

PPAP (KH100040001CSX)

June 08, 2016

Performance Highlights

FY ends Dec (KHR'bn)	1Q17	4Q16	1Q16	% QoQ	% YoY
Revenue	16.54	16.24	15.69	1.8%	5.4%
EBITDA	8.27	7.63	8.00	8.3%	3.3%
EBIT	5.38	5.19	5.64	3.6%	-4.6%
Finance cost	-1.26	-1.38	-1.19	-8.5%	6.0%
PBT	4.12	3.81	4.45	8.0%	-7.4%
Net profit	3.35	3.28	3.65	2.2%	-8.3%
EBITDA margin	50.0%	47.0%	51.0%	3.0%pt	-1.0%pt
EBIT margin	32.5%	32.0%	35.9%	0.5%pt	-3.4%pt
Net margin	20.2%	20.2%	23.3%	0.1%pt	-3.0%pt

Source: The Company, YSC Research

1Q17 review: earnings fall 8.3% YoY on rising depreciation expense

Container throughputs surge 22.3% YoY;

- In 1Q17, container throughputs was the highest PPAP has ever handled during the first quarter of year, surging 22.3% YoY to 39,510 TEUs, resulting in a 12.8% YoY increase in container cargo volume to 308,153 tonnes. Meanwhile, general cargo continued to see a solid growth of 14.7% YoY, with 131,457 tonnes, reflecting increased popularity in the use of general cargo shipments. However, combined cargo volume rose only modestly by 4.5% to 626,103 tonnes as oil & gas cargo volume fell 11.8% compared to the same period last year.

Top-line sees modest growth of 5.4% YoY as income from other sources declines

- Total revenue in 1Q17 came to KHR16.54bn, up 5.4% YoY, vs 1Q16's 10.1% YoY. The modest growth in total revenue was due to a sharp drop in revenue from other sources, while revenue from main sources continued to see robust growth thanks to rising cargo traffic. A breakdown of total revenue indicates that main sources of revenue including income from stevedoring, lift-on lift-off (LOLO), and port services rose 11.3% YoY, 9.4% YoY, and 6.6% YoY, respectively. However, the overall revenue growth was undermined by a 52.1% YoY drop in income from storage services and an 89.1% 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 down 4.6% YoY; margin squeezed

- EBITDA saw an even modest growth in the first three months of 2017, edging up only 3.3% YoY to KHR8.27bn. Operating expense excluding depreciation increased 5.5% YoY, mainly driven by a 174.4% YoY jump in expense on fuel and gasoline as global oil prices recovered. Meanwhile, with depreciation expense soaring 22.1% YoY, EBIT fell 4.6% YoY to KHR5.38bn, and EBIT margin was squeezed by 3.4%pt YoY. Significant rise in depreciation expense was not surprising given the company's post-IPO expansion.

Net profit falls 8.3% YoY

- Pre-tax profit in the first quarter of 2017 dropped 7.4% YoY to KHR4.12bn, while net profit fell 8.3% YoY to KHR3.35bn. Despite total revenue continuing to grow, jump in expense on fuel and gasoline due to global oil price's recovery and significant rise in depreciation expense as a result of the post-IPO expansion were main driving forces behind the decrease in net profit in 1Q17.

Container throughputs

Container throughputs (TEU)	1Q17	4Q16	1Q16	QoQ % Chg	YoY % Chg
Total	39,510	36,884	32,296	7.1%	22.3%

Source: The Company

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

Cargoes (Ton)	1Q17	1Q16	YoY Chg	YoY % Chg	1Q17 % of Total
Container	308,153	273,180	34,973	12.8%	49.2%
General	131,457	114,656	16,801	14.7%	21.0%
Oil & gas	186,493	211,502	-25,009	-11.8%	29.8%
Total	626,103	599,338	26,765	4.5%	100.0%

Source: The Company

Current mkt. price	KHR 5,080
IPO price	KHR 5,120

Source: CSX, YSC Research

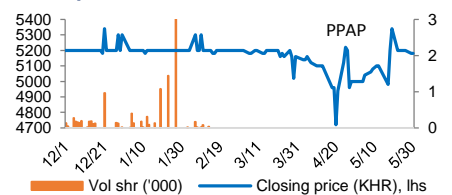
Stock info

Industry	Transport Support Services
Market cap (KHRbn)	105.1
Outstanding shares (mn)	21
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	3,463
Free floating shares (last 6 months, %)	9.96
Price low/high (last 6 months, KHR)	4,720~5,340

EPS (KHR) (ttm)	797
P/E (x) (ttm)	6.38
P/B (x) (mrq)	0.20
P/B* (x) (mrq)	0.73
EV/EBITDA (x) (ttm)	5.65
D/E (%) (mrq)	25.8

Note: ttm = trailing twelve months (2Q16-1Q17); mrq = most recent quarter (1Q17); *Excluding equity of Class C (non-voting) shares.

