

**PPAP (KH100040001CSX)**

April 26, 2023

**Performance Highlights**

FY ends Dec (KHR'bn)	4Q22	% QoQ	% YoY	2022	% YoY
Revenue	32.88	-18.5%	1.8%	148.82	18.8%
EBITDA	21.95	-20.5%	0.8%	95.72	16.5%
EBIT	17.89	-24.0%	-0.9%	79.84	16.4%
Finance cost	-1.09	-10.2%	-4.4%	-4.44	-4.5%
PBT	16.80	-24.8%	-0.6%	75.40	18.0%
<b>Net profit</b>	<b>12.52</b>	<b>-29.8%</b>	<b>-4.3%</b>	<b>58.50</b>	<b>13.2%</b>
EBITDA margin	66.7%	-1.6%pt	-0.7%pt	64.3%	-2.0%pt
EBIT margin	54.4%	-4.0%pt	-1.5%pt	53.7%	-2.0%pt
Net margin	38.1%	-6.1%pt	-2.5%pt	39.3%	-4.8%pt

Source: The Company, YSC Research

**2022 Review: A positive year with strong profitability**

**Container throughputs surge 20% YoY in 2022 despite the global supply chain disruption**

- Container throughputs reached 417,412 TEUs in 2022, up 20% YoY. Imports of raw materials for garments represented 10% of total imports, rising 15% compared to 2021. Garment exports accounted for 74% of all exports, increasing 17.58% YoY, which contributed to the increase in container throughputs.
- Overall container shipments increased 15% from the same period in 2021 to 2,437,136 tons in 2022, mainly due to a 32% YoY rise in exports. On the other hand, the growth of cargo shipment was only 5% YoY. The total volume of shipment came to 4,025,965 tons, of which 817,233 tons (-9% YoY) were shipped as oil and gas cargo, and 771,596 tons (-8% YoY) were shipped as general cargo.
- The number of vessels increased significantly from 2,302 to 3,783 over the same period in 2022, a gain of 64.3%. The noticeable increase in the total number of vessels was mainly driven by the two-fold increase in the number of international vessels and barges. Notwithstanding the disruption to the global supply chain, international vessels made up 86.7% of all vessels, with oil vessels making up the remainder.

**Top line grows 18.8% YoY, reaching the record high of KHR148.82bn in 2022**

- In 2022, PPAP reported a record revenue of KHR148.82bn, up 18.8% YoY. The increase was attributable to the surge in container throughputs of 20% YoY and 15% YoY rise of total export and import. The two main sources of revenue, stevedoring and LOLO, accounted for 44% (+18% YoY) and 35% (+15% YoY) of the total revenue, respectively. Income from storage services increased by 21% YoY to KHR4.1bn and port services by 22% YoY to KHR17.7bn. Meanwhile other revenue streams such as gate fees, weighting fees, stuffing/unstuffing fees, trucking fees, sand dredging fees and others jumped 42% YoY to KHR9.6bn, compared to KHR6.8bn in 2021.
- Other income such as rental income, interest income, unwinding effect of long-term deposit, income from net investment in subleases, reversal of impairment loss on receivables were up 56.8% YoY from KHR13.6bn in 2021 to KHR21.3bn in 2022.

**Operating profit margin squeezed as general administrative expenses rises 29.9% YoY**

- PPAP reported a gross profit of KHR97.9bn in 2022, an increase of 15% compared to KHR85.3bn in 2021. The cost of services rose by 27.4% YoY to KHR50.9bn, driven by increases in depreciation by 19.9% YoY, crane fees by 38.1% YoY, and fuel and gasoline expenses by 90.8% YoY. Due to this, the gross profit margin decreased from 68.1% in 2021 to 65.8% in 2022—a decrease of 3.4%pt YoY.
- EBITDA and EBIT increased 16.5% YoY and 16.4% YoY to KHR95.7 billion and KHR79.8 billion, respectively, in 2022. While EBIT margin decreased 2.0%pt YoY to 53.7%, EBITDA margin decreased 2.0%pt YoY to 64.3%. The general administration costs soared 29.9% YoY to KHR39.4bn, mainly due to increases in salaries and wages by 11.2% YoY, donation expenditures by 17.1% YoY, utilities and fuel expenses by 23.7% YoY, and the shocking jump in business entertainments by 119.2% YoY.

