

PPAP (KH100040001CSX)

September 18, 2017

Performance Highlights

FY ends Dec (KHR'bn)	1H17	% YoY	2Q17	% QoQ	% YoY
Revenue	33.33	10.0%	16.79	1.5%	15.0%
EBITDA	16.45	9.1%	8.19	-1.0%	15.6%
EBIT	10.67	3.4%	5.29	-1.6%	12.9%
Finance cost	-2.53	3.0%	-1.27	0.7%	0.2%
PBT	8.14	3.5%	4.02	-2.4%	17.6%
Net profit	6.80	2.5%	3.45	3.2%	15.7%
EBITDA margin	49.4%	-0.4%pt	48.8%	-1.2%pt	0.3%pt
EBIT margin	32.0%	-2.0%pt	31.5%	-1.0%pt	-0.6%pt
Net margin	20.4%	-1.5%pt	20.6%	0.3%pt	0.1%pt

Source: The Company, YSC Research

1H17 review: earnings rise 2.5% YoY on solid revenue growth

Container throughputs reach record high

- Container throughputs in 1H17 reached 79,787 TEUs, the highest PPAP has ever handled during the first six-month period. This translates into a 20.8% surge compared to 1H16. As a result, container cargo volume rose 14.4% YoY to 665,761 tonnes. Meanwhile, general cargo volume continued to achieve a strong growth, climbing 42.1% YoY with 289,183 tonnes, and reflecting increased popularity in the use of general cargo shipments. The combined cargo volume in 1H17 then came to 1,320,122 tonnes, up 12.1% YoY despite oil & gas cargo volume falling 7.0% YoY.

Top-line posts 10.0% YoY growth

- Thanks to increasing cargo traffic, total revenue in the first half of 2017 rose 10.0% YoY to KHR33.33bn. The solid top-line increase was thanks to a robust growth in main sources of revenue including income from stevedoring, lift-on lift-off (LOLO), and port services, which rose 12.4% YoY, 19.6% YoY, and 8.8% YoY, respectively. However, the overall revenue growth was undermined by a 38.2% YoY drop in income from storage services and an 88.6% decline in income from sand dredging services. The sharp drop in income from storage services was because one of its important customers ceased using storage services at PPAP, while the decline in income from sand dredging can be attributed to fiercer competition from private firms that were granted permission to operate the same services.

Operating profit sees modest increase as depreciation expense soars

- EBITDA amounted to KHR16.45bn in 1H17, up only 9.1% YoY despite the 10.0% YoY revenue growth. This was because operating expense excluding depreciation increased 5.2% YoY, and was mainly driven by a 153.5% YoY jump in expense on fuel and gasoline with the recovery of global oil prices. Meanwhile, EBIT growth was even modest at only 3.4% YoY as a result of a 21.4% YoY surge in depreciation expense. The remarkable rise in depreciation expense was not surprising given the company's post-IPO expansion.

Net profit rises 2.5% on solid revenue

- Net profit in first six months of the year came to KHR6.8bn, a 2.5% growth compared to the same period last year. The solid revenue growth was partly offset by the jump in expense on fuel and gasoline due to global oil price's recovery and a significant rise in depreciation expense following the post-IPO expansion.
- Although 1Q17 saw a decline in net profit due to surging expenses, 2Q17 was marked by a double-digit growth in net profit thanks to the 15.0% YoY increase in revenue.

Container throughputs

Container throughputs (TEU)	1H17	YoY	2Q17	QoQ	YoY
Total	79,787	20.8%	40,277	1.9%	19.3%

Source: The Company

Quarterly container, general, and oil cargoes (volume, change, growth, share of total)

Cargoes (Ton)	1H17	1H16	YoY Chg	YoY % Chg	1H17 % total
Container	665,761	581,739	84,022	14.4%	50.4%
General	289,183	203,516	85,667	42.1%	21.9%
Oil & gas	365,178	392,539	-27,361	-7.0%	27.7%
Total	1,320,122	1,177,794	142,328	12.1%	100.0%

Source: The Company

Current mkt. price	KHR 5,020
IPO price	KHR 5,120

Source: CSX, YSC Research

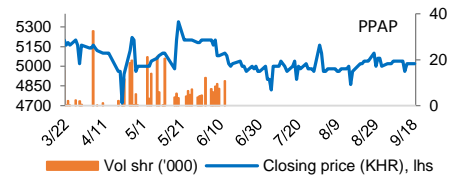
Stock info

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)	3,942
Free floating shares (last 6 months, %)	11.34
Price low/high (last 6 months, KHR)	4,720~5,340

EPS (KHR) (ttm)	797
P/E (x) (ttm)	6.10
P/B (x) (mrq)	0.20
P/B* (x) (mrq)	0.66
EV/EBITDA (x) (ttm)	5.36
D/E (%) (mrq)	25.8

Note: ttm = trailing twelve months (3Q16~2Q17); mrq = most recent quarter (2Q17); *Excluding equity of Class C (non-voting) shares.

