

PPAP (KH100040001CSX)

Performance Highlights

FY ends Dec (KHR'bn)	4Q23*	%QoQ	%YoY	2023*	% YoY
Revenue	33.44	-20.0%	1.8%	142.04	-4.6%
EBITDA	16.97	-2.8%	-21.3%	68.39	-24.0%
EBIT	12.03	-4.8%	-31.0%	49.51	-33.2%
Net finance income (expense)	0.12	-44.0%	-67.6%	0.61	-15.0%
PBT	12.15	-5.5%	-31.8%	50.12	-33.0%
Net profit	9.59	-3.0%	-34.0%	38.61	-34.9%
EBITDA margin	50.7%	9.0%pt	-14.9%pt	48.1%	-12.3%pt
EBIT margin	36.0%	5.8%pt	-17.1%pt	34.9%	-14.9%pt
Net margin	28.7%	5.0%pt	-15.5%pt	27.2%	-12.7%pt

Note: *Unaudited
Source: The Company, YSC Research

4Q23 Review: Net Profit Plunges 34% YoY

Container throughputs up 2.9% YoY in 4Q23, but down 5.1% YoY in 2023

- In 4Q23, container throughput slightly increased 2.9% YoY to 91,186 twenty-foot equivalent units (TEUs). On the other hand, the total volume of the containers decreased by 6.7% in 4Q23 compared to the same period last year. The decline in container traffic can be attributed mainly to a 18.9% YoY decrease in import shipments to 265,796 tons, while export shipments grew moderately by 8.1% YoY to 293,422 tons. However, total cargo shipments in 4Q23 rose slightly by 1.8% YoY, driven by 37.1% growth in general cargo shipments.
- In 2023, annual container throughputs decreased by 5.1% YoY to 396,225 TEUs, posting a negative growth for the first time since at least 2010. While container throughputs for exports grew 7.8% YoY, this was offset by a 7.7% YoY decrease in container throughputs for imports. Annual volume shipped through container cargoes edged down 0.2% YoY to 2.43 million tons. On the other hand, general cargoes rebounded, surging 20.6% YoY to 930,298 tons after experiencing two consecutive years of decline in 2021 and 2022. Meanwhile, oil & gas cargoes decreased 4.1% YoY to 783,901 tons.

Top line declines 4.6% YoY due to decrease in container traffic

- PPAP earned KHR33.4bn in total revenue in 4Q23, up 1.8% YoY, driven mainly by the income from port services. Income from stevedoring and LOLO services grew modestly by 2.5% YoY and 0.1% YoY, respectively. Income from port services – the 3rd largest revenue source – soared 17.8% YoY to KHR5.52bn, due to the jump in passenger boat traffic with the recovery of the tourism activities.
- Total revenue in 2023 dropped by KHR6.8bn or 4.6% YoY to KHR142bn due to the decrease in container throughputs. Major revenue sources showed a decline, with stevedoring dropping 5.4% YoY, LOLO falling 5.6% YoY, and storage plunging 49.9% YoY. Only port service posted a solid growth of 12% YoY, earning KHR19.8bn thanks to the rebound in the tourism activities.

EBITDA plunges 21.3% YoY in 4Q23

- In 4Q23, despite a slight increase in revenue (+1.8% YoY) and a decrease in operating costs (-1.8%), the significant decline in other income by 79.4% YoY to KHR1.4 bn resulted in 21.3% YoY drop in EBITDA to KHR17bn. This decline led to a squeezing of the EBITDA margin by 14.9%pt YoY, down to 50.7%. The other income in 4Q23 decreased by KHR5.5bn YoY as the company earned KHR5.7bn in extraordinary income from net investment in sublease in 4Q22.
- In 2023, EBITDA decreased by KHR21.6bn or 24.0% YoY to KHR68.1 bn. PPAP experienced a significant decline in other income, decreasing by KHR11.0bn from KHR10.6bn in 2022 to a deficit of KHR404mn in 2023 due mainly to the termination of land subleasing contract with a major business partner. In addition, despite the revenue drop, operating costs rose by KHR3.8bn or 5.5% YoY, driven mainly by KHR1.9bn increase in impairment loss on trade and other receivables due to increasing number of businesses facing financial difficulties (for example, evidenced by the rise in NPLs in the banking and microfinance sector). As a result, EBITDA and EBIT margin narrowed by 12.3%pt and 14.9%pt, respectively.

