

PPAP (KH100040001CSX)

March 31, 2020

Performance Highlights

FY ends Dec (KHR'bn)	4Q19	% QoQ	% YoY	2019U	% YoY
Revenue	29.85	-10.1%	34.4%	110.17	31.4%
EBITDA	19.94	-10.1%	42.2%	77.69	62.6%
EBIT	16.72	-11.9%	52.3%	65.05	81.7%
Finance cost	-1.18	-3.5%	-0.8%	-5.69	20.3%
PBT	15.54	-12.4%	58.7%	59.36	91.0%
Net profit	12.23	-13.1%	42.7%	47.82	45.9%
EBITDA margin	66.8%	0.0%pt	3.7%pt	70.5%	13.5%pt
EBIT margin	56.0%	-1.1%pt	6.6%pt	59.0%	16.3%pt
Net margin	41.0%	-1.4%pt	2.4%pt	43.4%	4.3%pt

Source: The Company (Unaudited), YSC Research

4Q19 review: Net profit surges 42.7% YoY on strong revenue growth

Container throughputs up 25% YoY in 4Q19

- Container throughputs came to 68,461 TEUs in 4Q19, down 26% from 92,494 TEUs in the previous quarter, but up 25% compared to the fourth quarter in 2018. The YoY growth in the fourth quarter is the highest since 2011. However, container shipment volume during the period saw a modest increase, up only by 3.2% YoY to 481,522 tons, of which exports accounted for 169,023 tons (+6.3% YoY), while imports were 312,499 tons (+1.6% YoY). On the other hand, general and oil & gas cargo shipments surged 28.3% and 15.6% YoY to 224,219 tons and 227,136 tons, respectively, between October and December.
- In 2019, container throughputs reached a record high of 281,045 TEUs (+31.6% YoY), or 93% of the operator's annual handling capacity. Container shipment amounted to 2,055,084 tons (+25.9% YoY), surpassing 2 million tons for the first time. Meanwhile, oil & gas cargo shipments soared 24.1% YoY to 956,570 tons, while general cargo shipments were up 6.2% YoY to 775,810 tons. As a result, total shipments handled by PPAP rose 20.9% YoY to 3,789,464 tons.

Top-line growth exceeds 30%

- Total revenue earned between October and December amounted to KHR29.85bn, a 34.4% increase compared to the same period in 2018. The three main revenue sources namely stevedoring, lift-on lift-off (LOLO), and port services continued to contribute to the robust increase, rising 25.5%, 20.7% and 28.0% YoY, respectively. On top of these, income from storage services have also become an important source of revenue since the third quarter of 2019 when it exceeded 5% of the revenue for the first time. In 4Q19, storage service contributed KHR1.5bn (+250% YoY) or 5.0% of the revenue, reflecting the result of the port operator's expansion of its storage and warehousing facilities. Income from other related services including sand dredging, trucking, survey, and more together amounted to KHR2.3bn (+283% YoY), or 7.8% of total revenue. Besides the revenue earned through the services offered as a port operator and authority, PPAP also earned KHR3.04bn in other income, which include rental income, interest income and others.
- Total revenue in 2019 surged 31.4% YoY to an all-time high of KHR110bn, witnessing the highest growth in at least eight years. Income from stevedoring (41.6% of revenue) rose 29.7%; LOLO (34.3% of revenue), increased 27.0%, while port services (15.2%), were up 21.6%. Income from storage services more than tripled and accounted for 4.3% of the revenue. Last year, PPAP earned KHR16.7bn in other income, which was KHR10.8bn more than in 2018, and was driven by additional rental income from leasing its land to YUETAI Group and sublease of land PPAP leased from state-owned Green Trade to Hui Bang International Investment Group and Mekong Oryza Trading, as well as the additional interest income from the fixed deposits of \$15mn at Foreign Trade Bank. Of the KHR10.8bn, KHR5.64bn was the income from net investment in the sublease.

Operating profit jumps 52% YoY in 4Q19 and 82% YoY in 2019

- While revenue experienced more than 30% growth, total operating expense increased only 15.9% YoY, driven mainly by variable costs such as repair & maintenance and crane charge, which rose 51.9% and 20.6% YoY, respectively. The increase in fixed costs was modest. Depreciation and amortization expenses were up only 5.8% YoY, while other administrative expense grew 9.3% YoY. As a result, EBITDA soared 42.2% to KHR19.9bn, while EBIT jumped 52.3% YoY to KHR16.7bn in the fourth quarter of 2019.
- In 2019, operating profit nearly doubled to KHR65.1bn thanks to the notable top-line growth.

