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Earnings upside forecast for Westports in 2Q26

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PETALING JAYA: Westports Holdings Bhd is expected to deliver stronger second-quarter (2Q26) earnings, as higher port charges and resilient cargo volumes more than offset the impact of elevated fuel costs.

RHB Research expects the port operator to report core net profit of between RM280mil and RM320mil in 2Q26, representing a year-on-year (y-o-y) growth of about 20% to 40%.

"While higher fuel costs are likely to be fully reflected in 2Q26, we believe this is largely priced in and the tariff hikes are more than enough to offset the fuel cost increase," it said.

The stronger outlook is underpinned by higher container handling charges following the government-approved revision of Port Klang's tariffs, which is being rolled out in three phases.

The tariff revision, approved by the Transport Ministry and gazetted on June 13, 2025, began with an average 15% increase in key container charges on July 15, 2025, followed by a further 10% increase on Jan 1, 2026.

A final 5% increase is scheduled for Jan 1, 2027. Reflecting the higher charges, RHB Research raised its average tariff assumption for the financial year ending Dec 31, 2026 (FY26) to RM210 per twenty-foot equivalent unit or TEU from RM198 previously. This compares with an average tariff of RM187 in FY25 and RM238 recorded in 1Q26.

Ex-investment banker and high-net-worth investor Ian Yoong Kah Yin concurred that the tariff hikes should largely cushion the impact of higher fuel costs, noting that the revisions followed a periodic tariff review by the port authority.

"The tariff hikes will offset higher fuel costs. Westports' excellent track record is testimony to this.

"Westports is by far the best managed port in the country," he told *StarBiz*.

RHB Research noted that although higher fuel costs are likely to be fully reflected in 2Q26, much of the impact has already been factored into its forecasts, which assume fuel costs will remain about 30% above pre-conflict levels.

The research house added that fuel consumption is expected to ease by about 10% in 4Q26 following the deployment of 60 electric trucks by 3Q26.

It also noted that Westports is exempt from Tenaga Nasional Bhd's automatic fuel adjustment or AFA mechanism, insulating it from potential electricity cost increases.

Yoong added that elevated fuel costs could also work in Westports' favour by encouraging cargo from fringe areas within its hinterland to be routed through the Klang-based port instead of Singapore or Port of Tanjung Pelepas.

"Higher fuel cost is a compelling reason to ship cargo to Westports rather than the two ports aforementioned," he said.

RHB Research expects container throughput to continue improving in the coming quarters, noting that Westports has guided for a 3% y-o-y volume growth in April, compared with a contraction of about 1% in 1Q26.

Against this backdrop, it expects Westports to achieve its full-year core net profit forecast of RM1.3bil.