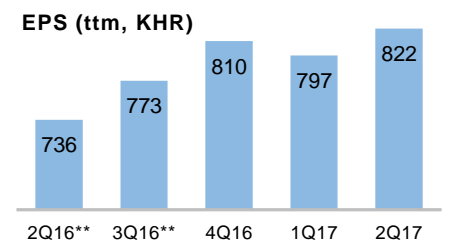
Stock performance



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	-	-	-	-
Oct	-	-	-	-
Nov	-	-	-	-
Dec	-	-	-	-

Earning strength



Note: **Based on weighted average outstanding shares;

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Breakdown of quarterly revenue (KHR'mn, change, growth, share of total)

Source of revenue	1H17	1H16	1H16-1H17 Chg	1H16-1H17 % Chg	1H17 % total
Stevedoring	13,900	12,363	1,538	12.4%	41.7%
LOLO	11,370	9,509	1,862	19.6%	34.1%
Port services	5,889	5,411	478	8.8%	17.7%
Storage	658	1,065	-407	-38.2%	2.0%
Sand dredging	111	979	-868	-88.6%	0.3%
Others	1,397	973	424	43.6%	4.2%
Revenue	33,326	30,298	3,027	10.0%	100.0%

Source: The Company

Financial Ratios

Financial Ratios

FY end to Dec	2013	2014	2015	2016	1H17 (ttm)
Valuation ratios, as of September 18, 2017					
P/E (x)	35.34	12.27	8.02	6.20	6.10
P/B (x)	0.22	0.22	0.20	0.20	0.20
P/B (x, excluding Class C)	1.08	0.97	0.75	0.71	0.66
EV/EBITDA (x)	9.95	7.38	5.98	5.58	5.36
P/S (x)	2.26	1.93	1.69	1.57	1.50
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	51.3
EBIT (%)	25.1	30.8	36.5	37.0	35.9
Net margin (%)	6.4	15.8	21.1	25.4	24.2
ROE (%)	0.6	1.8	2.6	3.2	3.2
ROE** (% , ex. Class C)	n/a	n/a	10.5	11.8	10.8
ROA (%)	0.5	1.4	2.1	2.6	2.5

Efficiency ratios

Asset turnover (x)	0.07	0.09	0.09	0.10	0.10
Receivables turnover (x)	6.3	8.1	10.1	8.3	7.95
Payable turnover (x)	-	-	-	NA	NA

Financial strength

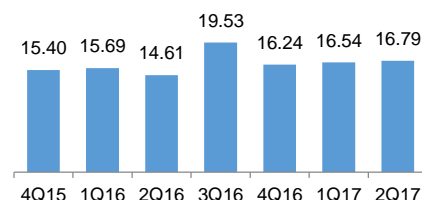
Debt/equity (%)	30.3	27.1	26.2	26.6	26.1
Net debt/equity (%)	27.4	22.7	16.0	17.2	16.2
Interest coverage (x)	2.1	3.2	4.8	4.7	4.7
Inter & ST debt cover (x)	0.6	3.2	4.8	4.7	4.7
Current ratio (x)	0.4	1.6	4.6	3.5	4.4
Quick ratio (x)	0.4	1.6	4.6	3.5	4.4
Net debt/EBITDA (x)	6.8	4.3	2.6	2.6	2.4

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

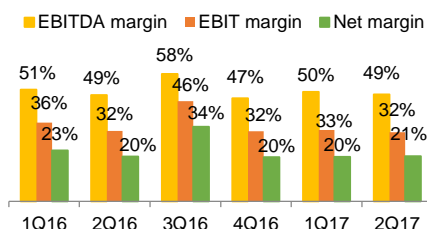
* Dividend yield for holders of Class A (voting) shares; ** Excluding equity of Class C (non-voting) shares;

Source: The Company, YSC Research

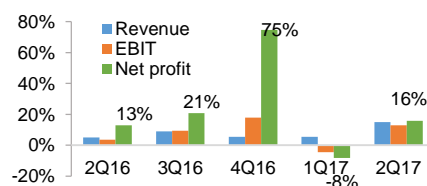
Quarterly revenue (KHR'bn)



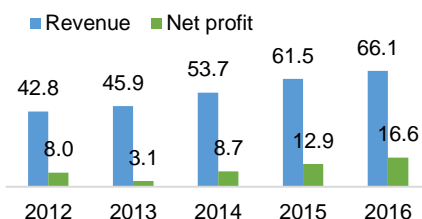
Quarterly profit margin



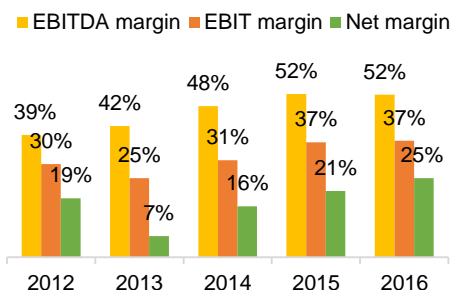
Quarterly revenue and profit growth (YoY)



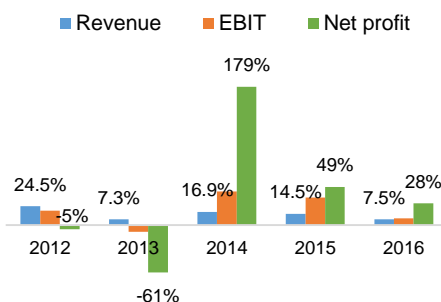
Annual revenue and net profit (KHR'bn)



Annual profit margin



Annual profit growth (YoY)



Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1H17
Revenues	45.9	53.7	61.5	66.1	33.3
Operating costs	-28.2	-29.2	-31.1	-35.9	-18.0
Other income	1.4	1.2	1.5	3.9	1.1
EBITDA	19.1	25.7	31.8	34.1	16.5
Depreciation & Amortization	-7.6	-9.2	-9.4	-9.6	-5.8
EBIT	11.5	16.5	22.4	24.4	10.7
Finance costs	-5.4	-5.2	-4.7	-5.2	-2.5
PBT	6.1	11.3	17.7	19.3	8.1
Income tax expense	-3.0	-2.7	-4.8	-2.7	-1.3
Net profit of period	3.1	8.7	12.9	16.6	6.8
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	6.8

Statement of cash flow					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1H17
Operating cash flow	11.6	21.7	19.4	27.2	9.5
Net profit	3.1	8.7	12.9	16.6	6.8
Depreciation & amortization	7.6	9.2	9.4	9.6	5.8
Change in working capital	-0.3	2.2	-5.1	0.4	-2.7
Others	1.2	1.6	2.2	0.6	-0.4
Investing cash flow	-27.1	-3.6	-6.7	-33.1	-3.8
Net CAPEX	-27.1	-3.6	-6.7	-33.1	-3.8
Others	0.0	0.0	0.0	0.0	0.0
Financing cash flow	8.6	1.6	15.4	-2.2	-1.2
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	-1.2
Net change in cash & equivalent	-7.0	19.7	28.1	-8.1	4.6
Beginning cash & equivalent	-5.3	-12.3	7.4	35.5	27.6
Ending cash & equivalent	-12.3	7.4	35.5	27.4	32.2

Source: The Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1H17
Non-current assets	604.2	600.1	600.6	620.5	625.9
Properties, plants & equipment	572.5	568.4	568.5	586.0	591.2
Investment properties	31.6	31.7	32.1	34.5	34.8
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Current assets	9.6	12.9	47.3	39.1	45.0
Trade receivables	9.1	5.6	11.8	11.8	12.8
Cash & cash equivalent	0.5	7.4	35.5	27.3	32.2
Total assets	613.8	613.0	647.9	659.6	670.9
Non-current liabilities	121.1	122.7	124.2	127.1	128.6
Long-term debts	116.7	117.0	117.7	117.0	118.4
Other non-current liabilities	4.4	5.7	6.5	10.1	10.2
Current liabilities	21.6	7.9	10.3	11.3	10.2
Trade & other payables	7.9	6.6	7.7	9.3	9.4
Other current liabilities	13.7	1.3	2.6	2.0	0.8
Total liabilities	142.7	130.6	134.5	138.4	138.8
Shareholders' equity	471.1	482.4	513.4	521.1	532.1
Share capital	104.2	108.1	447.9	457.8	457.8
Reserves	2.7	2.8	3.5	4.8	6.5
Development fund	24.5	25.6	31.8	40.9	50.5
Retained earnings	339.6	345.9	12.8	12.8	6.9
Other capital	0.0	0.0	17.4	4.9	10.5
Total liabilities & equity	613.8	613.0	647.9	659.6	670.9

Yuanta Securities Network

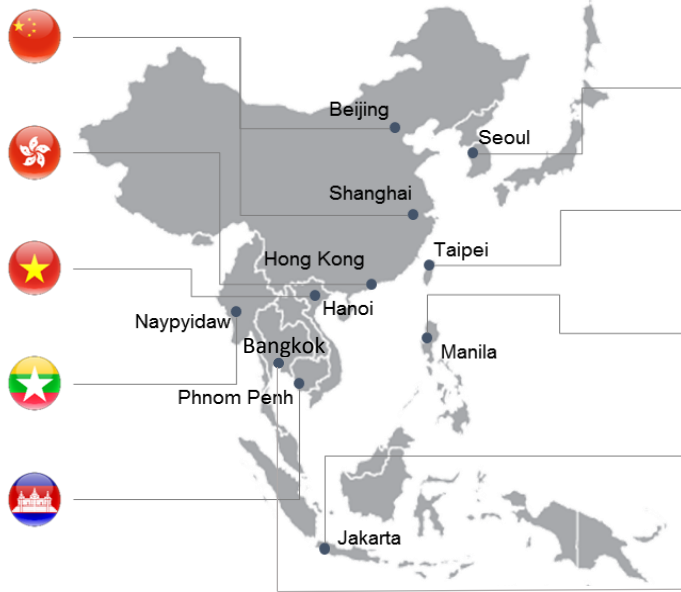
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