**Net profit rises 13.2% YoY to record high EPS**

- PPAP earned almost KHR58.5bn in net profit in 2022 compared to KHR51.7bn (+13.2% YoY), the largest profitability the port operator has achieved in a single year. Even though the finance cost showed a decline of 4.5% YoY to KHR4.4bn, the net profit margin narrowed by 4.8%pt YoY to 39.3% as cost of services and general administrative expenses increased more than the revenue growth.
- Earnings per share (EPS) increased 13.2% YoY to the record high of 2,828KHR in 2022. PPAP is trading at a 2022 P/E of 5.19x compared to 5.88x in 2021 versus the median P/E of its peers of 15.67x.

Closing price	<b>KHR 14,940</b>
IPO price	<b>KHR 5,120</b>

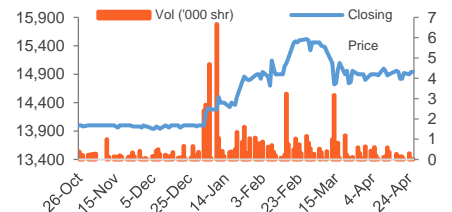
Source: CSX, YSC Research

**Stock info**

Industry	Transport Support Services
Market cap (KHRbn)	308.197
Outstanding shares (mn)	20.7
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	551
Free floating shares (last 6 months, %)	4.11
Price low/high (last 6 months, KHR)	13,940 ~ 15,220
EPS (KHR) (ttm)	2,873
P/E (x) (ttm)	5.19
P/B (x) (mrq)	0.38
P/B* (x) (mrq)	0.75
EV/EBITDA (x) (ttm)	3.06
D/E (%) (mrq)	9.97

Note: ttm = trailing twelve months (2022); mrq = most recent quarter (4Q22); \*Excluding equity of Class C (non-voting) shares.

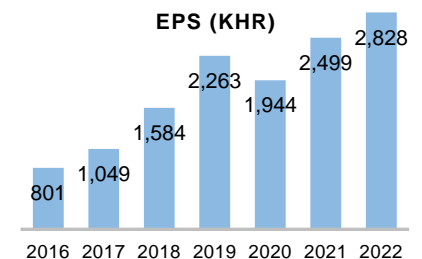
**Stock performance**



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

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Apr-22	11,187	171	589	9
May-22	51,189	811	2,438	39
Jun-22	4,077	64	194	3
Jul-22	363,562	5682	17,312	271
Aug-22	4,763	513	217	23
Sep-22	264,536	3834	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

**Earning strength**



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**Container throughputs**

Container throughputs	2022	2021	Change	%Change	% total
TEUs	417,412	348,898	68,514	20%	100%
<b>Tonnage</b>					
Import (tons)	1,255,987	1,221,615	34,372	3%	52%
Export (tons)	1,181,149	893,916	287,233	32%	48%
<b>Total (tons)</b>	<b>2,437,136</b>	<b>2,115,531</b>	<b>321,605</b>	<b>15%</b>	<b>100%</b>

Source: The Company

**Container, general, and oil cargoes**

Ton	2022	2021	Change	%Change	% total
Container	2,437,136	2,115,531	321,605	15%	61%
General	771,596	836,147	-64,551	-8%	19%
Oil & gas	817,233	899,774	-82,541	-9%	20%
<b>Total</b>	<b>4,025,965</b>	<b>3,851,452</b>	<b>174,513</b>	<b>5%</b>	<b>100%</b>

