

Johor Port Berhad Recognized for

2021

Customer Value Leadership

Malaysia Multi-purpose Port Industry

Excellence in Best Practices



A Member of  **MMC** Group

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Johor Port Berhad excels in many of the criteria in the multi-purpose port space.

AWARD CRITERIA	
<i>Business Impact</i>	<i>Customer Impact</i>
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Digital Technologies Contribute to the Ultimate Customer Experience

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- Norazah Bachok, Best Practices Research Analyst

Globalization has helped many Southeast Asia countries, including Malaysia, to improve their trade performance. Despite the COVID-19 pandemic, the global economy is recovering and trade growth is steadily increasing. As a result, the Malaysian port industry continues to expand rapidly, and logistics players will likely experience excellent business performance.

Johor Port Berhad (Johor Port) is one of Malaysia's integrated multi-purpose ports owned by MMC Corporation Berhad. Johor Port primarily manages container and conventional cargo port operations,

with around 25 berths and 30 storage facilities. It also provides a broad range of other port services, such as warehousing, waste disposal, and ancillary services. Known as the world's largest palm oil terminal, Johor Port is also Malaysia's first port to provide liquefied natural gas bunkering services within the country.

Johor Port holds a strategic position as one of the main gateways to the Asia-Pacific, connecting the

Association of Southeast Asian Nations to the intra-Asia region. In addition, the port plays a vital role in contributing to the country's economic development as one of the emerging transshipment hubs in the South-East region.

Johor Port always emphasized the significance of increasing productivity via innovation and the provision of cost-effective solutions. Through its digital transformation projects, Johor Port intends to improve its systems and physical infrastructures.

Johor Port realizes that adopting various advanced technologies to upgrade port operations will increase port container traffic. Its automated terminal operating system, a client and web-based application, provides usability, interoperability, scalability, and flexibility across the entire range of the terminal's work processes. This user-friendly system uses robust mobile apps that run on the vehicle-mounted terminal and mobile handheld devices, allowing operators to record activities and information from any work location within the terminal through 4G Long Term Evolution wireless connectivity. The real-time data, shared across various departments within the port, help speed up and improve decision-making. Other technological advancements implemented include:-

- New enterprise resource planning
- New terminal operating systems
- Core network infrastructure upgrading
- High availability of internet access with sites redundancy and auto-load balancing of traffic
- Cybersecurity enhancement through real-time security monitoring with in-depth scanning

The company constantly upgrades and invests in modern and efficient equipment through its five-year equipment replacement and refurbishment strategy. Some of Johor Port's 2020 upgrade efforts include:

- Refurbishment and retrofitting of half of the quality control (QC) fleet with the latest technologies
- Introduction and installation of remote diagnostic features and capabilities for newly retrofitted QCs to reduce troubleshooting time from an average of 60 minutes to 5 minutes
- Introduction and implementation of electrified rubber tyre gantry, resulting in better environmental control and higher productivity
- Introduction and implementation of better out-of-gauge container handling through the usage of the right tools

Frost & Sullivan believes that these technological and infrastructure improvements will enable Johor Port to deliver effective port activities, especially during this challenging period. The company successfully handled more than one million twenty-foot equivalent units (TEUs) containers, resulting in its stellar revenue performance in 2020. Furthermore, marine services also contributed to the additional revenues at about 20% due to greater warehousing utilizations. At the same time, the break-bulk segment successfully met the annual productivity target set by the Johor Port Authority. In terms of

operational improvements, it recently increased its production efficiencies through gross moves per hour to 22 cranes (i.e., from 20 to 22 cranes during the past year).

Frost & Sullivan recognizes that customers appreciate Johor Port's significant contribution in this space. Through its technology and infrastructure advancements, the company helps customers employ analytics that provides actionable insights via a user-friendly interface, resulting in improved decision-making and increased income. As such, it also enhances system efficiency and reliability.

