Westports Holdings Berhad

(5246 | WPRTS MK) Main | Transportation & Logistics

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Maintain NEUTRAL

Revised Target Price **RM6.57**
(from RM5.49)

2QFY26 Results Review Earnings Beat

Maintain NEUTRAL. Westports Holdings Berhad's (Westports) 1HFY26 core earnings exceeded expectations. 1HFY26 container volumes reached 48% of our FY26 forecast. Management maintained its expectation for low single-digit container volume growth (vs. our +2.0%yoy forecast), supported by July volumes tracking at +7.0%yoy to +8.0%yoy. Shipping lines remain optimistic on 3QFY26 demand, while management expects the gateway/transshipment mix to remain broadly unchanged for the rest of the year. Following our earnings revisions, we raise our target price to **RM6.57** (from RM5.49). We maintain our **NEUTRAL** call, as the stock is trading close to its 5-year historical mean P/E of 17.4x.

Above expectations. 1HFY26 core earnings of RM696.1m exceeded expectations, accounting for 65%/58% of our/consensus full-year forecasts, primarily driven by the phased tariff adjustments and lower-than-expected operating costs. The Group maintained its 75% dividend payout policy, declaring an interim DPS of 14.98 sen for 1HFY26.

Gateway volume recovery. Container revenue grew +34.8%yoy, driven by the full impact of two tariff hikes, higher gateway volumes and stronger VAS revenue (mainly storage), despite a -1.4%yoy decline in overall container volumes. The decline was due to a -6.0%yoy drop in transhipment volumes, following weaker Middle East traffic (6.5% of FY25's volumes) and the normalisation of one Main Line Operator's (MLO) alliance service-port network. This more than offset the +5.0%yoy increase in gateway volumes supported by congestion recovery, alongside sustained support from China+1 manufacturing, data centre investments, distribution centre expansion and empty container repositioning. Meanwhile, conventional revenue rose +50.5%yoy, driven by tariff revisions and a +17.8%yoy increase in volumes, mainly across the breakbulk and RORO segments. With a +33.1%yoy increase in operational revenue, core PAT rose +53.1%yoy.

Yard conditions improved sequentially. Compared with 1QFY26, container revenue rose +8.8%qoq, supported by a +6.8%qoq increase in container volumes, mainly driven by gateway volumes (+10.5%qoq). Average container dwell time remained broadly stable at 20 days, although this was skewed by long-staying boxes (i.e., e-waste and scrap metals), with outbound TEU dwell time at only 8 days. Average yard occupancy eased to 74% from 81% in 1QFY26 as congestion subsided. Meanwhile, conventional revenue edged down -1.8%qoq as volumes declined -6.1%qoq. Altogether, operational revenue rose +7.3%qoq, while core PAT increased +5.0%qoq.

Earnings estimates. We raise our FY26-FY28 earnings forecasts by +23% - +26%, reflecting lower operating cost assumptions (primarily fuel and electricity) and a refinement of our container yield assumptions to better reflect the prevailing run rate.

RETURN STATISTICS	
Price @ 23rd July 2026 (RM)	6.69
Expected share price return (%)	-1.8
Expected dividend yield (%)	+4.2
Expected total return (%)	+2.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.5	9.2
3months	10.4	20.0
12 months	17.6	4.9

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	3,061.2	3,265.2	3,331.9
Operating profit	1,769.4	1,887.3	1,902.5
PBT	1,646.7	1,757.1	1,769.3
Core PAT	1,284.4	1,370.5	1,380.1
Core EPS	0.37	0.40	0.40
DPS	0.28	0.30	0.30
Dividend yield	4.2%	4.5%	4.5%

KEY STATISTICS	
FBM KLCI	1,714.59
Issued shares (m)	3413.00
Estimated free float (%)	25.59
Market Capitalisation (RM'm)	22,989.96
52-wk price range	RM5.05 - RM6.78
3-mth average daily volume (m)	4.18
3-mth average daily value (RM'm)	24.97
Top Shareholders (%)	
Pembinaan Redzai Sdn Bhd	42.45
South Port Investment Holdings	23.57
Employees Provident Fund	6.11

