
Major Shareholders (%)

Gnanalingam Family	45.5
SouthPort	23.6
KWAP	5.1

Balance Sheet Metrics

FY26 NAV/Share (RM)	RM1.31
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 (TEUs). WPRTS also offers value-added services (VAS), which 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 stopped disclosing TEUs by trade lanes, and started disclosing Container Dwell Times (CDT) and yard occupancy/ density instead. CDT is defined for only outbound transshipment and gateway (export-only) boxes.

- **WPRTS estimates about RM70m of VAS are unsustainable.** Normalisation of VAS is expected and has been aligned to the accelerating e-waste container repatriation since Aug 26, which we had highlighted in an earlier company update note. However, it appears the acceleration has not made any financial impact in 3Q26, as container dwell times (CDT) remain high at 19.5 days (although WPRTS remarked that this is the lowest ytd). Outbound TEUs CDT marginally increased qoq from 8 to 9 days. Our unchanged 2026 VAS of RM841m (9M26: RM571m) assumes the full impact of non-recurring VAS.
- **Fuel costs under control in 3Q26, but risks will remain until end-26.** The unsubsidised diesel cost per litre was effectively 3% lower qoq vs RM4.47 in 2Q26, consistent with the trend of global diesel prices. In addition, fuel consumption had efficiency gains with a mere 5% increase vs the 7% volume growth qoq. We understand this efficiency gain has yet to factor in the delivered fleet of 60 electric E-trucks, which will be gradually deployed from Oct 26 onwards to replace 10% of WPRTS' existing fleet. Our unchanged 2026 fuel cost of RM235m (9M26: RM158m) assumes 4Q26 will record a higher realised diesel price/litre qoq and negligible E-truck displacement, given that the full rollout would be also dependent on a battery-swap station, of which its construction and approval are only expected in 1Q27.
- **Yard density hit 89% in 3Q26...** WPRTS initially saw high congestion in Jul 26 due to the multiple typhoon-related disruptions to Chinese ports. This eased to 80% in Aug 26 before surging again, making 3Q26 a quarterly high thus far this year. Multiple consultant reports indicate that Port Klang's yard density has remained at 90-95% since Sep 26. The key reason cited for Sep-Oct 26 was the maintenance dredging scheduled for Berths B23 (7-16 Sep 26) and B22 (16-27 Sep 26), with subsequent reports updating that B22 dredging had been postponed to 31 Oct-2 Nov 26. Although we are unable to confirm the dredging schedules, we note from an official 3Q26 Marine Sounding Report that the current depth (as of 15 Jul 26) for both deepwater berths were 14.4m instead of the designed 18m, which justifies the dredging need in our view.
- **...mitigated by timely start of the additional 5% TGS.** As per our earlier reports, WPRTS has successfully operationalised the new **total ground slots (TGS)** after converting a portion of the Container Terminal land area (which resulted in the RM4m disposal loss, as per our 3Q26 EI). This becomes especially important for a port facing congestion. In the region, Port of Tanjung Pelepas has faced persistent berth congestion, after a cybersecurity incident on 9 Sep 26. Singapore is facing congestion issues, specifically severe berth waiting times and vessel delays of up to four days each.
- **Maintains volume growth outlook, similar to 2025's 3%.** WPRTS commented that the recent increase in interest rates reflects cumulative inflationary pressure. However, ports had demonstrated resilience in past hyper-inflationary environments. We also note Maersk's recent comments highlighting that other factors, such as trade imbalances and geopolitical considerations, are forcing port terminals to handle more empty containers. Maersk noted that "market growth is about 4% based on loaded cargo, but the terminal burden is closer to 7-8% because weak or negative backhaul demand requires an ever-increasing number of empty containers".

Valuation/Recommendation

- **Retain HOLD, SOTP-based target price adjusted to RM7.00 from RM6.50.** Premised on DCF until the 2070 horizon (ie partial WPRTS 2 expansion), this implies an unchanged 18x 2026F PE (aligned to five-year mean average) and 11x EV/EBITDA. WPRTS is uniquely positioned as the only locally listed stock with exposure to the ports sector, which could benefit from trade tensions that drive structural changes in port operations, as well as from tariff hikes. Despite the earnings upgrades, we continue to see these being fully priced in at least until the 2028 horizon, when the new capacity ie WPRTS 2 will become operational.

COGS Breakdown

Cost RM million	3Q26	3Q25	% YoY	% Split
Op. Workforce	83	77	7%	33.9%
Fuel	59	34	71%	24.0%
Depreciation	48	49	-2%	19.7%
M&R	26	25	3%	10.7%
Electricity	10	11	-11%	3.9%
Others	19	17	13%	7.8%
Op. Cost*	244	214	14%	100%

Source: WPRTS

VAS To Container Revenue Mix (%)

	2011	2023	2024	2025
Container, RMm	914.7	1,805.0	1,950.0	2,122.0
VAS, RMm	98.9	318.4	434.9	511.4
VAS Mix, %	10	17.6	22.3	24.1
	4Q21	1Q22	2Q23	3Q24
Container, RMm	434	452	452	488
VAS, RMm	121.5	126.7	83.2	120.0
VAS Mix, %	28	28	18	24.6
	4Q24	1Q25	2Q25	3Q25
Container, RMm	511	493	511	552
VAS, RMm	127.8	108.5	117.5	139.0
VAS Mix, %	25	22.2	23	25
	4Q25	1Q26	2Q26	3Q26
Container, RMm	566	633	689	672
VAS, RMm	146.4	179.1	211.5	180
VAS Mix, %	25.9	28.3	30.7	26.7

Source: WPRTS

Environmental, Social, Governance (ESG) Updates

- Westports' commitment to adopt automation. In 17 Apr 2025, WPRTS launched its state-of-the-art 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, aligned to the relevant United Nation Sustainable Development Goals (UN SDG):
- 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

Source: UOB Kay Hian

Earnings Forecast Changes

- 2026-28 earnings upgraded by 7%/7%/13% respectively.
- Our container assumptions remain unchanged, but upgrade conventional revenue forecasts by 35-40% across our forecast years.
- We also updated the share base to 3.452b after accounting for the completion of its dividend reinvestment plan.

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	3,125	3,703	3,826	3,944
EBITDA	1,690	2,161	2,290	2,391
Deprec. & amort.	287	288	307	326
EBIT	1,403	1,873	1,983	2,065
Total other non-op. income	(5)	(5)	(5)	(5)
Associate contributions	(0)	3	3	4
Net interest income/(expense)	(74)	(125)	(132)	(140)
Pre-tax profit	1,139	1,293	1,767	1,868
Tax	(241)	(294)	(420)	(444)
Minorities	-	-	-	-
Net profit	999	1,347	1,425	1,476
Net profit (adj.)	1,007	1,347	1,425	1,476

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	1,469	1,520	1,740	1,809
Pre-tax profit	1,293	1,767	1,868	1,936
Tax	(254)	(420)	(444)	(460)
Deprec. & amort.	287	288	307	326
Associates	(3)	(3)	(4)	(4)
Working capital changes	81	(112)	12	11
Other operating cashflows	-	-	-	-
Investing	(523)	(560)	(600)	(639)
Capex (growth)	(538)	(134)	(134)	(134)
Proceeds from sale of assets	-	-	-	-
Others	(50)	(450)	(450)	(450)
Financing	(890)	(840)	(897)	(935)
Dividend payments	(752)	(1,008)	(1,066)	(1,104)
Issue of shares	-	-	-	-
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	121	243	235
Beginning cash & cash equivalent	729	784	905	1,148
Changes due to forex impact	48	-	-	-
Ending cash & cash equivalent	832	905	1,148	1,383

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	5,942	6,107	6,528	6,977
Other LT assets	10	10	10	10
Cash/ST investment	832	905	1,148	1,383
Other current assets	473	500	516	532
Total assets	8,892	9,082	9,679	10,288
ST debt	225	150	151	152
Other current liabilities	937	852	880	908
LT debt	730	895	1,154	1,412
Other LT liabilities	2,376	2,272	2,222	2,172
Shareholders' equity	4,169	4,509	4,868	5,240
Minority interest	-	-	-	-
Total liabilities & equity	8,892	9,082	9,679	10,288

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	54.1	58.4	59.9	60.6
Pre-tax margin	41.4	47.7	48.8	49.1
Net margin	32.0	36.4	37.2	37.4
ROA	8.3	8.4	8.8	9.2
ROE	15.2	20.1	20.3	20.2
Growth (% yoy)				
Turnover	33.3	18.5	3.3	3.1
EBITDA	16.6	27.9	5.9	4.4
Pre-tax profit	13.6	36.6	5.7	3.6
Net profit	12.7	33.8	5.7	3.6
Net profit (adj.)	12.7	33.8	5.7	3.6
EPS	12.7	33.8	5.7	3.6
Leverage				
Debt to total capital	22.9	23.2	26.8	29.9
Debt to equity	22.9	23.2	26.8	29.9
Net debt/(cash) to equity	2.9	13.7	13.0	12.6
Interest cover (x)	16.5	19.7	19.4	17.9

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