Net profit declines 34.0% YoY with net profit margin squeezed by 15.5%pt

- In 4Q23, PPAP reported a net profit of KHR9.59 bn, marking a significant decline of 34.0% YoY. Net margin decreased by 15.5%pt YoY to 28.7%.
- In the whole last year, net profit plummeted 34.9% YoY to KHR38.6bn with net margin

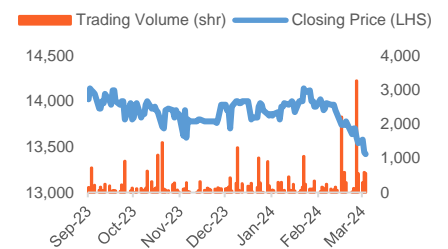
Closing price	KHR 13,420
IPO price	KHR 5,120

Source: CSX, YSC Research

Stock Info	
Industry	Transport Support Services
Market cap (KHRbn)	278
Outstanding shares (mn)	20.7
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	241
Free floating shares (last 6 months, %)	1.99
Price low/high (last 6 months, KHR)	13,420 ~ 14,140
EPS (KHR) (ttm)	1,866
P/E (x) (ttm)	7.19
P/B (x) (mrq)	0.35
P/B* (x) (mrq)	0.66
EV/EBITDA (x) (ttm)	4.45
D/E (%) (mrq)	9.57

Note: ttm = trailing twelve months (Jan-2023 to Dec-2023); mrq = most recent quarter (4Q23); *Excluding equity of Class C (non-voting) shares.

Stock Performance

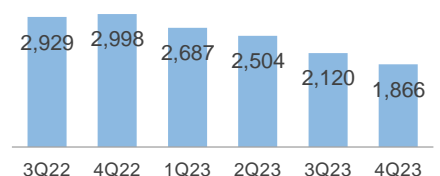


Trading Volume & Value in Last 12 Months

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Feb-24	3,421	47.6	81	1.1
Jan-24	4,841	67.3	220	3.1
Dec-23	4,012	55.4	16	0.2
Nov-23	4,283	58.9	20	0.3
Oct-23	3,263	45.3	16	0.2
Sep-23	4,242	59.1	22	0.3
Aug-23	3,626	51.1	20	0.3
Jul-23	9,871	139.5	71	1.0
Jun-23	5,374	76.8	41	0.6
May-23	52,834	709.2	528	7.1
Apr-23	4,706	69.9	62	0.9
Mar-23	10,727	161.4	163	2.4

Earning Strength

EPS (ttm, KHR)



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squeezed by 12.7%pt YoY to 27.2% mainly due to the drop in other income mentioned above. The last trailing twelve months (ttm, up to 4Q23) EPS dropped to KHR1,866 from KHR2,998 in 4Q22. With the closing share price of KHR13,420 on March 20, 2024, the 4Q23 ttm P/E ratio came to 7.19x.

Container throughputs

Container throughputs	4Q23	% QoQ	% YoY	2023	% YoY
TEUs					
Total	91,186	-28.7%	2.9%	396,225	-5.1%
Tonnage					
Import	265,796	-21.5%	-18.9%	1,159,273	-7.7%
Export	293,422	-19.1%	8.1%	1,273,495	7.8%
Total	559,218	-20.3%	-6.7%	2,432,768	-0.2%

Source: The Company

Container, general, and oil cargoes

Ton	4Q23	% QoQ	% YoY	2023	% YoY
Container	559,218	-20.3%	-6.7%	2,432,768	-0.2%
General	261,022	19.5%	37.1%	930,298	20.6%
Oil & gas	173,835	-0.1%	-6.6%	783,901	-4.1%
Total	994,075	-9.1%	1.8%	4,146,967	3.0%

Source: The Company

Breakdown of revenue

KHR'mn	4Q23	% QoQ	% YoY	2023	% YoY
Stevedoring	14,615	-23.4%	2.5%	61,998	-5.4%
LOLO	11,246	-24.8%	0.1%	49,004	-5.6%
Port services	5,525	10.0%	17.8%	19,822	12.0%
Storage	440	-3.9%	-24.8%	2,042	-49.9%
Others	530	-76.8%	-74.4%	9,169	-4.6%
Total	33,437	-20.0%	1.8%	142,035	-4.6%