Strategic Diversification Initiatives lead to Greater Growth Opportunities

“Despite the challenging global situation, Johor Port has the vision to bring in more volume throughput by exploring new projects such as creating a hub for mini transshipments, commodities hub, and offshore activities.”

- Norazah Bachok, Best Practices Research Analyst

Robust trade activities in Malaysia might create challenges, such as limited capacities within the port access and terminals. For instance, the ongoing commercial activities at the Petronas Pengerang Integrated Complex will generate an extra volume estimated at 150,000 TEUs for containers and 210,000 freight weight tonnes of sulfur. Recognizing the market needs, Johor Port began to expand port capacity to accommodate at least 1.5 million TEUs of containers over the following three years. Recently, Johor Port

completed two additional satellite terminals: Terminal 2, an inland terminal for Johor Port, and Terminal 3 Export Processing Zone (EPZ). Terminal 2 consists of 82 acres of free zone property, developed as an integrated industrial park and distribution center. Terminal 3 EPZ, an established cargo consolidation center, will provide a one-stop logistics solution for the surrounding customers at the Tanjung Langsat Industrial Complex, including trade facilitation and customs clearance via Johor Port and air freight through the Senai International Airport.

Johor Port employs various growth strategies to add substantial value to its ecosystem of stakeholders, which Frost & Sullivan considers a vital best practice in this vigorous industry. Johor Port has taken several actions to continue positioning its status as the preferred commodities trading center in Malaysia and the region. For example, the company partnered with the Malaysian Cocoa Board to establish Johor Port as the country's first cocoa center. The company also aims to strengthen its position as one of the emerging hubs for other commodities such as cement, coffee, rice, grain, and fertilizer. Furthermore, Johor Port also reached the final stage of its official establishment as a regional consolidation and distribution hub for palm kernel shells in partnership with FGV Palm Industries Sdn Bhd.

With all development initiatives in place, the business anticipates a 7% increase in cargo volume in 2021 over the previous year. Looking ahead, the company aspires to sustain this momentum. Johor Port positions itself as a leader by providing a best-in-class port network, coupled with superb capacity and efficiency. Frost & Sullivan applauds Johor Port as the company increases its competitiveness by deploying forward-looking port expansion plans.

Excellent Growth of Customer Acquisitions

Despite the challenging global situation, the company managed to secure six new reputable customers, including Sealand MAERSK, COSCO, and Evergreen. Container customers account for about 39%, followed by maritime customer groups at 19% and liquid bulk customers at 12% of its client portfolio.

Other market participants are well aware of Johor Port's excellent capabilities due to its long-standing experience and impressive business performance. The company aims to bring in more volume throughput by exploring new projects such as creating a hub for mini transshipments, commodities hub, and offshore activities.

The company also diversifies into other sectors such as maritime consulting services. In addition, it is in the evaluation stage for the operation and maintenance (O&M) potential for jetty operation in Aceh, Indonesia. Finally, Johor Port is competing on the O&M contract for the liquid terminal at Port Aqaba in cooperation with Saudi and Jordanian partners.

Frost & Sullivan acknowledges that its strategic initiatives and strong client portfolios will most likely advance Johor Port's position as the pre-eminent port for Malaysia's gateway trade and as one of the emerging transshipment hubs in the South-East region.

Conclusion

Johor Port Berhad purposefully addresses the need for modern, sustainable, and well-connected port operations, especially during the challenging period of economic recovery after the COVID-19 pandemic. The company provides state-of-the-art facilities to handle various types of cargo and commodities. Through a continuous effort to deploy advanced technologies and best-in-class infrastructure, it allows customers to improve efficiencies and reduce operational costs. Moreover, Johor Port Berhad maintains its outstanding performance due to its robust expansions, excellent diversification plans, and strategic partnerships with local and global stakeholders. Frost & Sullivan believes the company will remain a strong player that is well-prepared to meet rising port needs that consistently deliver higher consumer values.

With its strong overall performance, Johor Port Berhad earns Frost & Sullivan's 2021 Malaysia Customer Value Leadership Award in multi-purpose port industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