Stock performance

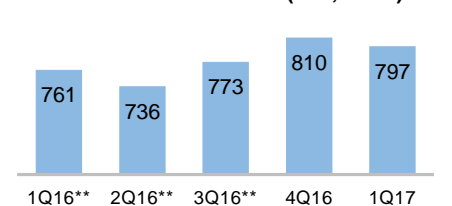


Trading volume and value

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
May 2016	4,200	23	247	1.3
Jun 2016	14,559	79	693	3.8
Jul 2016	13,639	74	649	3.5
Aug 2016	27,416	146	1,192	6.3
Sep 2016	7,187	38	342	1.8
Oct 2016	14,155	74	745	3.9
Nov 2016	2,940	15	163	0.9
Dec 2016	2,966	15	135	0.7
Jan 2017	83,806	429	3,991	20.4
Feb 2017	470	2	24	0.1
Mar 2017	59,466	308	2,832	14.7
Apr 2017	91,002	455	5,056	25.3

Earning strength

EPS (ttm, KHR)



Note: **Based on weighted average outstanding shares;

Research Team
research@yuantacambodia.com
 +855-23-860-800

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

Source of revenue	1Q17	1Q16	YoY Chg	YoY % Chg	1Q17 % Total
Stevedoring	6,913	6,210	703	11.3%	41.8%
LOLO	5,217	4,769	448	9.4%	31.6%
Port services	3,282	3,091	192	6.2%	19.9%
Storage	294	615	-321	-52.1%	1.8%
Sand dredging	59	539	-481	-89.1%	0.4%
Others	770	468	302	64.5%	4.7%
Revenue	16,535	15,692	843	5.4%	100.0%

Source: The Company

Financial Ratios

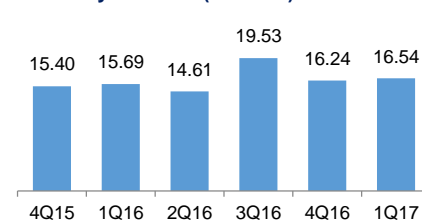
Financial Ratios					
FY end to Dec	2013	2014	2015	2016	1Q17 (ttm)
Valuation ratios, as of June 8, 2017					
P/E (x)	35.77	12.41	8.12	6.27	6.38
P/B (x)	0.22	0.22	0.20	0.20	0.20
P/B (x, excluding Class C)	1.09	0.98	0.76	0.72	0.73
EV/EBITDA (x)	10.15	7.54	6.10	5.69	5.65
P/S (x)	2.29	1.96	1.71	1.59	1.57
Dividend yields* (%)	-	-	0.50	4.92	NA
Dividend payout (%)	64.49	23.08	17.43	NA	NA
Profitability ratios					
EBITDA margin (%)	41.6	48.0	51.7	51.6	51.3
EBIT (%)	25.1	30.8	36.5	37.0	36.1
Net margin (%)	6.4	15.8	21.1	25.4	24.3
ROE (%)	0.6	1.8	2.6	3.2	3.2
ROE** (% ex. Class C)	n/a	n/a	10.5	11.8	11.5
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	7.37
Payable turnover (x)	-	-	-	NA	NA
Financial strength					
Debt/equity (%)	30.3	27.1	26.2	26.6	25.8
Net debt/equity (%)	27.4	22.7	16.0	17.2	17.2
Interest coverage (x)	2.1	3.2	4.8	4.7	4.6
Inter & ST debt cover (x)	0.6	3.2	4.8	4.7	4.6
Current ratio (x)	0.4	1.6	4.6	3.5	5.2
Quick ratio (x)	0.4	1.6	4.6	3.5	5.2
Net debt/EBITDA (x)	6.8	4.3	2.6	2.6	2.6

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

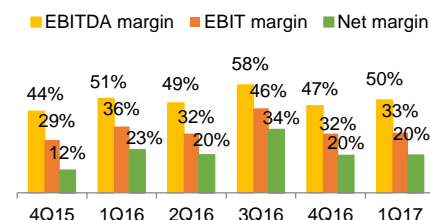
* Dividend yield for holders of Class A (voting) shares; ** Excluding equity of Class C (non-voting) shares;

Source: The Company, YSC Research

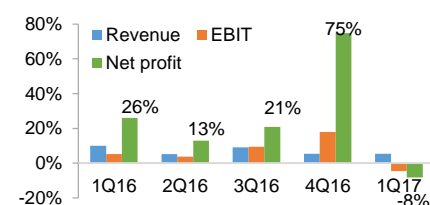
Quarterly revenue (KHR'bn)



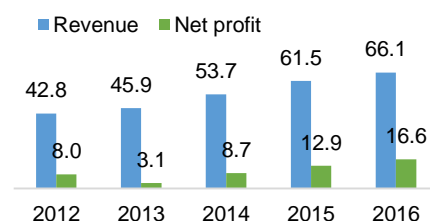
Quarterly profit margin



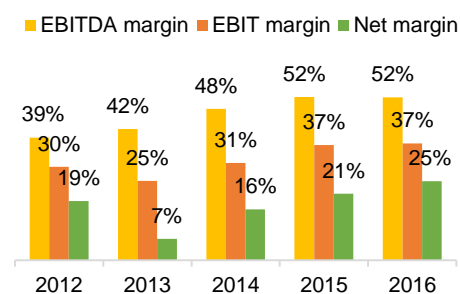
Quarterly revenue and profit growth (YoY)



