

PPAP (KH100040001CSX)

February 27, 2018

Performance Highlights

FY ends Dec (KHR'bn)	4Q17	% QoQ	% YoY	2017*	% YoY
Revenue	19.21	-19.1%	18.3%	76.27	15.5%
EBITDA	10.33	-31.2%	35.4%	41.79	22.7%
EBIT	7.38	-38.8%	42.0%	30.09	23.1%
Finance cost	-1.35	12.1%	-2.4%	-5.08	-1.6%
PBT	6.03	-44.4%	58.1%	25.01	29.7%
Net profit	5.26	-45.4%	60.6%	21.69	30.9%
EBITDA margin	53.8%	-9.5%pt	6.8%pt	54.8%	3.2%pt
EBIT margin	38.4%	-12.3%pt	6.4%pt	39.4%	2.5%pt
Net margin	27.4%	-13.2%pt	7.2%pt	28.4%	3.4%pt

*Unaudited

Source: The Company, YSC Research

4Q17 review: net profit jumps 60% YoY in 4Q17; 30% YoY in 2017

Container throughputs in 4Q17 surge 23.3% YoY

- Container throughputs handled by PPAP during the fourth quarter came to 45,493 TEUs, up 23.3%, with container cargo volume rising 13.0% compared to the same period in 2016. Meanwhile, general and oil cargo volumes surged 28.0% YoY and 12.1% YoY to 105,282 tonnes and 182,043 tonnes, respectively.
- In 2017, the port operator achieved a 21.8% growth in container throughputs and a 14.4% climb in total cargo volume. This remarkable increase was particularly driven by strong growth in imports of construction materials and exports of garment and footwear products through PPAP terminals. This is not surprising given vigorous economic activities in the rapidly growing Cambodia.

Top-line posts double-digit YoY growth for third quarter straight

- Thanks to the robust increase in cargo traffic, PPAP saw double-digit YoY growth in revenue for a third quarter straight. Top line rose 18.3% YoY to KHR19.2bn in 4Q17, from 16.2bn in 4Q16. Main sources of revenue including income from stevedoring, lift-on lift-off (LOLO), and port services soared 16.8%, 19.4%, and 12.3% YoY, respectively, and together accounted for 93.5% of the total revenue. In the fourth quarter of 2017, PPAP did not earn at all from sand-dredging services, most likely due to fiercer competition from private firms offering similar services.
- According to the Company's unaudited financial report, total revenue in 2017 reached a record high of KHR76.27bn, up 15.5% compared to a year earlier. While last year saw a reduction in income from sand-dredging and storage services, other incomes including trucking and gate fees jumped 57.6% YoY on the rise of cargo traffic.

Operating profit soars on modest increase in expense

- While the port operator achieved more than 18% revenue growth, operating expense in 4Q17 declined by 3.5% YoY. As a result, EBITDA in the fourth quarter soared 35.4% YoY to KHR10.33bn with EBITDA margin expanding by 6.8%pt YoY. Meanwhile, EBIT came to KHR7.38bn with an EBIT margin of 38.4% (+6.4%pt YoY). Although depreciation expense increased 21.2% YoY as a consequence of the company's post-IPO expansion, this was slower than EBITDA increase, and so EBIT rose as much as 42.0% YoY.
- In 2017, EBITDA and EBIT amounted to KHR41.79bn (+22.7 YoY) and KHR30.09bn (+23.1 YoY), respectively.

Net profit jumps 60.6% YoY in 4Q17; 30.9% YoY in 2017

- With finance cost dropping slightly, pre-tax profit surged 58.1% YoY to KHR6.03bn, and net profit jumped 60.6% YoY to KHR5.26bn in 4Q17.
- 2017 was marked by the remarkable performance in the third and fourth quarters, with net profit in each quarter increasing more than 40% YoY. As a result, net profit reached a record high of KHR21.58bn.

Container throughputs

Container throughputs (TEU)	4Q17	% QoQ	% YoY	2017*	% YoY
Total	45,493	-23.6%	23.3%	184,805	21.8%

Source: The Company

Current mkt. price	KHR 5,360
IPO price	KHR 5,120

Source: CSX, YSC Research

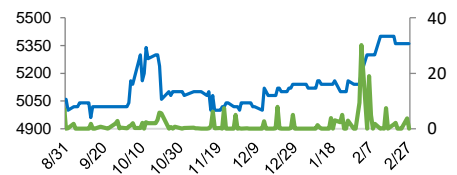
Stock info

Industry	Transport Support Services
Market cap (KHRbn)	110.87
Outstanding shares (mn)	20.7
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	1,566
Free floating shares (last 6 months, %)	4.51
Price low/high (last 6 months, KHR)	4,960~5,400

EPS (KHR) (ttm)	1,043
P/E (x) (ttm)	5.14
P/B (x) (mrq)	0.21
P/B* (x) (mrq)	0.67
EV/EBITDA (x) (ttm)	4.32
D/E (%) (mrq)	25.9

Note: ttm = trailing twelve months (1Q17~4Q17); mrq = most recent quarter (4Q17); *Excluding equity of Class C (non-voting) shares.