Source: The Company

**Breakdown of revenue**

Source of revenue	2022	2021	Change	%Change	% total
Stevedoring	65,528	55,424	10,103	18%	44%
LOLO	51,901	45,182	6,719	15%	35%
Port services	17,696	14,478	3,218	22%	12%
Storage	4,077	3356	720	21%	3%
Others	9,614	6,788	2,826	42%	6%
<b>Total</b>	<b>148,816</b>	<b>125,228</b>	<b>23,587</b>	<b>19%</b>	<b>100%</b>

Source: The Company

**Financial Ratios**

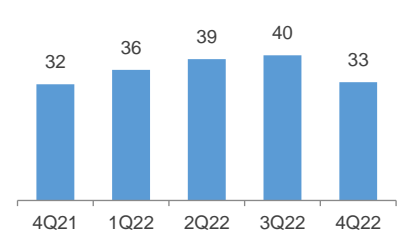
FY end to Dec	2018	2019	2020	2021	2022
<b>Per share ratios</b>					
EPS (KHR)	1,584	2,263	1,944	2,499	2,828
BPS (KHR)	27,382	29,926	31,529	34,105	37,149
BPS* (KHR, excluding Class C)	9,249	11,793	13,396	15,972	19,015
EBITDA/Shr (KHR)	2,311	3,707	3,245	3,974	4,628
SPS (KHR)	4,053	5,326	5,333	6,054	7,195
DPS (KHR, of Class A)	333	333	333	334	334
Share Price	7,680	12,500	11,700	14,700	14,900
<b>Valuation ratios</b>					
P/E (x)	4.85	5.52	6.02	5.88	5.27
P/B (x)	0.28	0.42	0.37	0.43	0.40
P/B*(x, excluding Class C)	0.83	1.06	0.87	0.92	0.78
EV/EBITDA (x)	3.57	2.01	3.91	3.80	3.02
P/S (x)	1.90	2.35	2.19	2.43	2.07
Dividend yield on end-period close (% of Class A)	4.33	2.66	2.84	2.27	2.24
Dividend yield on current price (% of Class A)	2.78	2.78	2.33	2.34	2.34
Dividend yield on IPO price (% of Class A)	6.50	6.50	6.50	6.52	6.52
Dividend payout (% of Class A)**	21.01	14.71	17.12	13.36	11.80
Dividend payout (%)	11.83	8.82	10.26	7.98	7.06
<b>Profitability ratios</b>					
EBITDA margin (%)	57.0	69.6	60.9	65.6	64.3
EBIT (%)	42.7	58.1	50.7	54.8	53.7
Net margin (%)	39.3	42.8	37.3	41.2	40.0
ROE (%)	5.9	8.0	6.5	7.6	8.1
ROE* (% of Class C)	18.5	21.7	15.8	17.0	16.5
ROA (%)	4.6	6.0	5.0	6.0	6.2
<b>Efficiency ratios</b>					
Asset turnover (x)	0.12	0.14	0.13	0.14	0.16
Receivables turnover (x)	8.6	9.1	7.3	9.0	9.4
<b>Financial strength</b>					
Total Debt/ Total Equity (%)	19.1	16.4	14.1	12.0	10.0
Net debt/equity (%)	2.1	-0.8	3.2	1.2	-1.9
Interest coverage (x)	7.6	11.2	12.6	14.7	18.0
Inter & ST debt cover (x)	2.7	4.5	4.4	5.2	6.2
Current ratio (x)	4.8	4.2	3.9	3.4	3.5
Quick ratio (x)	4.8	4.2	3.9	3.4	3.4
Net debt/EBITDA (x)	0.2	-0.1	0.3	0.1	-0.2

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

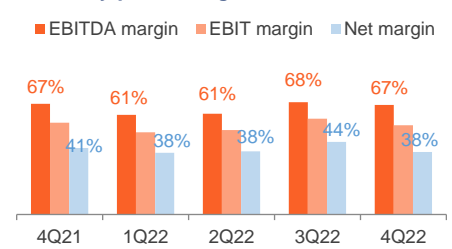
Current price is closing price on the day of the report;

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

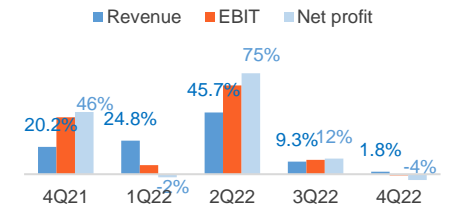
**Quarterly revenue (KHR'bn)**



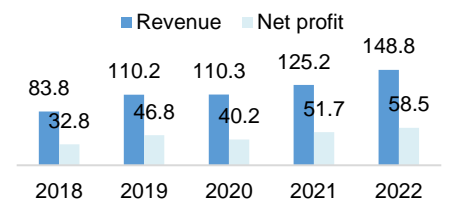
**Quarterly profit margin**



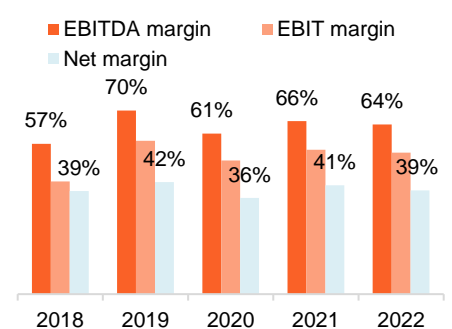
**Quarterly revenue & profit growth (YoY)**



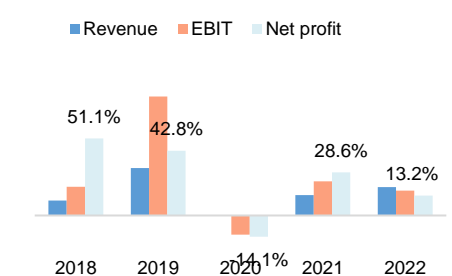
**Annual revenue & net profit (KHR'bn)**



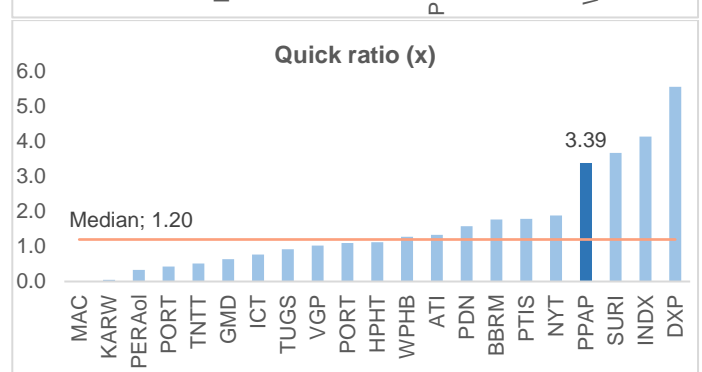
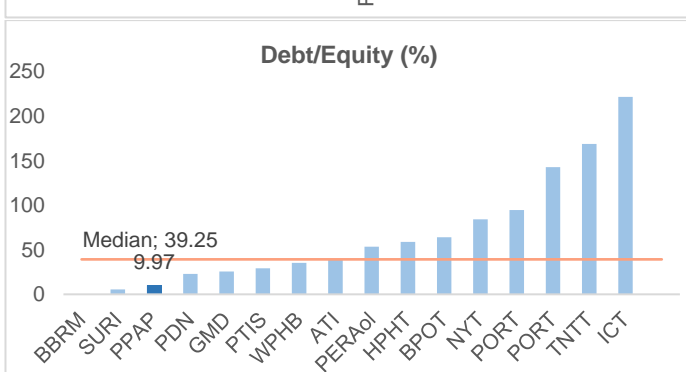
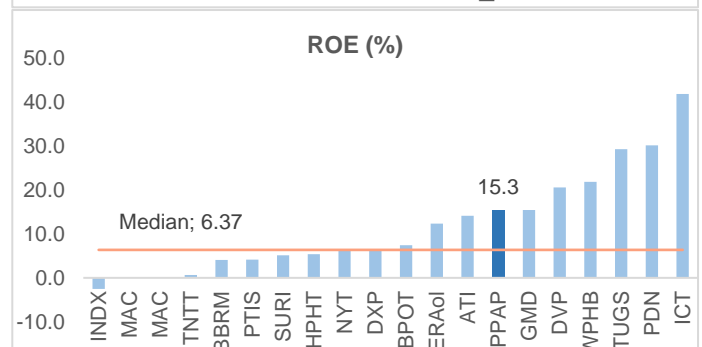
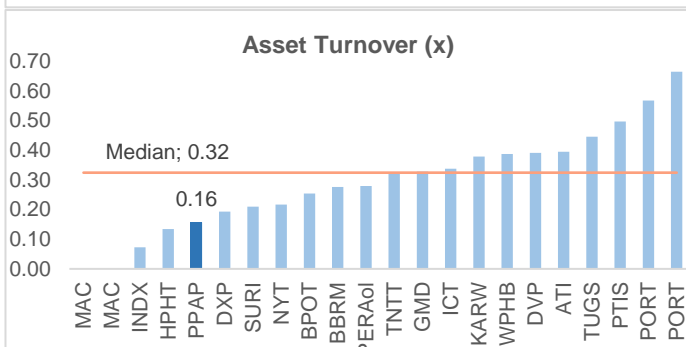
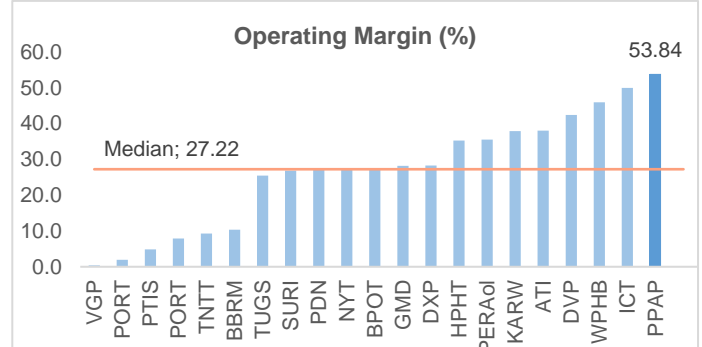
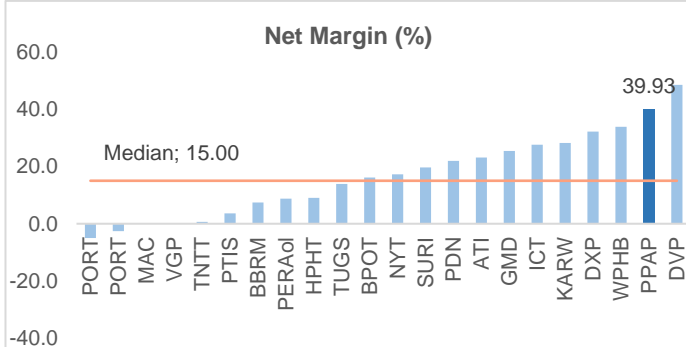
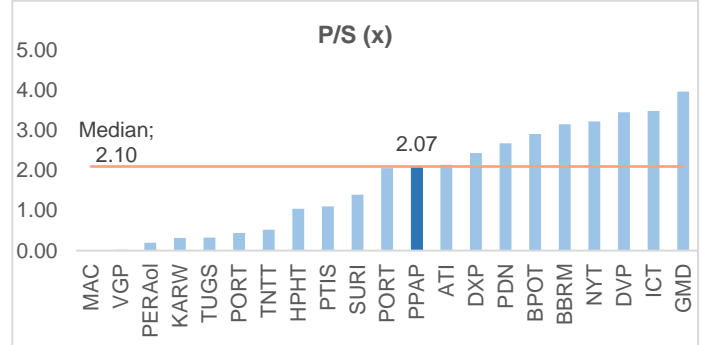
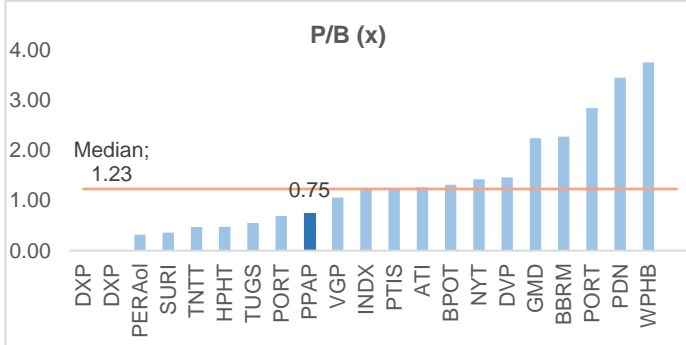
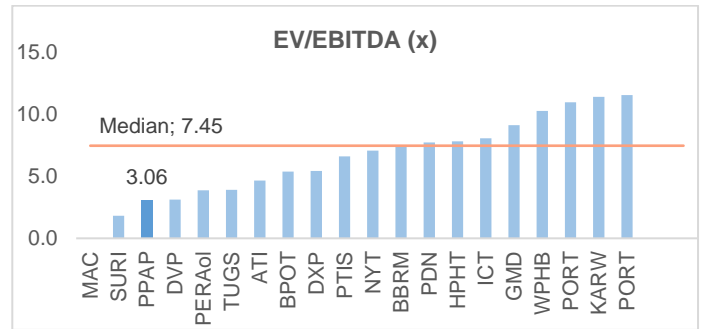
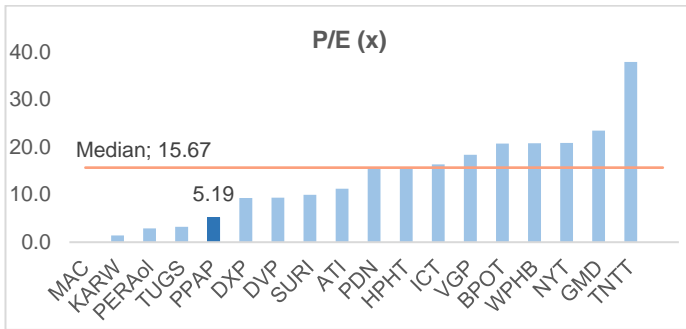
**Annual profit margin**



**Annual profit growth (YoY)**



**ASEAN Peers Comparison**



Source: Reuters (As of April 3, 2023), YSC Research

**Condensed Financial Statements**

<b>Statement of comprehensive income</b>					
<b>FY to Dec (KHR'bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	83.8	110.2	110.3	125.2	148.8
Operating costs	-41.9	-49.2	-53.1	-56.6	-74.4
Other income	5.9	16.7	9.9	13.6	21.3
<b>EBITDA</b>	<b>47.8</b>	<b>77.7</b>	<b>67.1</b>	<b>82.2</b>	<b>95.7</b>
Depreciation & Amortization	-12.0	-12.6	-11.2	-13.6	-15.9
<b>EBIT</b>	<b>35.8</b>	<b>65.1</b>	<b>55.9</b>	<b>68.6</b>	<b>79.8</b>
Finance costs	-4.7	-5.7	-4.5	-4.6	-4.4
<b>PBT</b>	<b>31.1</b>	<b>59.4</b>	<b>51.5</b>	<b>63.9</b>	<b>75.4</b>
Income tax expense	1.7	-11.5	-11.3	-12.2	-16.9
<b>Net profit of period</b>	<b>32.8</b>	<b>47.8</b>	<b>40.2</b>	<b>51.7</b>	<b>58.5</b>
Re-measurements of defined benefit liability	0.1	0.4	0.9	-0.1	1.0
<b>Comprehensive income</b>	<b>32.9</b>	<b>48.2</b>	<b>41.1</b>	<b>51.6</b>	<b>59.5</b>

<b>Statement of cash flow</b>					
<b>FY to Dec (KHR'bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Operating cash flow</b>	<b>98.3</b>	<b>51.8</b>	<b>39.9</b>	<b>89.7</b>	<b>62.3</b>
Net profit	32.8	46.8	40.2	51.7	58.5
Depreciation & amortization	12.0	12.6	11.2	13.6	15.9
Change in working capital	1.2	-9.2	-12.9	23.9	-8.8
Others	52.3	1.6	1.4	0.6	-3.3
<b>Investing cash flow</b>	<b>-32.1</b>	<b>-32.0</b>	<b>-51.7</b>	<b>-57.3</b>	<b>-46.0</b>
Net CAPEX	-32.5	-28.2	-57.6	-72.0	-31.6
Others	0.3	-3.8	6.0	14.6	-14.5
<b>Financing cash flow</b>	<b>-64.1</b>	<b>-16.6</b>	<b>-17.2</b>	<b>-16.7</b>	<b>-18.4</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	-8.4	-8.5
Cash dividend	-3.5	-3.9	-4.1	-4.1	-4.4
<b>Net change in cash &amp; equivalent</b>	<b>2.1</b>	<b>3.2</b>	<b>-29.0</b>	<b>15.7</b>	<b>-2.1</b>
Beginning cash & equivalent	34.5	36.1	39.6	10.9	26.9
<b>Ending cash &amp; equivalent</b>	<b>36.1</b>	<b>39.9</b>	<b>10.9</b>	<b>26.7</b>	<b>25.1</b>

Source: The Company, YSC Research

<b>Statement of financial position</b>					
<b>FY to Dec (KHR'bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Non-current assets</b>	<b>642.7</b>	<b>683.3</b>	<b>721.4</b>	<b>799.0</b>	<b>883.8</b>
Properties, plants & equipment	296.6	316.1	359.3	421.0	443.1
Investment properties	341.6	345.8	342.6	344.8	346.8
Other non-current assets	4.5	21.5	19.5	33.3	93.9
<b>Current assets</b>	<b>109.2</b>	<b>134.2</b>	<b>115.0</b>	<b>96.8</b>	<b>128.7</b>
Trade receivables	12.7	28.3	43.4	20.9	34.2
Cash & cash equivalent	96.4	105.9	71.6	75.9	94.5
<b>Total assets</b>	<b>751.9</b>	<b>817.5</b>	<b>836.3</b>	<b>895.8</b>	<b>1,012.5</b>
<b>Non-current liabilities</b>	<b>162.9</b>	<b>166.4</b>	<b>154.4</b>	<b>161.5</b>	<b>207.2</b>
Long-term debts	99.8	92.8	83.7	75.9	68.2
Other non-current liabilities	63.1	73.6	70.7	85.6	139.0
<b>Current liabilities</b>	<b>22.6</b>	<b>32.2</b>	<b>29.7</b>	<b>28.8</b>	<b>36.9</b>
Trade & other payables	10.8	13.6	12.4	9.8	13.3
Other current liabilities	11.7	18.6	17.4	19.1	23.6
<b>Total liabilities</b>	<b>185.5</b>	<b>198.5</b>	<b>184.2</b>	<b>190.4</b>	<b>244.1</b>
<b>Shareholders' equity</b>	<b>566.4</b>	<b>619.0</b>	<b>652.2</b>	<b>705.4</b>	<b>768.4</b>
Share capital	457.8	457.8	457.8	457.8	457.8
Reserves	75.0	104.5	147.8	186.8	236.6
Development fund	0.0	0.0	0.0	0.0	0.0
Retained earnings	31.1	47.2	41.1	51.7	59.5
Other capital	2.5	9.5	5.4	9.1	14.5
<b>Total liabilities &amp; equity</b>	<b>751.9</b>	<b>817.5</b>	<b>836.3</b>	<b>895.8</b>	<b>1,012.5</b>

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