Net income up more than 40% despite expired tax incentive

- Pre-tax profit came to KHR15.54bn in 4Q19, an increase of 58.7% YoY. Despite the expired tax incentive, which the listed company had enjoyed for three years from 2016 to 2018, net profit growth remained remarkable at 42.7% YoY. In 2019, PPAP recorded the highest annual net income of KHR47.82bn.

Current mkt. price	KHR 10,700
IPO price	KHR 5,120

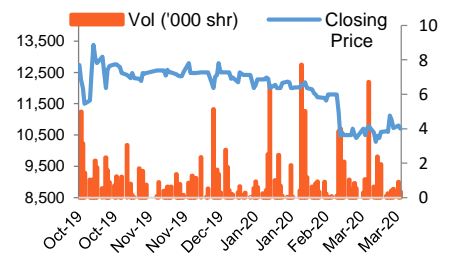
Source: CSX, YSC Research

Stock info

Industry	Transport Support Services
Market cap (KHRbn)	221.323
Outstanding shares (mn)	21
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	1,150
Free floating shares (last 6 months, %)	0.67
Price low/high (last 6 months, KHR)	10,280 - 13,380
EPS (KHR) (ttm)	2,312
P/E (x) (ttm)	4.63
P/B (x) (mrq)	0.36
P/B* (x) (mrq)	0.90
EV/EBITDA (x) (ttm)	2.79
D/E (%) (mrq)	16.33

Note: ttm = trailing twelve months (2019); mrq = most recent quarter (4Q19); *Excluding equity of Class C (non-voting) shares.

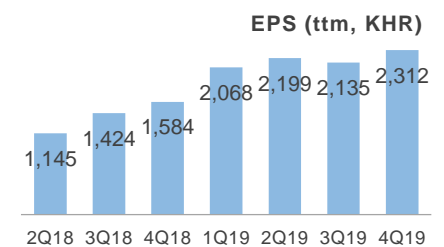
Stock performance



Trading volume & value in last 12 months

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Apr-19	56,386	521	2,968	27.41
May-19	21,371	195	1,257	11.45
Jun-19	51,680	476	2,720	25.05
Jul-19	13,196	121	574	5.28
Aug-19	43,514	408	1,978	18.55
Sep-19	45,415	518	2,523	28.80
Oct-19	31,860	398	1,593	19.90
Nov-19	10,710	133	595	7.38
Dec-19	22,553	278	1,074	13.25
Jan-20	19,357	234	922	11.15
Feb-20	33,693	390	1,685	19.48
Mar-20	20,998	221	1,000	10.51

Earning strength



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Container throughputs

Container throughputs	4Q19	% QoQ	% YoY	2019	% YoY
TEUs	68,461	-26.0%	25.0%	281,045	31.6%
Tonnage					
Import (tons)	312,499	-26.2%	1.6%	1,360,462	28.2%
Export (tons)	169,023	-20.2%	6.3%	696,622	21.7%
Total (tons)	481,522	-24.2%	3.2%	2,057,084	25.9%

Source: The Company

Container, general, and oil cargoes

Ton	4Q19	% QoQ	% YoY	2019	% YoY
Container	481,522	-24.2%	3.2%	2,057,084	25.9%
General	224,219	44.3%	28.3%	775,810	6.2%
Oil & gas	227,136	13.6%	15.6%	956,570	24.1%
Total	932,877	-5.8%	11.3%	3,789,464	20.9%

Source: The Company

Breakdown of revenue

Source of revenue	4Q19	% QoQ	% YoY	2019	% YoY
Stevedoring	11,438	81.5%	25.5%	45,877	29.7%
LOLO	9,558	80.5%	20.7%	37,751	27.0%
Port services	5,028	114.8%	28.0%	16,790	21.6%
Storage	1,501	86.2%	252.0%	4,684	213.0%
Others	2,323	198.9%	182.8%	5,074	48.9%