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WESTPORTS: 2QFY26 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Operational revenue	808.2	753.0	607.3	7.3%	33.1%	1,561.2	1,199.1	30.2%
EBITDA	571.8	526.3	391.5	8.6%	46.0%	1,098.0	774.9	41.7%
Depreciation & amortisation	-75.1	-74.0	-69.9	-1.6%	-7.5%	-149.1	-138.5	-7.6%
EBIT	496.6	452.3	321.6	9.8%	54.4%	948.9	636.4	49.1%
Net finance costs	-25.7	-26.4	-23.1	2.5%	-11.3%	-52.1	-46.2	-12.7%
Share of results of JV	0.4	0.6	2.0	-39.0%	-81.4%	1.0	2.8	-65.1%
PBT	471.3	426.5	300.5	10.5%	56.8%	897.8	593.0	51.4%
Tax expense	-110.4	-100.0	-68.9	-10.4%	-60.2%	-210.4	-138.9	-51.5%
PAT	360.9	326.5	231.6	10.5%	55.8%	687.4	454.1	51.4%
Core PAT	355.5	338.6	232.2	5.0%	53.1%	696.1	454.6	53.1%
Container revenue/TEU	RM243	RM238	RM177	1.9%	36.7%	RM240	RM180	33.3%
				ppts	**ppts**			
EBIT margin	61.4%	60.1%	53.0%	1.4	8.5	60.8%	53.1%	7.7
PBT margin	58.3%	56.6%	49.5%	1.7	8.8	57.5%	49.5%	8.1
Effective tax rate	-23.4%	-23.4%	-22.9%	0.0	-0.5	-23.4%	-23.4%	0.0
Core PAT margin	44.0%	45.0%	38.2%	-1.0	5.8	44.6%	37.9%	6.7

REVENUE AND COST BREAKDOWN

	Quarterly					Cumulatively		
Revenue (RM'm)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Container	689	633	511	8.8%	34.8%	1,323	1,003	31.9%
Conventional	54	55	36	-1.8%	50.0%	109	73	49.3%
Marine	26	25	22	4.0%	18.2%	51	45	13.3%
Rental	39	40	39	-2.5%	0.0%	79	78	1.3%
Total revenue	808	753	607	7.3%	33.1%	1,561	1,199	30.2%
Cost (RM'm)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Workforce	84	83	78	1.2%	7.7%	167	156	7.1%
Depreciation	48	48	48	0.0%	0.0%	96	95	1.1%
Fuel	57	42	35	35.7%	62.9%	100	71	40.8%
M&R	26	24	23	8.3%	13.0%	50	45	11.1%
Electricity	9	8	14	12.5%	-35.7%	17	27	-37.0%
Others	17	18	14	-5.6%	21.4%	35	28	25.0%
Total cost	241	224	212	7.6%	13.7%	465	423	9.9%

OPERATING STATISTICS

	Quarterly					Cumulatively		
Container (m TEU)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Transhipment	1.58	1.52	1.68	3.9%	-6.0%	3.10	3.19	-2.8%
Gateway	1.26	1.14	1.20	10.5%	5.0%	2.40	2.38	0.8%
	2.84	2.66	2.88	6.8%	-1.4%	5.51	5.57	-1.1%
CT dwell time	20.4 days	20.0 days	15.2 days			20.2 days	14.3 days	
Average yard occupancy	74%	81%	84%			77%	78%	
Conventional (m MT)	3.24	3.45	2.75	-6.1%	17.8%	6.69	5.71	17.2%
Total ships berth	2,005	1,923	2,018	4.3%	-0.6%	3,928	4,158	-5.5%