Source: The Company

Financial Ratios

FY end to Dec	2020	2021	2022	4Q23 (ttm)
Per share ratios				
EPS (KHR)	1,944	2,499	3,245	1,866
BPS (KHR)	31,529	32,187	37,211	38,520
BPS* (KHR, excluding Class C)	13,396	14,053	19,078	20,387
EBITDA/Shr (KHR)	3,245	3,974	4,975	3,306
SPS (KHR)	5,333	6,054	7,195	6,867
DPS (KHR, of Class A)	333	334	334	-
Share Price	11,700	14,700	14,900	14,000
Valuation ratios				
P/E (x)	6.02	5.88	5.20	7.50
P/B (x)	0.37	0.46	0.40	0.36
P/B*(x, excluding Class C)	0.87	1.05	0.78	0.69
EV/EBITDA (x)	3.91	4.31	3.46	5.00
P/S (x)	2.19	2.43	2.07	2.04
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	2.36	-
Dividend yield on IPO price (% of Class A)	6.5	6.52	6.52	-
Dividend payout (% of Class A)**	17.12	13.36	10.29	-
Dividend payout (%)	10.26	7.98	5.52	-
Profitability ratios				
EBITDA margin (%)	60.9	65.6	60.5	48.1
EBIT (%)	50.7	54.8	49.8	34.9
Net margin (%)	37.3	41.2	45.8	22.3
ROE (%)	6.5	7.6	9.2	4.1
ROE* (% of Class C)	15.8	17	18.8	7.8
ROA (%)	5	6.1	7.1	3.1
Efficiency ratios				
Asset turnover (x)	0.1	0.1	0.16	0.14
Receivables turnover (x)	7.3	9	9.4	7.7
Financial strength				
Total Debt/Total Equity (%)	14.1	12.9	10.1	8.6
Net debt/equity (%)	3.2	7.1	6.2	6.6
Interest coverage (x)	12.6	14.7	18.1	10.7
Inter & ST debt cover (x)	4.4	4.8	5.6	3.8
Current ratio (x)	3.9	1.9	1.9	1.4
Quick ratio (x)	3.9	1.8	1.7	1.3
Net debt/EBITDA (x)	0.3	0.6	0.5	0.8

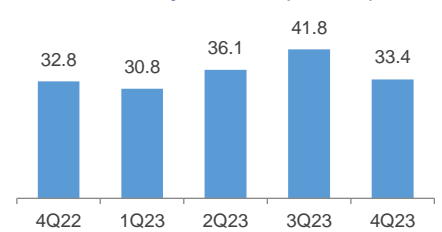
Source: The Company, YSC Research

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

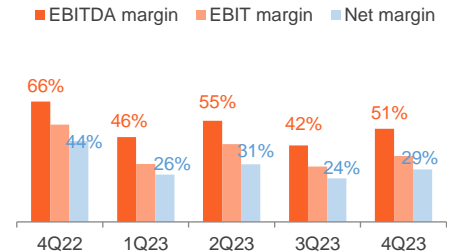
Current price is closing price on the day of the report;

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

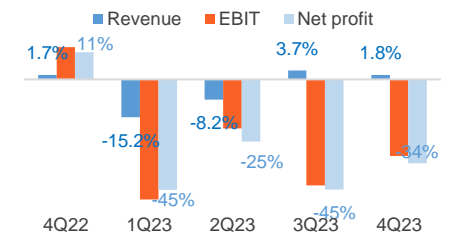
Quarterly Revenue (KHR'bn)



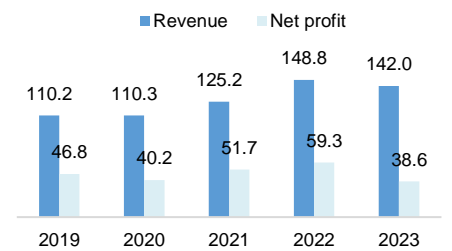
Quarterly Profit Margin



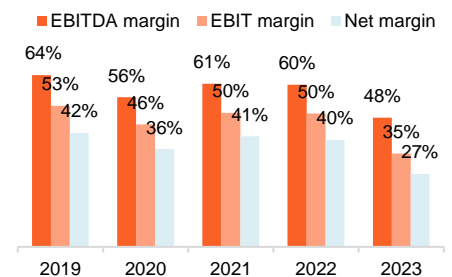
Quarterly Revenue & Profit Growth (YoY)



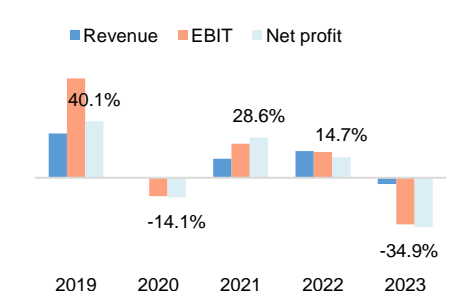
Annual Revenue & Net Profit (KHR'bn)



Annual Profit Margin



Annual Revenue & Profit Growth (YoY)



Source: The Company, YSC Research

Investment Risk Analysis

The investment risk associated with PPAP is a crucial factor to consider for potential investors. Here's an analysis of the key investment risks:

Investment Risk	Description	Impact	Assessment
Market Liquidity Risk	Market liquidity risk refers to the possibility of not being able to buy or sell the stock quickly and at a fair price due to insufficient market activity or depth. It arises when there is a lack of market participants willing to transact in a particular asset or market.	Market liquidity risk can lead to increased transaction costs, wider bid-ask spreads, and price slippage. In extreme cases, it can result in significant losses if an investor is unable to exit a position or liquidate the stock when needed.	MODERATE - PPAP exhibits minimal trading activity with an average daily volume of less than 250 shares during the initial months of 2024. This lack of market liquidity poses challenges for investors seeking to execute significant transactions, potentially forcing them to accept discounted prices to exit their positions, thus incurring losses. Conversely, smaller investors with small holdings may experience comparatively lower impact from the liquidity constraints.
Infrastructure Risk	Infrastructure risk for PPAP refers to the vulnerability or inadequacy of physical assets critical for port operations, including terminals, berths, container yards, and supporting facilities.	Inadequate infrastructure can lead to congestion, delays, and higher costs for cargo handling, reducing efficiency and competitiveness. It may also limit the port's capacity to accommodate growing trade volumes and hinder its contribution to economic development.	MODERATE - To facilitate increased container handling and revenue growth, the port aims to expand its capacity to 900,000 TEUs by 2030, necessitating significant infrastructure investments. Despite the strategic importance of the port and robust government and development partner support, the primary risk lies in potential construction delays due to prolonged adverse economic conditions.
Credit Risk	Credit risk for PPAP refers to the potential financial loss from customers failing to pay for services rendered. This risk arises from uncertainties in customers' ability or willingness to fulfill payment obligations due to various factors like economic downturns or changes in trade patterns.	Credit risk can significantly impact a PPAP's financial stability and profitability. Defaults or delayed payments can lead to revenue losses, cash flow disruptions, and increased financing costs. Prolonged exposure to credit risk may limit investment capabilities and damage PPAP's reputation, affecting market share and operational resilience.	HIGH - The impairment loss on trade and other receivables in 2023 amounted to KHR4.3 billion, increasing by KHR1.9 billion from 2022, aligning closely with the rise in NPL ratios across the Cambodian banking industry. It implies that businesses relying on port services are encountering heightened difficulties, leading to delays or defaults in paying their service fees.
Macro-economic Risk	Macro-economic risk for PPAP encompasses broader economic factors that can affect maritime trade and shipping activities. This includes risks related to economic growth, inflation, interest rates, government policies, and geopolitical events that impact global trade flows and shipping demand.	Macro-economic risks can have significant implications for PPAP's business operations and financial performance. For example, a global recession or slowdown in economic growth can lead to reduced trade volumes, lower demand for shipping services, and decreased revenue for PPAP. Changes in government policies, such as trade tariffs or regulations affecting maritime transportation, can also impact PPAP's operating environment and profitability.	HIGH - PPAP's financial performance is intricately tied to the fluctuations of the global macroeconomic landscape, as evidenced by the downturn experienced in 2022, primarily attributable to a decline in trade activity, particularly within the construction sector. The company's profitability is significantly influenced by both domestic and global trade volumes, as well as regional import and export dynamics, factors beyond its direct control. Despite these challenges, PPAP remains proactive in monitoring economic trends to inform strategic investment decisions and mitigate potential losses on capital expenditures during periods of economic uncertainty.

Source: YSC Research

Environmental, Social, and Governance (ESG) Analysis

Environmental Factors

PPAP demonstrates a proactive stance towards environmental considerations within its operations. By conducting environmental assessments for key infrastructure projects and implementing an environmental protection policy, the company showcases a commitment to minimizing its ecological footprint. However, a notable limitation arises from the lack of disclosure regarding key performance indicators (KPIs) such as energy usage and carbon footprint. Without transparent reporting on these metrics, stakeholders may face challenges in assessing the company's environmental performance comprehensively. Thus, enhancing disclosure practices to include relevant KPIs would strengthen the company's environmental transparency and accountability in ESG analysis.

Social Factors

PPAP demonstrates a commendable commitment to social responsibility through various initiatives. With policies addressing supplier and subcontractor relations, as well as management and employee protection, the company prioritizes ethical business practices and employee welfare. Engaging in corporate social responsibility activities, including social donations, further underscores their dedication to societal well-being. For example, their donation expenses have exceeded 5% of the net profit from 2020 to 2022. Additionally, they also generate employment directly which benefits society. However, a

notable limitation lies in the lack of comprehensive KPIs to assess social factors comprehensively, which may hinder the company's ability to evaluate and improve its social impact systematically.

Key KPIs	2018	2019	2020	2021	2022
Donation Expenses (KHR'mn)	1,390	1,603	2,014	2,884	3,010
Net Profit (KHR'mn)	33,421	46,806	40,213	51,695	59,294
Donation Expenses % of Net Profit	4.16%	3.42%	5.01%	5.58%	5.08%
%pt YoY change		-0.73%pt	1.58%pt	0.57%pt	-0.50%pt

Source: The Company, YSC Research

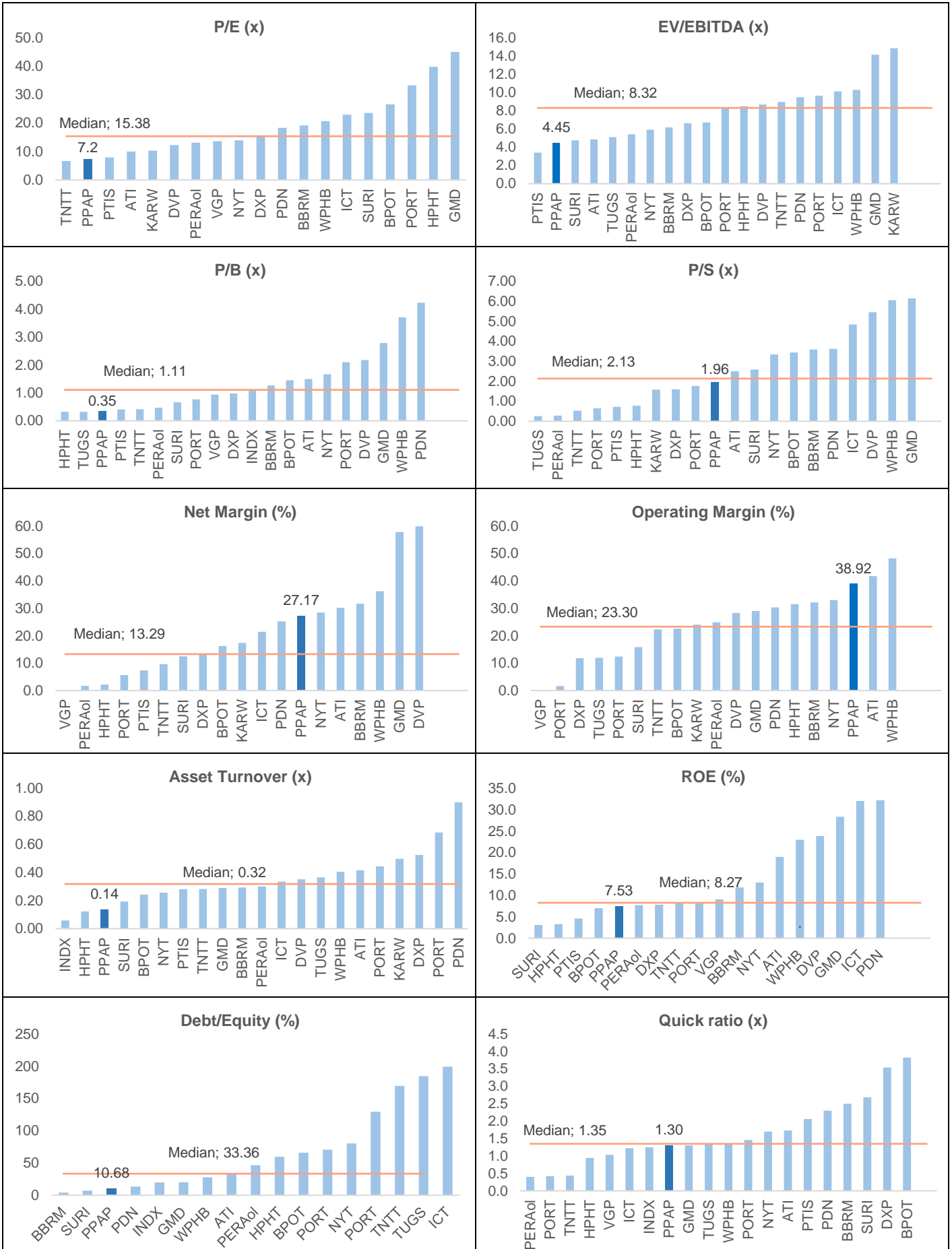
Governance Factors

PPAP maintains robust governance practices characterized by stringent ethical standards and transparency. The company prides itself on a well-structured and diverse board of directors, boasting a breadth of skills and experience. To bolster its ethical framework, PPAP has implemented a comprehensive code of business conduct, including an anti-corruption program for its directors and senior officers. Ensuring equitable treatment, minority shareholders enjoy identical rights to dividends and information as other shareholders. Additionally, PPAP adheres to best practices by appointing an independent director to chair its audit committee. However, the absence of a risk management committee poses a potential risk to the company's overall risk management framework.

Risks and Opportunities

PPAP demonstrates proactive environmental practices through assessments and policies but lacks transparency in key environmental KPIs, posing risks of stakeholder concerns and regulatory issues. Enhancing disclosure can improve accountability. Additionally, the company prioritizes social responsibility through various initiatives but lacks comprehensive KPIs for systematic evaluation, hindering its ability to assess and improve social impact. While governance practices are robust, the absence of a risk management committee poses a potential risk. Establishing such a committee could strengthen risk management and ensure long-term stability.

ASEAN Peers Comparison



Note: All figures are trailing-twelve-month figures obtained from S&P Capital IQ; Share price as of Mar 20, 2024; PPAP's price data is as of Mar 20, 2024
 Source: S&P Capital IQ, 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	Gemadept 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)	2019A	2020A	2021A	2022A	2023U
Revenues	110.2	110.3	125.2	148.8	142.0
Operating costs	-50.2	-53.1	-56.6	-69.4	-73.2
Other income	10.6	4.4	7.6	10.6	-0.4
EBITDA	70.6	61.6	76.2	90.0	68.4
Depreciation & Amortization	-12.6	-11.2	-13.6	-15.9	-18.9
EBIT	57.9	50.4	62.6	74.1	49.5
Net finance income	0.4	1.1	1.3	0.7	0.6
PBT	58.3	51.5	63.9	74.8	50.1
Income tax expense	-11.5	-11.3	-12.2	-15.5	-11.5
Net profit of period	46.8	40.2	51.7	59.3	38.6
Other comprehensive income/(loss)	0.4	0.9	-0.1	8.9	-6.9
Comprehensive income	47.2	41.1	51.6	68.2	31.7

Statement of Cash Flow					
FY to Dec (KHR'bn)	2019A	2020A	2021A	2022A	2023U
Operating cash flow	51.8	39.9	89.7	60.7	60.3
Net profit	46.8	40.2	51.7	74.8	50.1
Depreciation & amortization	12.6	11.2	13.6	15.9	18.9
Change in working capital	-9.2	-12.9	23.9	0.0	0.0
Others	1.6	1.4	0.6	-30.0	-8.7
Investing cash flow	-32.0	-51.7	-57.3	-52.0	-52.2
Net CAPEX	-28.2	-57.6	-72.0	-31.0	-61.4
Others	-3.8	6.0	14.6	-21.0	9.2
Financing cash flow	-16.6	-17.2	-16.7	-18.8	-17.5
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	0.0	0.0
Cash dividend	-3.9	-4.1	-4.1	-4.4	-4.7
Net change in cash & equivalent	3.2	-29.0	15.7	-10.0	-9.4
Beginning cash & equivalent	36.1	39.6	10.9	35.2*	25.5
Ending cash & equivalent	39.9	10.9	26.7*	25.5	15.9

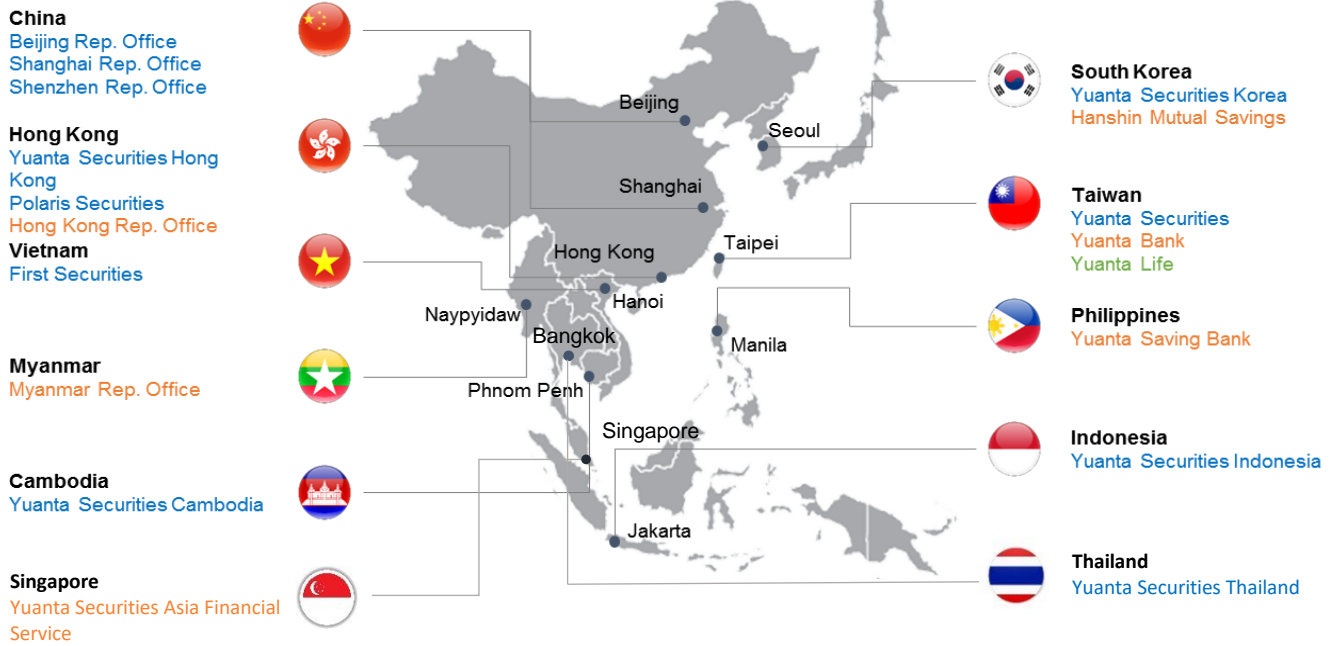
Note: A = Audited, U = Unaudited

*Discrepancy due to restatement of 2022

Source: The Company, YSC Research

Statement of Financial Position					
FY to Dec (KHR'bn)	2019A	2020A	2021A	2022A	2023U
Non-current assets	683.3	721.4	803.1	943.0	991.2
Properties, plants & equipment	316.1	359.3	421.0	464.8	517.4
Investment properties	345.8	342.6	344.8	356.8	356.9
Other non-current assets	21.5	19.5	37.3	121.5	117.0
Current assets	134.2	115.0	55.9	67.9	49.6
Trade receivables	28.3	43.4	18.0	32.2	28.7
Cash & cash equivalent	105.9	71.6	37.9	35.7	21.0
Total assets	817.5	836.3	859.0	1,010.9	1,040.9
Non-current liabilities	166.4	154.4	163.4	204.5	209.8
Long-term debts	92.8	83.7	75.9	68.2	59.2
Other non-current liabilities	73.6	70.7	87.5	136.3	150.6
Current liabilities	32.2	29.7	29.8	36.7	34.4
Trade & other payables	13.6	12.4	8.5	11.4	12.3
Other current liabilities	18.6	17.4	21.3	25.3	22.0
Total liabilities	198.5	184.2	193.2	241.2	244.1
Shareholders' equity	619.0	652.2	705.9	769.7	796.8
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	60.6	40.1
Other capital	9.5	5.4	9.4	17.2	11.0
Total liabilities & equity	817.5	836.3	899.1	1,010.9	1,040.9

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