

**PPAP (KH100040001CSX)**

**Performance Highlights**

FY ends Dec (KHR'bn)	1Q23	4Q22	1Q22	% QoQ	% YoY
Revenue	30.76	32.88	36.30	-6.4%	-15.2%
EBITDA	14.23	20.44	22.76	-30.4%	-37.5%
EBIT	9.73	16.39	18.90	-40.6%	-48.5%
Net finance income (expense)	0.08	0.41	-0.03	-79.7%	n/a
PBT	9.81	16.80	18.87	-41.6%	-48.0%
Net profit	7.96	12.52	14.39	-36.5%	-44.7%
EBITDA margin	46.3%	62.2%	62.7%	-15.9%pt	-16.4%pt
EBIT margin	31.6%	49.8%	52.1%	-18.2%pt	-20.4%pt
Net margin	25.9%	38.1%	39.6%	-12.2%pt	-13.8%pt

Source: The Company, YSC Research

**1Q23 review: Revenue and profit plunge on trade decline**

**Container throughputs down 24.7% YoY in 1Q23**

- In 1Q23, the port operator faced significant challenges as total container throughputs dropped by 24.7% YoY to 77,341 TEUs. Container shipments (in tons) decreased by 15% compared to the previous quarter and 6% compared to the same period last year. Container shipments for imports and exports decreased by 4% YoY and 7% YoY, respectively, as global economic slowdown has affected demand for Cambodia's export products, which in turn decreased demand for imports of raw materials. In the first quarter of 2023, Cambodia's total exports and imports declined 8.1% YoY and 27.0% YoY, respectively.
- While container cargo shipments declined 5.9% YoY to 507,019 tons in 1Q23, general cargo shipments increased 9.5% YoY to 229,285 tons, likely due to rising exports of milled rice (Cambodia Rice Federation reported an increase of milled rice export volume by 3.5% YoY in 1Q23). Meanwhile, oil & gas imports handled by PPAP declined 16.0% YoY to 219,325 tons, with the number oil vessels falling by 17.5% YoY from 160 vessels in 1Q22 to 132 vessels in 1Q23. The oil & gas imports handled by PPAP dropped despite the increase in overall Cambodia's imports as more oil & gas were imported through Sihanoukville Autonomous Port, which saw an increase of 10.3% YoY during the same period.

**Top line falls 15.2% YoY on declining cargo traffic**

- In Q1 2023, PPAP experienced a challenging period with a decrease in total revenue to KHR30.8bn from KHR36.3bn YoY. The largest contributor to the revenue was stevedoring, generating KHR12.3bn, followed closely by LOLO services at KHR10bn. These main revenue streams saw a decline of over 20% YoY in 1Q23 as the result of the decline in cargo traffic. Meanwhile, port services, the third largest source of revenue, increased over 15.3% YoY to KHR4.7bn, due likely to the jump in the number of passenger boats thanks to the gradual reopening after COVID-19 and increasing tourist arrivals. Other sources of revenue including storage services, trucking and survey revenue all saw a drastic decline by more than 50% YoY. However, the company witnessed growth in the "Others" category, led by logistic services, which generated KHR3.2bn in income in 1Q23.

**Operating profit suffers a big hit as depreciation and personnel expenses continue to rise**

- EBITDA fell sharply by 37.5% YoY to KHR14.2bn compared to KHR22.8bn in 1Q22. Operating cost (excluding depreciation) rose 7.9% YoY to KHR17.9bn, driven mainly by 18.2% YoY increase in personnel expenses, 31.7% YoY increase in fuel and gasoline expenses, 35.2% YoY increase in repair and maintenance expenses, and 174% YoY jump in donation expenses. In addition, with depreciation expense rising 16.7% YoY to KHR4.5bn, EBIT plummeted 48.5% YoY to KHR9.7bn in 1Q23. The EBIT margin contracted 20.4%pt to 31.6% in 1Q23 from more than 50% during the same period last year.

**Quarterly net profit drops to lowest since 2Q19**

- PPAP earned KHR7.97bn in net profit in 1Q23, recording the lowest quarterly earnings since 2Q19. The last trailing twelve months (ttm, up to 1Q23) earning per shares (EPS) decreased to KHR2,026 from KHR2,706 in the full year 2022. With the closing share price of KHR 14,800 (on closing price on April 28, 2023), the P/E ratio increased to 7.3x, up from 5.3x based on 2022 EPS. As of the closing price on August 8, 2023, the stock is trading at a P/E ratio of 6.96x, much lower than its ASEAN peer median.

Closing price	<b>KHR 14,040</b>
IPO price	<b>KHR 5,120</b>

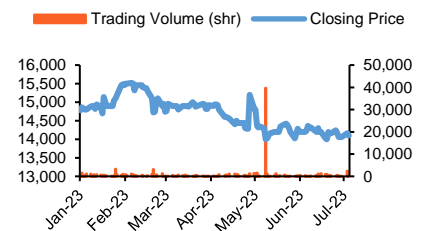
Source: CSX, YSC Research

**Stock info**

Industry	Transport Support Services
Market cap (KHRbn)	296.2
Outstanding shares (mn)	20.7
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	798
Free floating shares (last 6 months, %)	6.28
Price low/high (last 6 months, KHR)	14,000 ~ 15,520
EPS (KHR) (ttm)	2,026
P/E (x) (ttm)	6.96
P/B (x) (mrq)	0.38
P/B* (x) (mrq)	0.75
EV/EBITDA (x) (ttm)	4.56
D/E (%) (mrq)	12.65

Note: ttm = trailing twelve months (Apr-2022 to Mar-2023); mrq = most recent quarter (1Q23); \*Excluding equity of Class C (non-voting) shares.

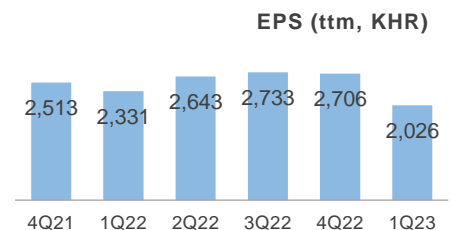
**Stock performance**



**Trading volume & value in last 12 months**

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Aug-22	4,763	513	217	23
Sep-22	264,536	3,834	12,597	183
Oct-22	10,409	147	496	7
Nov-22	4,036	56	212	3
Dec-22	4,765	67	217	3
Jan-23	26,592	380	1,209	17
Feb-23	13,058	199	653	10
Mar-23	10,727	161	488	7
Apr-23	4,706	70	248	4
May-23	52,834	709	2,642	35
Jun-23	5,374	77	244	4
Jul-23	9,871	139	494	7

**Earning strength**



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**Container throughputs**

Container throughputs	1Q23	% QoQ	% YoY	2022	% YoY
<b>TEUs</b>					
<b>Total</b>	<b>77,341</b>	<b>-12.8%</b>	<b>-24.7%</b>	<b>417,412</b>	<b>19.6%</b>
<b>Tonnage</b>					
Import	235,666	-28%	-4%	1,255,987	3%
Export	271,353	0%	-7%	1,181,149	32%
<b>Total</b>	<b>507,019</b>	<b>-15%</b>	<b>-6%</b>	<b>2,437,136</b>	<b>15%</b>

Source: The Company

**Container, general, and oil cargoes**

Ton	1Q23	% QoQ	% YoY	2022	% YoY
Container	507,019	-15.4%	-5.9%	2,437,136	15.2%
General	229,284	20.4%	9.5%	771,596	-7.7%
Oil & gas	219,325	17.8%	-16.0%	817,233	-9.2%
<b>Total</b>	<b>955,628</b>	<b>-2.1%</b>	<b>-5.3%</b>	<b>4,025,965</b>	<b>4.5%</b>

Source: The Company

**Breakdown of revenue**

Source of revenue	1Q23	% QoQ	% YoY	2022	% YoY
Stevedoring	12,279	-14.0%	-22.2%	65,528	18.2%
LOLO	10,003	-11.1%	-20.5%	51,901	14.9%
Port services	4,697	0.3%	15.3%	17,696	22.2%
Storage	529	-10.3%	-62.8%	4,077	21.5%
Others	3,252	56.6%	33.7%	9,614	41.6%
<b>Total</b>	<b>30,761</b>	<b>-6.4%</b>	<b>-15.2%</b>	<b>148,816</b>	<b>18.8%</b>

Source: The Company

**Financial Ratios**

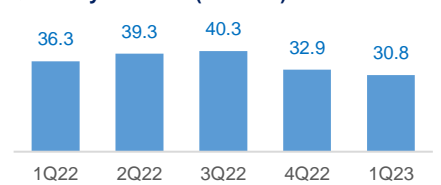
FY end to Dec	2020	2021	2022	1Q23
<b>Per share ratios</b>				
EPS (KHR)	1,944	2,499	2,828	2,026
BPS (KHR)	31,529	32,187	37,265	36,853
BPS* (KHR, excluding Class C)	13,396	14,053	19,131	18,719
EBITDA/Shr (KHR)	3,245	3,974	4,628	3,768
SPS (KHR)	5,333	6,054	7,195	6,927
DPS (KHR, of Class A)	333	334	334	-
Share Price	11,700	14,700	14,900	14,800
<b>Valuation ratios</b>				
P/E (x)	6.02	5.88	5.27	7.31
P/B (x)	0.37	0.46	0.4	0.40
P/B*(x, excluding Class C)	0.87	1.05	0.78	0.79
EV/EBITDA (x)	3.91	4.31	3.68	4.75
P/S (x)	2.19	2.43	2.07	2.14
Dividend yield on end-period close (% of Class A)	2.84	2.27	2.24	-
Dividend yield on current price (% of Class A)	2.38	2.38	2.38	-
Dividend yield on IPO price (% of Class A)	6.5	6.52	6.52	-
Dividend payout (% of Class A)**	17.12	13.36	11.8	-
Dividend payout (%)	10.26	7.98	7.06	-
<b>Profitability ratios</b>				
EBITDA margin (%)	60.9	65.6	64.3	63.0
EBIT (%)	50.7	54.8	53.7	54.4
Net margin (%)	37.3	41.2	40	42.9
ROE (%)	6.5	7.6	8.1	29.2
ROE* (% of Class C)	15.8	17	16.4	5.6
ROA (%)	5	6.1	6.4	11.1
<b>Efficiency ratios</b>				
Asset turnover (x)	0.1	0.1	0.2	4.3
Receivables turnover (x)	7.3	9	9.4	0.15
<b>Financial strength</b>				
Total Debt/Total Equity (%)	14.1	12.9	10.1	
Net debt/equity (%)	3.2	7.1	6.2	9.4
Interest coverage (x)	12.6	14.7	18	8.4
Inter & ST debt cover (x)	4.4	4.8	5.7	12.6
Current ratio (x)	3.9	1.9	1.7	12.6
Quick ratio (x)	3.9	1.8	1.6	1.2
Net debt/EBITDA (x)	0.3	0.6	0.5	1.0

EPS = Earnings Per Share; BPS = Book value Per Share; SPS = Sales Per Share; DPS = Dividend Per Share;

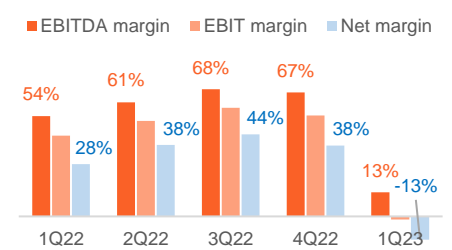
Current price is closing price on the day of the report;

\*Excluding capital of Class C shares that are wholly held by the government; \*\*DPS to Class A shares divided by EPS;

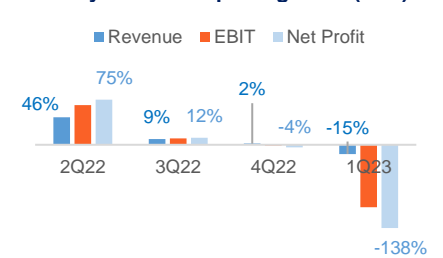
**Quarterly revenue (KHR'bn)**



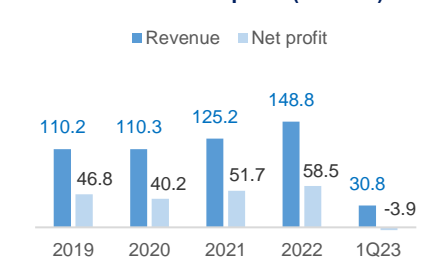
**Quarterly profit margin**



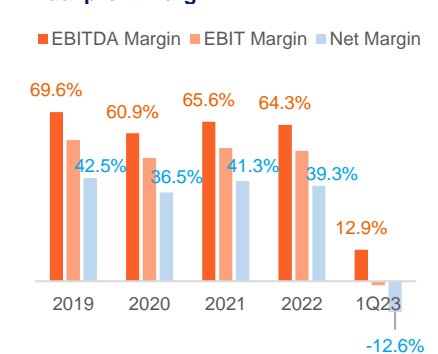
**Quarterly revenue & profit growth (YoY)**



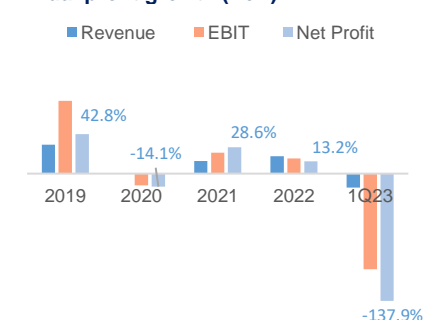
**Annual revenue & net profit (KHR'bn)**



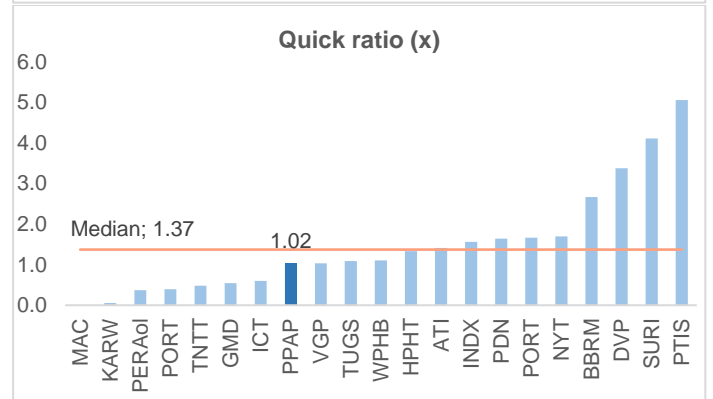
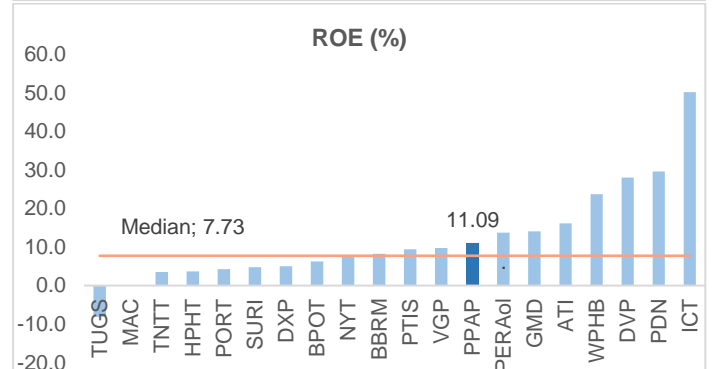
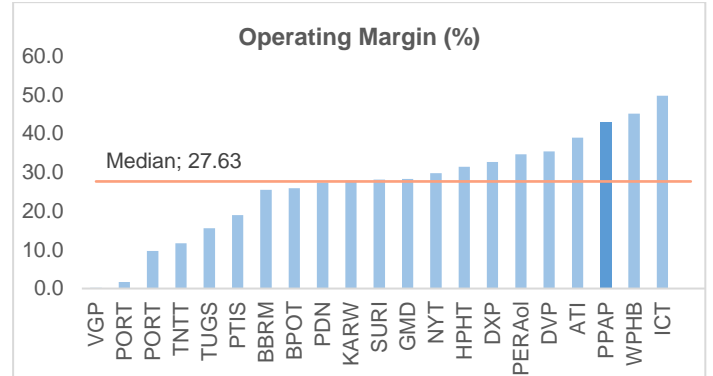
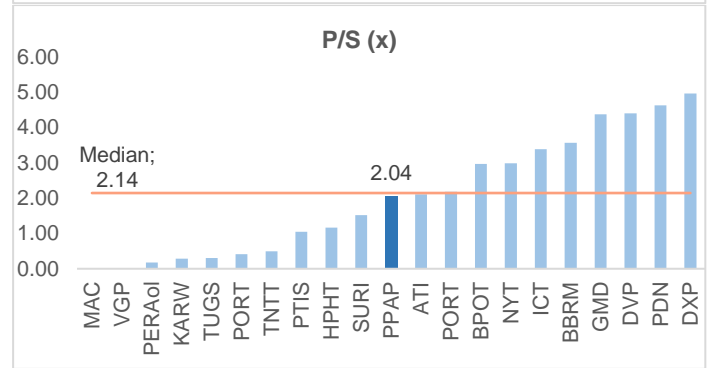
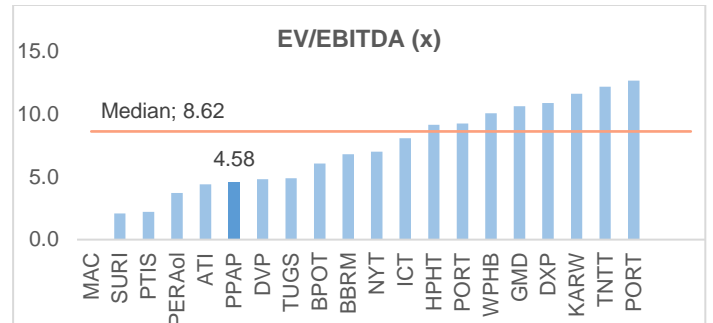
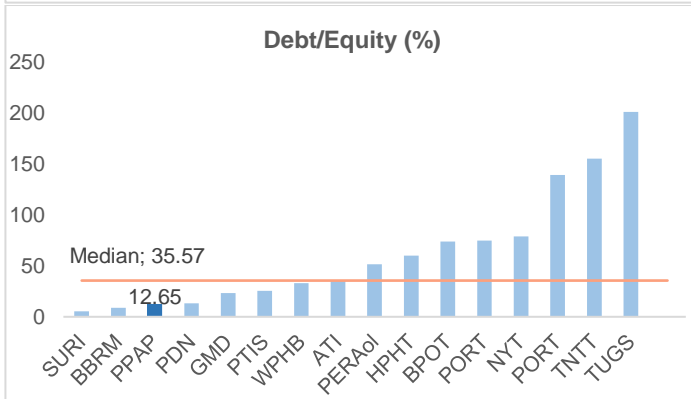
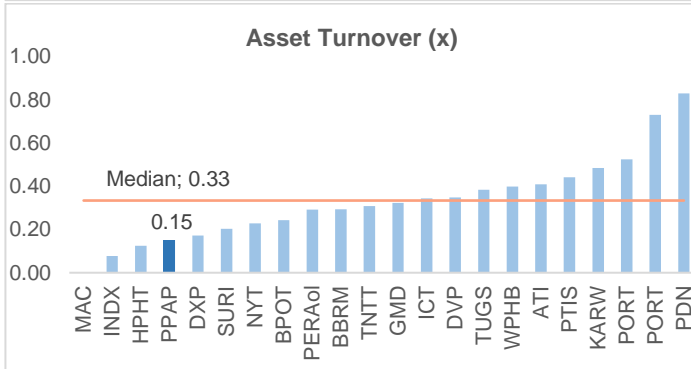
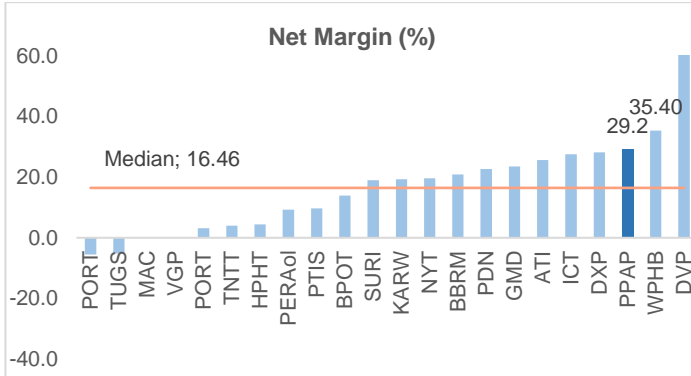
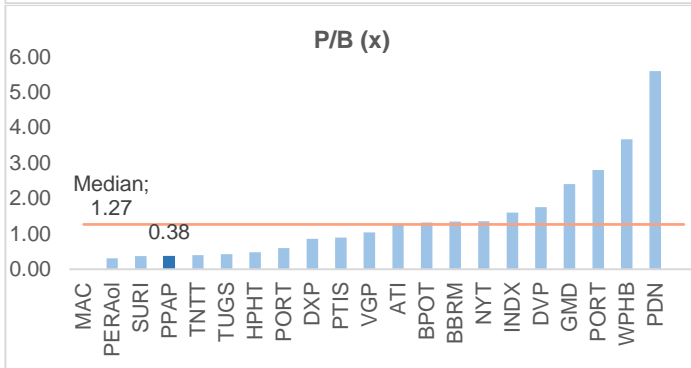
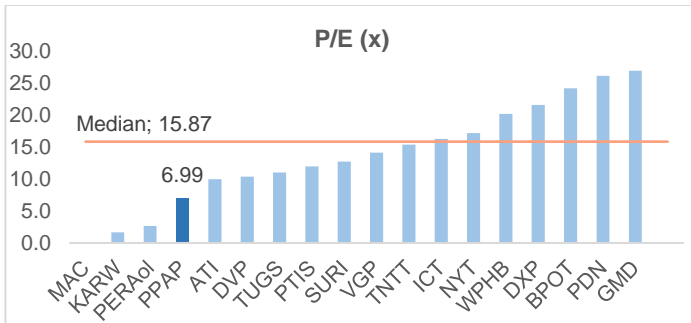
**Annual profit margin**



**Annual profit growth (YoY)**



**ASEAN Peers Comparison**



Source: Reuters (As of July 26, 2023), YSC Research

**Peer Companies Information**

No	Stock Symbol	Company Name	Stock Exchange	Country
1	ATI.PS	Asian Terminals, Inc.	PSE	Philippines
2	BPOT.KL	Bintulu Port Holdings Berhad	KLSE	Malaysia
3	DVP.HM	Dinhvu Port Investment & Development Joint Stock Company	HOSE	Vietnam
4	DXP.HN	Doan Xa Port Joint Stock Company	HNX	Vietnam
5	PDN.HM	Dong Nai Port Joint Stock Company	HOSE	Vietnam
6	GMD.HM	Gemadep Corporation	HOSE	Vietnam
7	PORT.PS	Globalport900, Inc.	PSE	Philippines
8	TUGS.PS	Harbor Star Shipping Services, Inc.	PSE	Philippines
9	HPHT.SI	Hutchison Port Holdings Trust	SGX	Singapore
10	ICT.PS	International Container Terminal Services, Inc	PSE	Philippines
11	MAC.HN	Marine Supply and Engineering Service Joint Stock Company	HNX	Vietnam
12	NYT.BK	Namyong Terminal Public Company Limited	SET	Thailand
13	PERAol.KL	Perak Corporation Berhad	KLSE	Malaysia
14	KARW.JK	PT ICTSI Jasa Prima Tbk	IDX	Indonesia
15	PTIS.JK	PT Indo Straits Tbk	IDX	Indonesia
16	BBRM.JK	PT Pelayaran Nasional Bina Buana Raya Tbk	IDX	Indonesia
17	INDX.JK	PT Tanah Laut Tbk	IDX	Indonesia
18	PORT.BK	Sahathai Terminal PC	SET	Thailand
19	SURI.KL	Suria Capital Holdings Berhad	KLSE	Malaysia
20	VGP.HN	The Vegetexco Port Joint Stock Company	HNX	Vietnam
21	TNTT.KL	Tiong Nam Logistics Holdings Berhad	KLSE	Malaysia
22	WPHB.KL	Westports Holdings Berhad	KLSE	Malaysia

**Condensed Financial Statements**

Statement of comprehensive income					
FY to Dec (KHR'bn)	2019	2020	2021	2022	1Q23
Revenues	110.2	110.3	125.2	148.8	30.8
Operating costs	-50.2	-53.1	-56.6	-74.4	-17.9
Other income	16.7	9.9	13.6	21.3	1.3
<b>EBITDA</b>	<b>76.7</b>	<b>67.1</b>	<b>82.2</b>	<b>95.7</b>	<b>14.2</b>
Depreciation & Amortization	-12.6	-11.2	-13.6	-15.9	-4.5
<b>EBIT</b>	<b>64.0</b>	<b>55.9</b>	<b>68.6</b>	<b>79.8</b>	<b>9.7</b>
Finance costs	-5.7	-4.5	-4.6	-4.4	0.1
<b>PBT</b>	<b>58.3</b>	<b>51.5</b>	<b>63.9</b>	<b>75.4</b>	<b>9.8</b>
Income tax expense	-11.5	-11.3	-12.2	-16.9	-1.9
<b>Net profit of period</b>	<b>46.8</b>	<b>40.2</b>	<b>51.7</b>	<b>58.5</b>	<b>8.0</b>
Re-measurements of defined benefit liability	0.4	0.9	-0.1	1.0	-11.8
<b>Comprehensive income</b>	<b>47.2</b>	<b>41.1</b>	<b>51.6</b>	<b>59.5</b>	<b>-3.9</b>

Statement of cash flow					
FY to Dec (KHR'bn)	2019	2020	2021	2022	1Q23
<b>Operating cash flow</b>	<b>51.8</b>	<b>39.9</b>	<b>89.7</b>	<b>62.3</b>	<b>8.1</b>
Net profit	46.8	40.2	51.7	58.5	9.8
Depreciation & amortization	12.6	11.2	13.6	15.9	4.5
Change in working capital	-9.2	-12.9	23.9	-8.8	7.7
Others	1.6	1.4	0.6	-3.3	-13.9
<b>Investing cash flow</b>	<b>-32.0</b>	<b>-51.7</b>	<b>-57.3</b>	<b>-46.0</b>	<b>-25.6</b>
Net CAPEX	-28.2	-57.6	-72.0	-31.6	-27.9
Others	-3.8	6.0	14.6	-14.5	2.4
<b>Financing cash flow</b>	<b>-16.6</b>	<b>-17.2</b>	<b>-16.7</b>	<b>-18.4</b>	<b>-6.5</b>
Net change in share capital	0.0	0.0	0.0	0.0	0.0
Net change in debt	-8.4	-8.4	-8.4	-8.5	-4.5
Cash dividend	-3.9	-4.1	-4.1	-4.4	0.0
<b>Net change in cash &amp; equivalent</b>	<b>3.2</b>	<b>-29.0</b>	<b>15.7</b>	<b>-2.1</b>	<b>-24.0</b>
Beginning cash & equivalent	36.1	39.6*	10.9	26.9*	25.5*
<b>Ending cash &amp; equivalent</b>	<b>39.9*</b>	<b>10.9</b>	<b>26.7*</b>	<b>25.1*</b>	<b>1.3</b>

\*disparity due to restatement

Source: The Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2019	2020	2021	2022	1Q23
<b>Non-current assets</b>	<b>683.3</b>	<b>721.4</b>	<b>803.1</b>	<b>947.7</b>	<b>956.7</b>
Properties, plants & equipment	316.1	359.3	421.0	474.8	490.6
Investment properties	345.8	342.6	344.8	346.8	341.4
Other non-current assets	21.5	19.5	37.3	126.2	124.7
<b>Current assets</b>	<b>134.2</b>	<b>115.0</b>	<b>55.9</b>	<b>66.9</b>	<b>38.6</b>
Trade receivables	28.3	43.4	18.0	32.2	25.9
Cash & cash equivalent	105.9	71.6	37.9	34.7	7.5
<b>Total assets</b>	<b>817.5</b>	<b>836.3</b>	<b>859.0</b>	<b>1014.7</b>	<b>995.3</b>
<b>Non-current liabilities</b>	<b>166.4</b>	<b>154.4</b>	<b>163.4</b>	<b>205.3</b>	<b>200.4</b>
Long-term debts	92.8	83.7	75.9	68.2	62.9
Other non-current liabilities	73.6	70.7	87.5	137.1	137.5
<b>Current liabilities</b>	<b>32.2</b>	<b>29.7</b>	<b>29.8</b>	<b>38.6</b>	<b>32.6</b>
Trade & other payables	13.6	12.4	8.5	12.2	18.7
Other current liabilities	18.6	17.4	21.3	26.4	13.9
<b>Total liabilities</b>	<b>198.5</b>	<b>184.2</b>	<b>193.2</b>	<b>243.9</b>	<b>233.0</b>
<b>Shareholders' equity</b>	<b>619.0</b>	<b>652.2</b>	<b>705.9</b>	<b>770.8</b>	<b>762.3</b>
Share capital	457.8	457.8	457.8	457.8	457.8
Reserves	104.5	147.8	186.8	234.0	287.8
Development fund	0.0	0.0	0.0	0.0	0.0
Retained earnings	47.2	41.1	51.9	61.4	10.9
Other capital	9.5	5.4	9.4	17.6	5.7
<b>Total liabilities &amp; equity</b>	<b>817.5</b>	<b>836.3</b>	<b>899.1</b>	<b>1014.7</b>	<b>995.3</b>

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