Source: Westports, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,280.0	2,547.0	3,061.2	3,265.2	3,331.9
Operating profit	1,194.4	1,394.5	1,769.4	1,887.3	1,902.5
PBT	1,138.7	1,292.3	1,646.7	1,757.1	1,769.3
Taxation	-240.7	-294.0	-362.3	-386.6	-389.3
PAT	898.0	998.3	1,284.4	1,370.5	1,380.1
Core PAT	892.4	1,005.8	1,284.4	1,370.5	1,380.1
EPS (RM)	0.26	0.29	0.37	0.40	0.40
PER (x)	25.7	22.8	17.9	16.7	16.6
DPS (RM)	0.20	0.22	0.28	0.30	0.30
Dividend yield (%)	3.0	3.3	4.2	4.5	4.5

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	1,686.5	1,635.6	1,585.2	1,530.5	1,471.5
Non-current assets	**6,674.0**	**7,577.1**	**8,201.1**	**9,017.6**	**9,182.0**
Receivables	316.5	472.5	567.9	605.8	618.1
Cash	780.8	832.0	1,308.8	772.4	1,208.4
Current assets	**1,104.0**	**1,314.5**	**1,876.7**	**1,378.2**	**1,826.6**
Long-term debt	905.0	730.0	1,005.0	1,280.0	1,505.0
Non-current liabilities	**3,197.7**	**3,509.8**	**4,408.7**	**4,351.2**	**4,596.5**
Short-term debt	175.0	225.0	125.0	125.0	125.0
Payables	213.1	426.5	492.7	525.5	548.0
Current liabilities	**762.7**	**1,213.1**	**1,179.2**	**1,212.1**	**1,234.5**
Share capital	1,038.0	1,099.8	1,099.8	1,099.8	1,099.8
Retained earnings	2,779.6	3,069.0	3,390.1	3,732.7	4,077.7
Equity	**3,817.6**	**4,168.8**	**4,489.9**	**4,832.5**	**5,177.5**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	1,138.7	1,292.3	1,646.7	1,757.1	1,769.3
D&A	254.6	286.9	270.0	289.6	335.7
Changes in WC	46.5	80.7	158.1	56.4	30.4
Operating cash flow	**1,291.4**	**1,468.9**	**1,712.5**	**1,716.5**	**1,746.1**
Capex	-609.7	-537.5	-500.0	-1,500.0	-500.0
Investing cash flow	**-583.5**	**-523.2**	**-500.0**	**-1,500.0**	**-500.0**
Debt raised/(repaid)	230.0	-125.0	275.0	275.0	225.0
Dividends paid	-600.5	-647.2	-963.3	-1,027.9	-1,035.1
Financing cash flow	**-514.0**	**-890.4**	**-688.3**	**-752.9**	**-810.1**
Net cash flow	**193.9**	**55.3**	**524.2**	**-536.4**	**436.1**
Beginning cash flow	**535.4**	**729.3**	**784.6**	**1,308.8**	**772.4**
Ending cash flow	**729.3**	**784.6**	**1,308.8**	**772.4**	**1,208.4**

Profitability Ratios	2024A	2025A	2026E	2027F	2028F
EBIT margin	52.4%	54.8%	57.8%	57.8%	57.1%
PBT margin	49.9%	50.7%	53.8%	53.8%	53.1%
PAT margin	39.4%	39.2%	42.0%	42.0%	41.4%
Core PAT margin	39.1%	39.5%	42.0%	42.0%	41.4%
ROA	11.5%	11.3%	12.7%	13.2%	12.5%
ROE	23.4%	24.1%	28.6%	28.4%	26.7%

Growth	2024A	2025A	2026E	2027F	2028F
Revenue	9.2%	11.7%	20.2%	6.7%	2.0%
Operating profit	15.1%	16.7%	26.9%	6.7%	0.8%
PBT	13.2%	13.5%	27.4%	6.7%	0.7%
Core PAT	14.8%	12.7%	27.7%	6.7%	0.7%

Source: Westports, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

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MBSB INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology