

Media Release

Northport to invest RM1billion over 5 years on redevelopment plan

PORT KLANG (April 15, 2013): Northport (Malaysia) Bhd, the port operating subsidiary of NCB Holdings Bhd, plans to allocate RM1 billion to finance new redevelopment projects over the next five years beginning 2014, said its CEO Abi Sofian Abdul Hamid

Under the proposed five-year plan, the terminal operator intends to upgrade its container wharf facilities comprising Wharf 8, 9 and 10 and buy new container handling equipment so that it can handle bigger ships as well as expand its capacity further.

The proposed redevelopment will also include upgrading of the conventional cargo terminals in Northport for break bulk, liquid and dry bulk cargo and that in Southpoint -- the oldest section of Northport.

"We are in the process (of getting the board's approval for the RM1 billion redevelopment project). We will make an announcement (about funding for the project) when everything is finalised," he told SunBiz in an interview.

Northport had earlier embarked on a RM500 million expansion, which includes the development of a new 350m container berth called Wharf 8A, bringing the container quayline at the port to a total of 3.4km.

"The RM500 million expansion was fully financed by internal funds, but we would have to raise funds for the upcoming (RM1 billion) redevelopment project." said Abi Sofian, declining to elaborate.

The company has so far used up half of its RM500 million allocation on upgrading works and the purchase of new container handling equipment and will spend the remaining RM200 million this year.

"Wharf 8A, which will be operational in August this year, will inject an additional container handling capacity of 600,000 TEUs (20-foot equivalent units) to the current 5 million TEUs," said Abi Sofian.

It has been exactly a year since Abi Sofian took over as CEO of Northport on April 16, 2012.

"Last year we basically went back to basics -- getting to know our customers. This year, we will also move towards strengthening our relationship with our

customers, that is, importers and exporters. We want to be more 'intimate' with our customers by offering them more.

"We will also continue with our employee engagement. We have engaged a local consultant to explain to the key executives what are our key performance indicators all about and how to measure them," he said.

Under his stewardship, Northport is targeting to handle 3.4 million TEUs this year, up 10% from 3.09 TEUs in 2012.

However, Abi Sofian is aware of the challenges facing the terminal in light of declining exports as shipments to China, Japan and the US continue to drop in the first two months of this year.

"(Performance in) the first quarter (ended March 31, 2013) was not good, a spillover from the last quarter of 2012. Although there was a slight recovery in January (in revenue and container throughput), but February was bad due to the Lunar New Year holiday and short month," he said, adding that the uncertainty over the upcoming general election has also held off production and inventory purchase by manufacturers for fear of a policy change.

For the fourth quarter of 2012, Northport saw a 10.9% decline in revenue to RM156.7 million from a year ago, as a result of lower container throughput handled.

Nevertheless, Abi Sofian expects the port operation to improve in the second half of this year, with Malaysia still forecasting a 5-6% economic growth.

"The challenge for us is how we can benefit from this growth. (One way is that) this year, we plan to focus on (capturing) transshipment traffic as imports and exports from Europe is not moving and with the Asean Free Trade Area coming up, there will be a lot of intra-Asean trade which will involve transshipment volumes."

Transshipment currently accounts for 40% of Northport's total container volume and the remaining 60% is made up of imports and exports.

ABOUT NORTHPORT

Wholly-owned subsidiary of NCB Holdings Bhd, Northport (Malaysia) Bhd operates the multi-purpose port facility in Malaysia providing a comprehensive range of port services to meet the individual needs of its customers. With its real time smart information system designed to guarantee operational and cost efficiency, Northport offers faster vessel turnaround time. Apart from offering feeder services to neighbouring countries, Northport has increased connectivity to worldwide ports including China, India, Intra Asia, the Mediterranean and Europe making it one of the most important hub ports in the Asian region.

Northport received major awards for its commendable performance – Best Employer of Choice 2012 – Silver Category by MIHRM, Best Container Terminal Under 4mil TEUs by Cargonews Asia at AFSCA 2009 & AFSCA 2010, Multi-Purpose Terminal Operator of The Year (Asia Pacific) by Frost & Sullivan in 2009, Top 10 Master Award by The BrandLaureate in 2010, (*category*) Major Employer - Services Sector by the Ministry of Human Resources and Human Resources Development Berhad at the Human Resources Development Berhad Award 2009, Top 10 Most Preferred Brand Award by The BrandLaureate in 2009, Best Brands in Logistics Ports Award by The BrandLaureate in 2008, Investment in People Award by Enterprise Asia at the Asia Pacific Entrepreneurship Award in 2008, ASRIA Social Responsibility International Award in 2007, Technology Business Review Excellence Awards 2007 and IKMAL Corporate Excellence Award in 2007.

OUR CSR VALUE

We adopt a sustainable approach to every aspect of our business. We are committed to behaving ethically. Our core values include working together as one team and building a strong culture that reflects our identity and integrity. We believe that our corporate responsibility covers key elements, including economic, social, environmental and the community, and we take these very seriously.

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