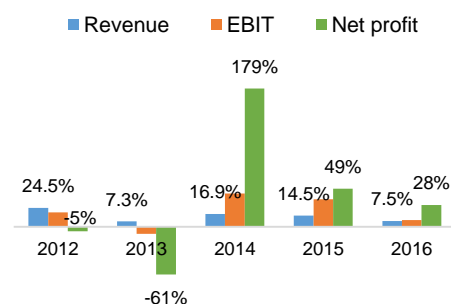
Annual revenue and net profit (KHR'bn)



Annual profit margin



Annual profit growth (YoY)



Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1Q17
Revenues	45.9	53.7	61.5	66.1	16.5
Operating costs	-28.2	-29.2	-31.1	-35.9	-8.8
Other income	1.4	1.2	1.5	3.9	0.5
EBITDA	19.1	25.7	31.8	34.1	8.3
Depreciation & Amortization	-7.6	-9.2	-9.4	-9.6	-2.9
EBIT	11.5	16.5	22.4	24.4	5.4
Finance costs	-5.4	-5.2	-4.7	-5.2	-1.3
PBT	6.1	11.3	17.7	19.3	4.1
Income tax expense	-3.0	-2.7	-4.8	-2.7	-0.8
Net profit of period	3.1	8.7	12.9	16.6	3.3
Re-measurements of defined benefit liability	-0.2	-0.2	0.0	0.2	-0.1
Comprehensive income	2.9	8.5	12.9	16.8	3.2

Statement of cash flow					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1Q17
Operating cash flow	11.6	21.7	19.4	27.2	1.6
Net profit	3.1	8.7	12.9	16.6	3.3
Depreciation & amortization	7.6	9.2	9.4	9.6	2.9
Change in working capital	-0.3	2.2	-5.1	0.4	-2.4
Others	1.2	1.6	2.2	0.6	-2.2
Investing cash flow	-27.1	-3.6	-6.7	-33.1	-0.3
Net CAPEX	-27.1	-3.6	-6.7	-33.1	-0.3
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	0.2
Beginning cash & equivalent	-5.3	-12.3	7.4	35.5	27.0
Ending cash & equivalent	-12.3	7.4	35.5	27.4	27.2

Source: The Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2013	2014	2015	2016	1Q17
Non-current assets	604.2	600.1	600.6	620.5	613.0
Properties, plants & equipment	572.5	568.4	568.5	586.0	578.8
Investment properties	31.6	31.7	32.1	34.5	34.1
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Current assets	9.6	12.9	47.3	39.1	38.6
Trade receivables	9.1	5.6	11.8	11.8	11.4
Cash & cash equivalent	0.5	7.4	35.5	27.3	27.2
Total assets	613.8	613.0	647.9	659.6	651.5
Non-current liabilities	121.1	122.7	124.2	127.1	125.9
Long-term debts	116.7	117.0	117.7	117.0	116.1
Other non-current liabilities	4.4	5.7	6.5	10.1	9.9
Current liabilities	21.6	7.9	10.3	11.3	7.5
Trade & other payables	7.9	6.6	7.7	9.3	7.1
Other current liabilities	13.7	1.3	2.6	2.0	0.4
Total liabilities	142.7	130.6	134.5	138.4	133.4
Shareholders' equity	471.1	482.4	513.4	521.1	518.1
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	49.5
Retained earnings	339.6	345.9	12.8	12.8	3.2
Other capital	0.0	0.0	17.4	4.9	1.2
Total liabilities & equity	613.8	613.0	647.9	659.6	651.5

Yuanta Securities Network

China
 Beijing Rep. Office
 Shanghai Rep. Office
 Shenzhen Rep. Office

Hong Kong
 Yuanta Securities Hong Kong
 Polaris Securities
 Hong Kong Rep. Office

Vietnam
 First Securities

Myanmar
 Myanmar Rep. Office

Cambodia
 Yuanta Securities Cambodia



South Korea
 Yuanta Securities Korea
 Hanshin Mutual Savings

Taiwan
 Yuanta Securities
 Yuanta Bank
 Yuanta Life

Philippines
 Yuanta Saving Bank

Indonesia
 Yuanta Securities Indonesia

Thailand
 Yuanta Securities Thailand

DISCLAIMER

This research report has been prepared for informational purposes only; it does not constitute an offer or a solicitation of an offer to buy or sell any securities or other financial instruments. The information and data contained in this report have been obtained from sources we consider reliable; however, we make no representation that the information provided in this report is accurate or complete, and it should not be relied on as such. The recipient of this report should use his/her independent judgment regarding the sale or purchase of any securities or financial instruments mentioned herein. We disclaim any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for our clients only. It is copyrighted material and may not be reproduced, transmitted, quoted, or distributed in any manner without the prior written consent of Yuanta Securities (Cambodia) Plc.