

PPAP (KH100040001CSX)

December 12, 2017

Performance Highlights

FY ends Dec (KHR'bn)	3Q17	% QoQ	% YoY	1-3Q17	% YoY
Revenue	23.74	41.4%	21.6%	57.07	14.5%
EBITDA	15.01	83.4%	32.2%	31.47	19.0%
EBIT	12.04	127.6%	35.0%	22.71	18.0%
Finance cost	-1.20	-5.5%	-9.4%	-3.73	-1.3%
PBT	10.84	169.6%	42.7%	18.98	22.8%
Net profit	9.63	178.7%	44.6%	16.43	23.6%
EBITDA margin	63.2%	14.5%pt	5.1%pt	55.1%	2.1%pt
EBIT margin	50.7%	19.2%pt	5.0%pt	39.8%	1.2%pt
Net margin	40.6%	20.0%pt	6.5%pt	28.8%	2.1%pt

Source: The Company, YSC Research

3Q17 review: earnings jump 44.6% YoY

Container throughputs surge 21.9% YoY

- In 3Q17, container throughputs handled by PPAP surged 21.9% YoY, reaching a record high of 59,425 TEUs. As a result, container cargo volume soared 42.0% YoY to 477,901 tonnes during the three-month period. This remarkable increase was particularly driven by 63% YoY jump in imports of construction materials and 22% YoY rise in exports of garment and footwear products through PPAP terminals. This is not surprising given strong economic activities in the rapidly growing Cambodia.
- In the first nine months of the year, container throughputs reached 139,312 TEUs, up 21.2% compared to the same period last year. As the result, the port operator achieved 24.6% and 14.3% YoY growth in container cargo volume and total cargo volume, respectively.

Top-line posts highest YoY growth in three years

- Quarterly revenue rose 21.6% YoY to its peak of KHR23.74bn, posting the highest YoY growth in at least three years. Thanks to increasing cargo traffic, main sources of revenue including income from stevedoring, lift-on lift-off (LOLO), and port services saw robust growth in the third quarter of 2017, increasing 17.7%, 30.9%, and 9.4% YoY, respectively. While incomes from storage and sand-dredging services continued to decline due to fiercer competition from private firms offering similar services, these sources of income contributed no more than 3% of total revenue.
- Thanks to this strong performance in 3Q17, total revenue between January and September posted a solid 14.5% YoY growth, reaching KHR57.07bn.

Operating profit sees more than 30% YoY growth

- EBITDA amounted to KHR15.01bn in 3Q17, nearly equivalent to KHR16.45bn in 1H17. This represents a 32.2% increase compared to 3Q16. While the port operator achieved more than 20% revenue growth, it was able to maintain a modest increase of just 5.1% YoY for operating expense. Meanwhile, EBIT reached KHR12.04bn in the third quarter alone, higher than KHR10.67bn in the first six months of the year. Although depreciation expense increased 21.8% YoY as a consequence of the company's post-IPO expansion, this was slower than EBITDA's 32.2% YoY, and so EBIT rose as much as 35.0% YoY.
- EBITDA and EBIT in the first nine month totaled to KHR31.47bn (+19.0 YoY) and KHR22.71bn (+18.0 YoY), respectively. These represent about 92% of those in 2016.

Net profit jumps 44.6% YoY

- With finance cost decreasing 9.4% YoY, pre-tax profit surged 42.6% YoY to KHR10.84bn, while net profit jumped 44.6% YoY to KHR9.63bn in 3Q17.
- The first nine months of 2017 was marked by the remarkable performance in the third quarter. As the result, net profit during the period came to KHR16.43bn, which is almost equivalent to that achieved in the whole year of 2016.

Container throughputs

Container throughputs (TEU)	3Q17	% QoQ	% YoY	1-3Q17	% YoY
Total	59,525	47.8%	21.9%	139,312	21.2%

Source: The Company

Current mkt. price	KHR 5,000
IPO price	KHR 5,120

Source: CSX, YSC Research

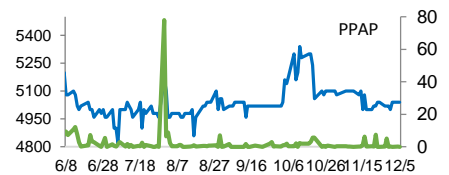
Stock info

Industry	Transport Support Services
Market cap (KHRbn)	103.8
Outstanding shares (mn)	21
Majority shareholder	Ministry of Economy & Fin (%)
	80
Avg daily vol. (last 6 months, shr)	2,202
Free floating shares (last 6 months, %)	6.33
Price low/high (last 6 months, KHR)	4,820-5,340

EPS (KHR) (ttm)	964
P/E (x) (ttm)	5.19
P/B (x) (mrq)	0.19
P/B* (x) (mrq)	0.64
EV/EBITDA (x) (ttm)	4.70
D/E (%) (mrq)	25.5

Note: ttm = trailing twelve months (4Q16-3Q17); mrq = most recent quarter (3Q17); *Excluding equity of Class C (non-voting) shares.

Stock performance

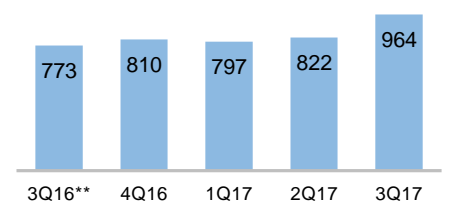


Trading volume and value in 2017

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Jan	83,806	429	3,991	20.4
Feb	470	2	24	0.1
Mar	59,466	308	2,832	14.7
Apr	91,002	455	5,056	25.3
May	132,623	661	6,980	34.8
Jun	106,735	531	5,337	26.6
Jul	93,757	472	4,465	22.5
Aug	33,167	164	1,508	7.4
Sep	10,009	49	589	2.9
Oct	29,541	150	1,555	7.9
Nov	21,911	109	1,153	5.7
Dec	-	-	-	-

Earning strength

EPS (ttm, KHR)



Note: **Based on weighted average outstanding shares;

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Quarterly container, general, and oil cargoes

Cargoes (Ton)	3Q17	% QoQ	% YoY	1~3Q17	% YoY
Container	477,901	33.6%	42.0%	1,143,662	24.6%
General	107,731	-31.7%	-33.8%	396,914	8.4%
Oil & gas	166,721	-6.7%	22.7%	531,899	0.7%
Total	752,353	8.4%	18.5%	2,072,475	14.3%

Source: The Company

Breakdown of quarterly revenue

Source of revenue	3Q17	% QoQ	% YoY	1~3Q17	% YoY
Stevedoring	9,660	38.2%	17.7%	23,561	14.5%
LOLO	8,672	40.9%	30.9%	20,042	24.2%
Port services	3,350	28.5%	9.4%	9,238	9.0%
Storage	620	70.7%	-7.9%	1,278	-26.4%
Sand dredging	44	-15.8%	-79.6%	156	-87.0%
Others	1,395	122.4%	86.4%	2,792	62.2%
Revenue	23,741	41.4%	21.6%	57,067	14.5%

Source: The Company

Financial Ratios

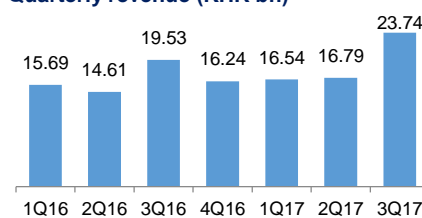
Financial Ratios					
FY end to Dec	2013	2014	2015	2016	3Q17 (ttm)
Valuation ratios, on December 12, 2017					
P/E (x)	35.20	12.22	7.99	6.17	5.19
P/B (x)	0.22	0.21	0.20	0.20	0.19
P/B (x, excluding Class C)	1.08	0.96	0.75	0.71	0.64
EV/EBITDA (x)	9.62	7.14	5.78	5.39	4.70
P/S (x)	2.25	1.93	1.68	1.57	1.41
Dividend yields* (%)	-	-	0.51	4.92	-
Dividend payout (%)	64.49	23.08	17.43	6.92	-
Profitability ratios					
EBITDA margin (%)	41.6	48.0	51.7	51.6	53.3
EBIT (%)	25.1	30.8	36.5	37.0	38.1
Net margin (%)	6.4	15.8	21.1	25.4	26.9
ROE (%)	0.6	1.8	2.6	3.2	3.7
ROE** (% , ex. Class C)	n/a	n/a	10.5	11.8	12.3
ROA (%)	0.5	1.4	2.1	2.6	3.0
Efficiency ratios					
Asset turnover (x)	0.07	0.09	0.09	0.10	0.11
Receivables turnover (x)	6.3	8.1	10.1	8.3	6.87
Payable turnover (x)	-	-	-	NA	NA
Financial strength					
Debt/equity (%)	30.3	27.1	26.2	26.6	25.5
Net debt/equity (%)	27.4	22.7	16.0	17.2	14.9
Interest coverage (x)	2.1	3.2	4.8	4.7	5.5
Inter & ST debt cover (x)	0.6	3.2	4.8	4.7	5.5
Current ratio (x)	0.4	1.6	4.6	3.5	5.5
Quick ratio (x)	0.4	1.6	4.6	3.5	5.5
Net debt/EBITDA (x)	6.8	4.3	2.6	2.6	2.1

Note: ROE= return on average equity; ROA = return on average assets;

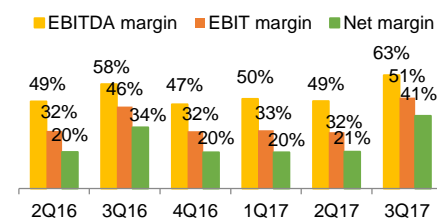
* Dividend yield for holders of Class A (voting) shares; ** Excluding equity of Class C (non-voting) shares;

Source: The Company, YSC Research

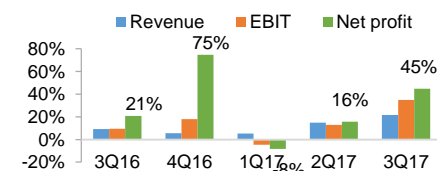
Quarterly revenue (KHR'bn)



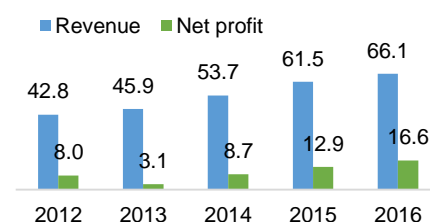
Quarterly profit margin



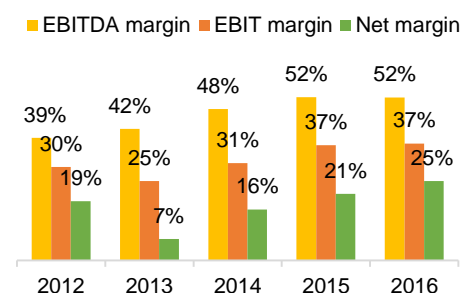
Quarterly revenue and profit growth (YoY)



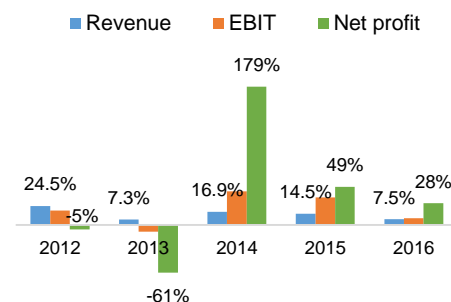
Annual revenue and net profit (KHR'bn)



Annual profit margin



Annual profit growth (YoY)



Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1~3Q17
Revenues	45.9	53.7	61.5	66.1	57.1
Operating costs	-28.2	-29.2	-31.1	-35.9	-27.4
Other income	1.4	1.2	1.5	3.9	1.8
EBITDA	19.1	25.7	31.8	34.1	31.5
Depreciation & Amortization	-7.6	-9.2	-9.4	-9.6	-8.8
EBIT	11.5	16.5	22.4	24.4	22.7
Finance costs	-5.4	-5.2	-4.7	-5.2	-3.7
PBT	6.1	11.3	17.7	19.3	19.0
Income tax expense	-3.0	-2.7	-4.8	-2.7	-2.6
Net profit of period	3.1	8.7	12.9	16.6	16.4
Re-measurements of defined benefit liability	-0.2	-0.2	0.0	0.2	0.0
Comprehensive income	2.9	8.5	12.9	16.8	16.4

Statement of cash flow					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1~3Q17
Operating cash flow	11.6	21.7	19.4	27.2	22.6
Net profit	3.1	8.7	12.9	16.6	16.4
Depreciation & amortization	7.6	9.2	9.4	9.6	8.8
Change in working capital	-0.3	2.2	-5.1	0.4	-2.3
Others	1.2	1.6	2.2	0.6	-0.3
Investing cash flow	-27.1	-3.6	-6.7	-33.1	-9.5
Net CAPEX	-27.1	-3.6	-6.7	-33.1	-9.5
Others	0.0	0.0	0.0	0.0	0.0
Financing cash flow	8.6	1.6	15.4	-2.2	-3.3
Net change in share capital	3.7	3.6	17.4	0.0	0.0
Net change in debt	5.8	0.0	0.0	0.0	0.0
Cash dividend	-1.0	-2.0	-2.0	-2.2	-3.3
Net change in cash & equivalent	-7.0	19.7	28.1	-8.1	9.8
Beginning cash & equivalent	-5.3	-12.3	7.4	35.5	27.4
Ending cash & equivalent	-12.3	7.4	35.5	27.4	37.1

Source: The Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2013	2014	2015	2016	3Q17
Non-current assets	604.2	600.1	600.6	620.5	623.6
Properties, plants & equipment	572.5	568.4	568.5	586.0	589.2
Investment properties	31.6	31.7	32.1	34.5	34.4
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Current assets	9.6	12.9	47.3	39.1	50.9
Trade receivables	9.1	5.6	11.8	11.8	13.8
Cash & cash equivalent	0.5	7.4	35.5	27.3	37.1
Total assets	613.8	613.0	647.9	659.6	674.6
Non-current liabilities	121.1	122.7	124.2	127.1	127.8
Long-term debts	116.7	117.0	117.7	117.0	117.5
Other non-current liabilities	4.4	5.7	6.5	10.1	10.4
Current liabilities	21.6	7.9	10.3	11.3	9.3
Trade & other payables	7.9	6.6	7.7	9.3	7.5
Other current liabilities	13.7	1.3	2.6	2.0	1.8
Total liabilities	142.7	130.6	134.5	138.4	137.1
Shareholders' equity	471.1	482.4	513.4	521.1	537.5
Share capital	104.2	108.1	447.9	457.8	457.8
Reserves	2.7	2.8	3.5	4.8	6.4
Development fund	24.5	25.6	31.8	40.9	50.1
Retained earnings	339.6	345.9	12.8	12.8	16.5
Other capital	0.0	0.0	17.4	4.9	6.7
Total liabilities & equity	613.8	613.0	647.9	659.6	674.6

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