Stock performance

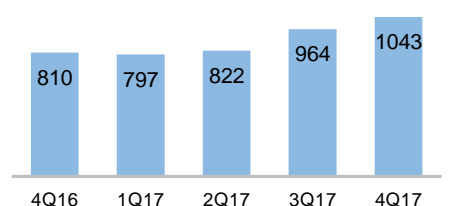


Trading volume and value in 2017

	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	10,009	49	589	2.9
Oct	29,541	150	1,555	7.9
Nov	21,911	109	1,153	5.7
Dec	16,654	85	833	4.3

Earning strength

EPS (ttm, KHR)



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Quarterly container, general, and oil cargoes

Cargoes (Ton)	4Q17	% QoQ	% YoY	2017*	% YoY
Container	397,862	-16.7%	13.0%	1,541,524	21.3%
General	105,282	-2.3%	28.0%	502,196	12.0%
Oil & gas	182,043	9.2%	12.1%	713,942	3.3%
Total	685,186	-8.9%	14.8%	2,757,661	14.4%

Source: The Company

Breakdown of quarterly revenue

Source of revenue	4Q17	% QoQ	% YoY	2017*	% YoY
Stevedoring	7,737	-19.9%	16.8%	31,298	15.1%
LOLO	6,647	-23.3%	19.4%	26,689	23.0%
Port services	3,567	6.5%	12.3%	12,805	9.9%
Storage	445	-28.3%	121.4%	1,723	-11.1%
Sand dredging	0	-100.0%	-100.0%	156	-87.9%
Others	810	-41.9%	42.5%	3,602	57.6%
Revenue	19,207	-19.1%	18.3%	76,274	15.5%

Source: The Company

Financial Ratios

Financial Ratios					
FY end to Dec	2013	2014	2015	2016	2017*
Valuation ratios, on February 27, 2018					
P/E (x)	37.74	13.10	8.57	6.62	5.14
P/B (x)	0.24	0.23	0.22	0.21	0.21
P/B (x, excluding Class C)	1.16	1.03	0.80	0.76	0.67
EV/EBITDA (x)	9.45	7.02	5.68	5.30	4.32
P/S (x)	2.41	2.07	1.80	1.68	1.45
Dividend yields** (%)	-	-	0.48	4.92	-
Dividend payout (%)	64.49	23.08	17.43	6.92	-
Profitability ratios					
EBITDA margin (%)	41.6	48.0	51.7	51.6	54.8
EBIT (%)	25.1	30.8	36.5	37.0	39.4
Net margin (%)	6.4	15.8	21.1	25.4	28.4
ROE (%)	0.6	1.8	2.6	3.2	4.0
ROE*** (% , ex. Class C)	n/a	n/a	10.5	11.8	13.1
ROA (%)	0.5	1.4	2.1	2.6	3.2
Efficiency ratios					
Asset turnover (x)	0.07	0.09	0.09	0.10	0.11
Receivables turnover (x)	6.3	8.1	10.1	8.3	7.52
Payable turnover (x)	-	-	-	NA	NA
Financial strength					
Debt/equity (%)	30.3	27.1	26.2	26.6	25.9
Net debt/equity (%)	27.4	22.7	16.0	17.2	12.9
Interest coverage (x)	2.1	3.2	4.8	4.7	5.9
Inter & ST debt cover (x)	0.6	3.2	4.8	4.7	5.9
Current ratio (x)	0.4	1.6	4.6	3.5	2.9
Quick ratio (x)	0.4	1.6	4.6	3.5	2.9
Net debt/EBITDA (x)	6.8	4.3	2.6	2.6	1.7

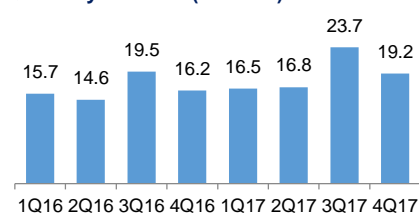
Note: ROE= return on average equity; ROA = return on average assets;

*Unaudited

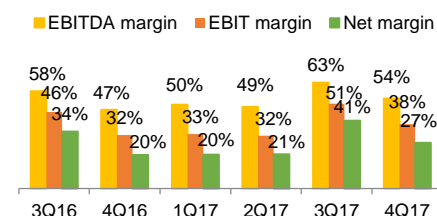
** Dividend yield for holders of Class A (voting) shares; *** Excluding equity of Class C (non-voting) shares;

Source: The Company, YSC Research

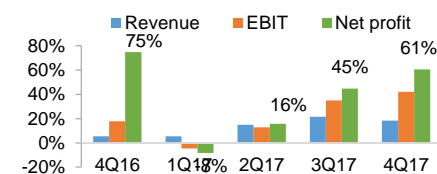
Quarterly revenue (KHR'bn)



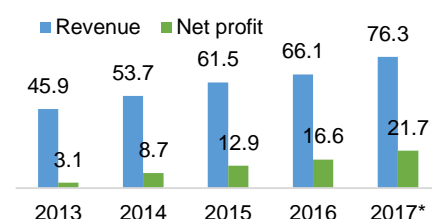
Quarterly profit margin



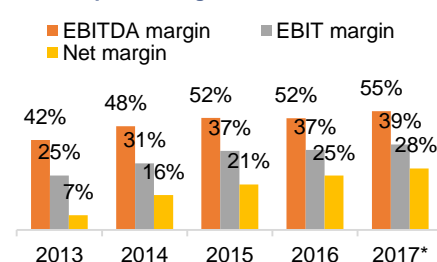
Quarterly revenue and profit growth (YoY)



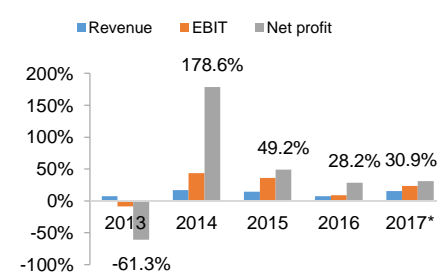
Annual revenue and net profit (KHR'bn)



Annual profit margin



Annual profit growth (YoY)



Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2013	2014	2015	2016	2017*
Revenues	45.9	53.7	61.5	66.1	76.3
Operating costs	-28.2	-29.2	-31.1	-35.9	-36.9
Other income	1.4	1.2	1.5	3.9	2.4
EBITDA	19.1	25.7	31.8	34.1	41.8
Depreciation & Amortization	-7.6	-9.2	-9.4	-9.6	-11.7
EBIT	11.5	16.5	22.4	24.4	30.1
Finance costs	-5.4	-5.2	-4.7	-5.2	-5.1
PBT	6.1	11.3	17.7	19.3	25.0
Income tax expense	-3.0	-2.7	-4.8	-2.7	-3.3
Net profit of period	3.1	8.7	12.9	16.6	21.7
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	21.6

Statement of cash flow					
FY to Dec (KHR'bn)	2013	2014	2015	2016	2017*
Operating cash flow	11.6	21.7	19.4	27.2	35.7
Net profit	3.1	8.7	12.9	16.6	21.7
Depreciation & amortization	7.6	9.2	9.4	9.6	11.7
Change in working capital	-0.3	2.2	-5.1	0.4	0.4
Others	1.2	1.6	2.2	0.6	1.9
Investing cash flow	-27.1	-3.6	-6.7	-33.1	-12.3
Net CAPEX	-27.1	-3.6	-6.7	-33.1	-12.3
Others	0.0	0.0	0.0	0.0	0.0
Financing cash flow	8.6	1.6	15.4	-2.2	-3.3
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	-3.3
Net change in cash & equivalent	-7.0	19.7	28.1	-8.1	20.1
Beginning cash & equivalent	-5.3	-12.3	7.4	35.5	27.3
Ending cash & equivalent	-12.3	7.4	35.5	27.4	47.3

Source: The Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2013	2014	2015	2016	2017*
Non-current assets	604.2	600.1	600.6	620.5	621.0
Properties, plants & equipment	572.5	568.4	568.5	586.0	586.8
Investment properties	31.6	31.7	32.1	34.5	34.2
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Current assets	9.6	12.9	47.3	39.1	59.5
Trade receivables	9.1	5.6	11.8	11.8	12.1
Cash & cash equivalent	0.5	7.4	35.5	27.3	47.3
Total assets	613.8	613.0	647.9	659.6	680.5
Non-current liabilities	121.1	122.7	124.2	127.1	119.4
Long-term debts	116.7	117.0	117.7	117.0	108.6
Other non-current liabilities	4.4	5.7	6.5	10.1	10.8
Current liabilities	21.6	7.9	10.3	11.3	20.8
Trade & other payables	7.9	6.6	7.7	9.3	10.1
Other current liabilities	13.7	1.3	2.6	2.0	10.6
Total liabilities	142.7	130.6	134.5	138.4	140.2
Shareholders' equity	471.1	482.4	513.4	521.1	540.3
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	49.9
Retained earnings	339.6	345.9	12.8	12.8	21.3
Other capital	0.0	0.0	17.4	4.9	4.9
Total liabilities & equity	613.8	613.0	647.9	659.6	680.5

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