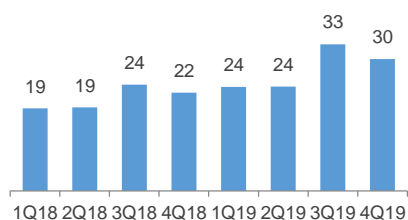
Source: The Company

Financial Ratios

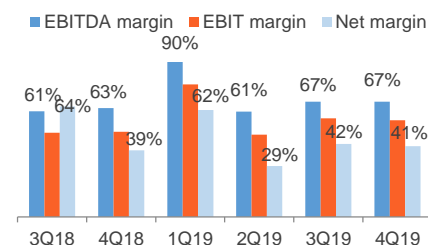
FY end to Dec	2016	2017	2018	2019U
Per share ratios				
EPS (KHR)	810	1,043	1,591	2,312
BPS (KHR)	25,195	26,121	27,382	29,975
BPS* (KHR, excluding Class C)	7,062	7,988	9,249	11,842
EBITDA/Shr (KHR)	1,647	2,021	2,311	3,756
SPS (KHR)	3,194	3,688	4,053	5,326
DPS (KHR, of Class A)	256	307	333	
Share Price	5,300	5,140	7,680	12,500
Valuation ratios				
P/E (x)	6.54	4.93	4.83	5.41
P/B (x)	0.21	0.20	0.28	0.42
P/B*(x, excluding Class C)	0.75	0.64	0.83	1.06
EV/EBITDA (x)	5.85	4.21	3.57	3.27
P/S (x)	1.66	1.39	1.90	2.35
Dividend yield on end-period close (% of Class A)	4.83	5.97	4.33	-
Dividend yield on IPO price (% of Class A)	5.00	6.00	6.50	-
Dividend payout (% of Class A)**	31.60	29.43	20.91	-
Dividend payout (%)	20.16	16.20	11.83	-
Profitability ratios				
EBITDA margin (%)	51.6	54.8	57.0	70.5
EBIT (%)	37.0	39.4	42.7	59.0
Net margin (%)	25.4	28.3	39.3	43.4
ROE (%)	3.2	4.1	5.9	7.8
ROE* (% of Class C)	11.8	13.9	18.5	19.7
ROA (%)	2.6	3.2	4.6	5.9
Efficiency ratios				
Asset turnover (x)	0.10	0.11	0.12	0.14
Receivables turnover (x)	8.3	8.2	8.6	23.63
Financial strength				
Total Debt/ Total Equity (%)	22.4	21.7	19.1	16.3
Net debt/equity (%)	17.2	12.9	2.1	-0.8
Interest coverage (x)	4.7	5.9	7.6	11.4
Inter & ST debt cover (x)	4.7	2.2	2.7	11.4
Current ratio (x)	3.5	2.9	4.8	4.1
Quick ratio (x)	3.5	2.9	4.8	4.1
Net debt/EBITDA (x)	2.6	1.7	0.2	-0.1

EPS = Earnings Per Share; BPS = Book value Per Share; SPS = Sales Per Share; DPS = Dividend Per Share
 *Excluding capital of Class C shares that are wholly held by the government; **DPS to Class A shares divided by EPS;

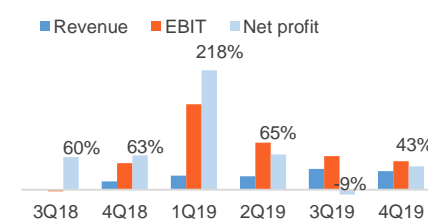
Quarterly revenue (KHR'bn)



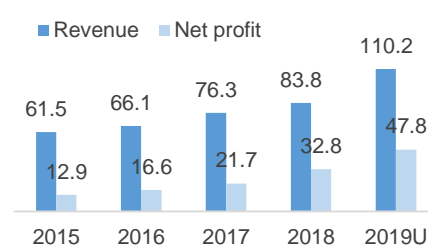
Quarterly profit margin



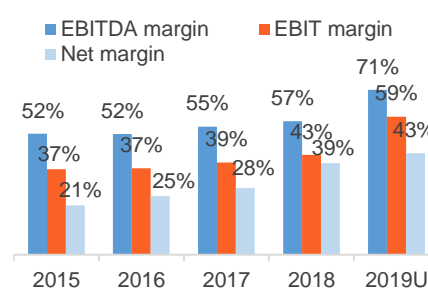
Quarterly revenue & profit growth (YoY)



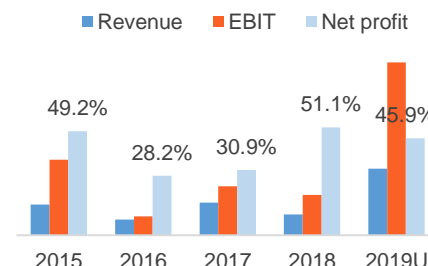
Annual revenue & net profit (KHR'bn)



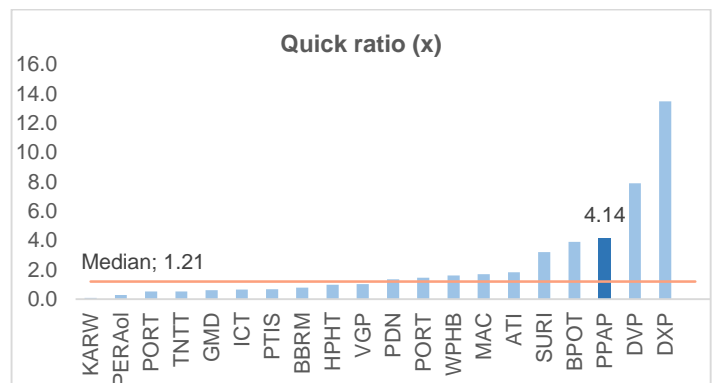
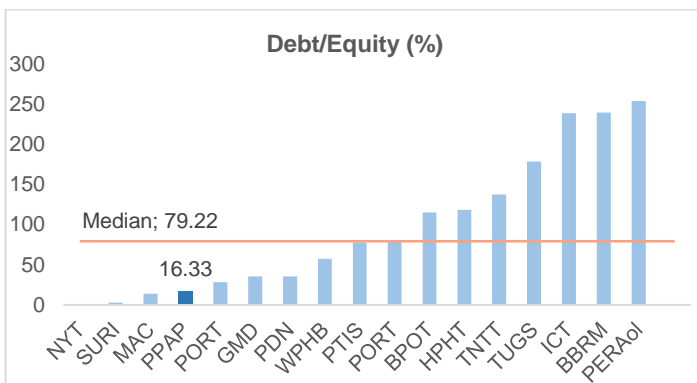
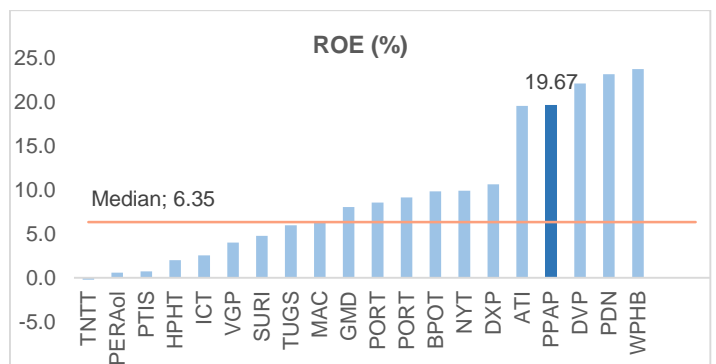
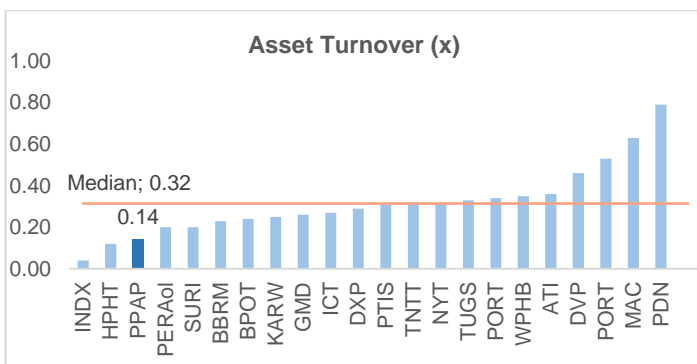
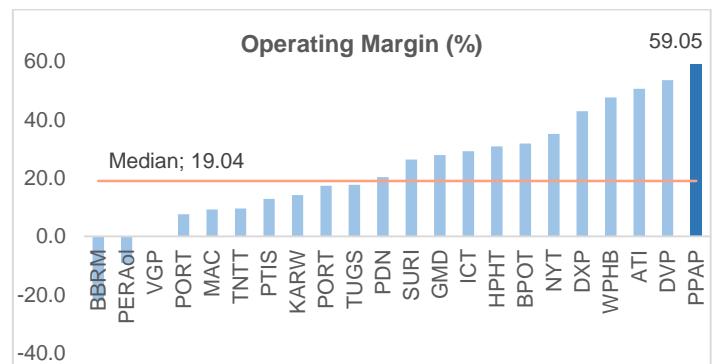
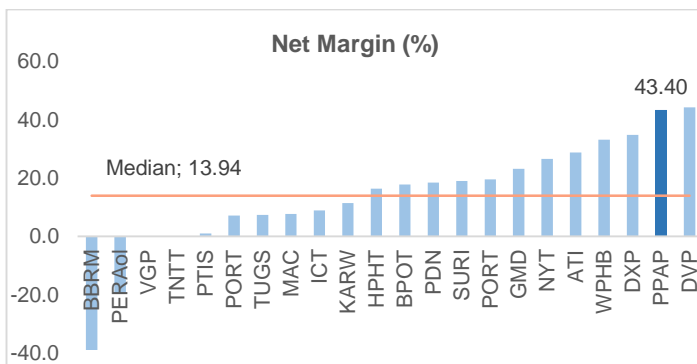
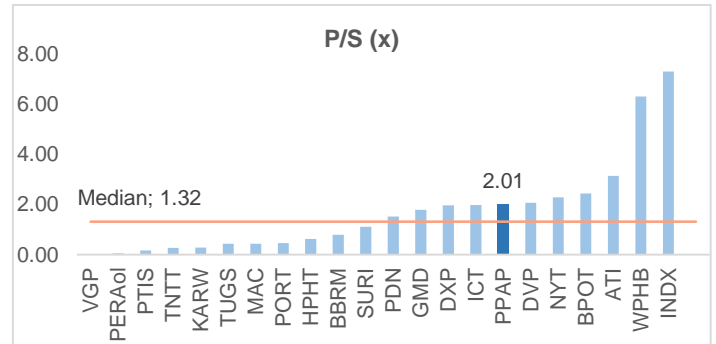
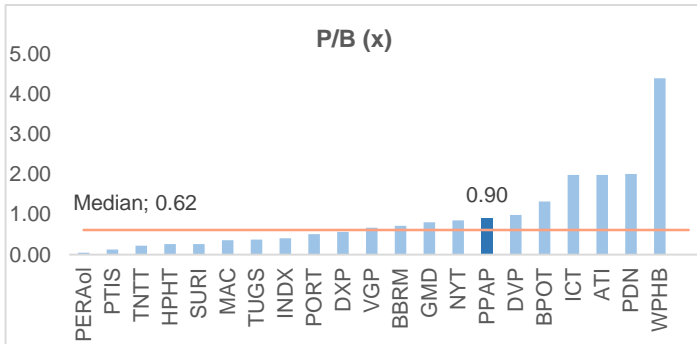
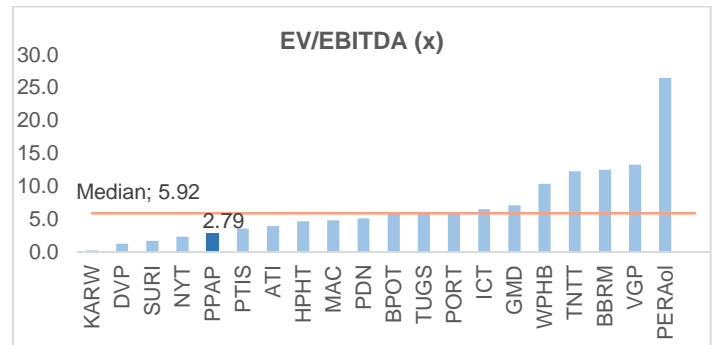
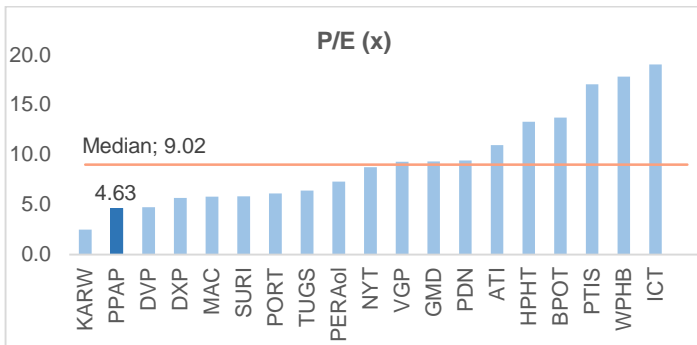
Annual profit margin



Annual profit growth (YoY)



ASEAN Peers Comparison



Source: Thomson Reuters (As of March 31, 2020), YSC Research

Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2015	2016	2017	2018	2019U
Revenues	61.5	66.1	76.3	83.8	110.2
Operating costs	-31.1	-35.9	-36.9	-41.9	-49.2
Other income	1.5	3.9	2.4	5.9	16.7
EBITDA	31.8	34.1	41.8	47.8	77.7
Depreciation & Amortization	-9.4	-9.6	-11.7	-12.0	-12.6
EBIT	22.4	24.4	30.1	35.8	65.1
Finance costs	-4.7	-5.2	-5.1	-4.7	-5.7
PBT	17.7	19.3	25.0	31.1	59.4
Income tax expense	-4.8	-2.7	-3.3	1.7	-11.5
Net profit of period	12.9	16.6	21.7	32.8	47.8
Re-measurements of defined benefit liability	0.0	0.2	-0.1	0.1	0.4
Comprehensive income	12.9	16.8	21.6	32.9	48.2

Statement of cash flow					
FY to Dec (KHR'bn)	2015	2016	2017	2018	2019U
Operating cash flow	19.4	27.2	40.4	98.6	52.8
Net profit	12.9	16.6	21.7	32.8	47.8
Depreciation & amortization	9.4	9.6	11.7	12.0	12.6
Change in working capital	-5.1	0.4	0.4	-0.9	-9.4
Others	2.2	0.6	6.6	54.8	1.7
Investing cash flow	-6.7	-33.1	-12.9	-80.1	-32.0
Net CAPEX	-6.7	-33.1	-12.3	-32.5	-28.2
Others	0.0	0.0	-0.6	-47.6	-3.8
Financing cash flow	15.4	-2.2	-8.0	-16.5	-17.6
Net change in share capital	17.4	0.0	0.0	0.0	0.0
Net change in debt	0.0	0.0	0.0	-8.4	-8.4
Cash dividend	-2.0	-2.2	-3.3	-3.5	-3.9
Net change in cash & equivalent	28.1	-8.1	19.5	2.1	3.2
Beginning cash & equivalent	7.4	35.4	15.1	34.5	36.1
Ending cash & equivalent	35.5	27.3	34.5	36.1	39.9

Source: The Company, YSC Research

Statement of financial position (end of period)					
FY to Dec (KHR'bn)	2015	2016	2017	2018	2019U
Non-current assets	600.6	620.5	621.0	642.7	683.7
Properties, plants & equipment	568.5	586.0	586.8	296.6	316.4
Investment properties	32.1	34.5	34.2	341.6	346.5
Other non-current assets	0.0	0.0	0.0	4.5	20.8
Current assets	47.3	39.1	59.5	109.2	134.9
Trade receivables	11.8	11.8	12.1	12.7	28.3
Cash & cash equivalent	35.5	27.3	47.3	96.4	105.9
Total assets	647.9	659.6	680.5	751.9	818.5
Non-current liabilities	124.2	127.1	119.4	162.9	165.9
Long-term debts	117.7	117.0	108.6	99.8	92.8
Other non-current liabilities	6.5	10.1	10.8	63.1	73.2
Current liabilities	10.3	11.3	20.8	22.6	32.6
Trade & other payables	7.7	9.3	10.1	10.8	13.6
Other current liabilities	2.6	2.0	10.6	11.7	19.0
Total liabilities	134.5	138.4	140.2	185.5	198.5
Shareholders' equity	513.4	521.1	540.3	566.4	620.0
Share capital	447.9	457.8	457.8	457.8	457.8
Reserves	3.5	4.8	6.4	75.0	104.5
Development fund	31.8	40.9	49.9	0.0	0.0
Retained earnings	12.8	12.8	21.3	31.1	48.2
Other capital	17.4	4.9	4.9	2.5	9.5
Total liabilities & equity	647.9	659.6	680.5	751.9	818.5

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