

PPAP (KH100040001CSX)

December 13, 2016

Performance Highlights

FY ends Dec (KHR'bn)	3Q16	% QoQ	% YoY	1~3Q16	% YoY
Revenue	19.53	33.7%	9.1%	49.83	8.1%
EBITDA	11.36	60.3%	8.0%	26.44	5.6%
EBIT	8.92	90.4%	9.4%	19.24	6.6%
Finance cost	-1.32	4.5%	11.9%	-3.78	9.4%
PBT	7.60	122.2%	8.9%	15.46	5.9%
Net profit	6.66	123.0%	20.8%	13.29	20.2%
EBITDA margin	58.2%	9.7%pt	-0.6%pt	53.1%	-1.3%pt
EBIT margin	45.7%	13.6%pt	0.1%pt	38.6%	-0.5%pt
Net margin	34.1%	13.6%pt	3.3%pt	26.7%	2.7%pt

Source: Company, YSC Research

3Q16 review: top-line up 9.1% YoY; net profit surges 20.8% YoY

Container throughputs up 12.1% YoY;

- Container throughputs in 3Q16 increased 12.1% YoY to a record-high of 48,837 TEUs. The double-digit growth, which came for the first time in three quarters (7.2% YoY in 2Q16, -6.8% YoY in 1Q16), was mainly driven by a strong increase in exports via PPAP. In particular, exports of garment products, which accounted for 75% of total container cargo for export, rose remarkably, up 50.9% from 12,122 TEUs in 2Q16 to 18,289 TEUs in 3Q16. Container cargo traffic growth, however, was slightly dragged down by a drop in imports. Meanwhile, general cargo volume jumped 127.0% YoY, putting the combined cargo volume (including gas & oil cargo) handled at PPAP between July and September at 634,945 tons, a 19.2% increase compared to the same period last year. During the first nine months 2016, container throughputs totaled 114,897 TEUs (+4.7% YoY), while the combined cargo volume came to 1,812,736 tons (+12.5% YoY).

Top-line sees solid growth

- Thanks to the increase in cargo traffic at PPAP, total revenue in 3Q16 reached a record-high of KHR19.5bn, growing a solid 9.1% YoY, or a 4.0%pt increase from 5.1% YoY in 2Q16. A breakdown of total revenue indicates that while the additional income from sand dredging declined by more than 87% YoY, main sources of revenue including income from stevedoring, lift-on lift-off (LOLO), and port services saw noticeable rises, climbing 17.5% YoY, 15.1% YoY, and 14.0% YoY, respectively. The source of revenue that saw the biggest growth, however, was income from storage services, which skyrocketed to KHR673.5mn from KHR93.3mn in the third quarter last year.
- In the first nine months of 2016, total revenue came to KHR49.8bn, up 8.2% from the same period a year earlier. Income from stevedoring rose 10.6% YoY, port services 16.8%, and storage 118.0%. Income from LOLO grew 7.9% YoY, well below 10%, most likely due to the implementation of the 5% reduction on LOLO service fees from mid-June, following the government's instruction to lower the fees to help reduce the Kingdom's transportation and logistics costs. Income from sand dredging, on the other hand, fell 47.3% YoY, due to increased competition, with the Ministry of Mine and Energy granting "sand dredging" licenses to other private firms.

Operating margin high

- EBIT came to KHR8.92bn (+9.4% YoY) in 3Q16, nearly double that in 2Q16. EBIT margin was high at 45.7%, expanding 13.6%pt from the previous quarter. While total revenue grew 9.1% YoY, total operating expense increased by about the same rate of 10.9% YoY, so keeping the operating margin as high as in the same period last year. As in the previous two quarters, the increase in total operating expense was mainly driven by strong growth in salaries and wages as a result of post-listing organizational restructuring.

Earnings surge about 20% on tax incentive

- Pre-tax profit in 3Q16 rose 8.9% YoY to KHR7.60bn. Meanwhile, with the effective tax rate falling from 21.0% in 3Q15 to 12.4% in 3Q16 due to PPAP's 3-year long tax incentive (2016-2018), net profit surged over 20% YoY to KHR6.66bn. As a result, the port operator's net profit in the first three quarters of the year reached KHR13.29bn, up 20.2% compared to the same period last year.

Current mkt. price	KHR 5,200
IPO price	KHR 5,120

Source: CSX, YSC Research

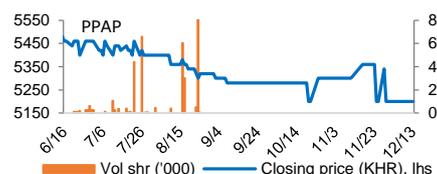
Stock info

Industry	Transport Support Services
Market cap (KHRbn)	107.6
Outstanding shares (mn)	21
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	619
Free floating shares (last 6 months, %)	1.72
Price low/high (last 6 months, KHR)	5,200~5,480

EPS (KHR) (ttm)	773
P/E (x) (ttm)	7.08
P/B (x) (mrq)	0.21
P/B* (x) (mrq)	0.74
EV/EBITDA (x) (ttm)	5.69
D/E (%) (mrq)	26.18

Note: ttm = trailing twelve months (4Q15~3Q16); mrq = most recent quarter (3Q16); EPS is based on weighted average outstanding shares. *Excluding equity of Class C (non-voting) shares.

Stock performance



Trading volume and value in 2016

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Jan 2016	57,679	315	3,036	16.6
Feb 2016	40,429	220	2,021	11.0
Mar 2016	12,605	69	573	3.1
Apr 2016	23,496	127	1,305	7.1
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

Earning strength



Note: *Based on pre-IPO outstanding shares of 16.5bn. **Based on weighted average outstanding shares;

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Container throughputs

Container throughputs (TEU)	3Q16	QoQ	YoY	1~3Q16	YoY
Total	48,837	44.6%	12.1%	114,897	4.7%

Source: The Company

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

Cargoes (Ton)	1~3Q16	1~3Q15	YoY Chg	YoY % Chg	1~3Q16 % total
Container	918,208	888,025	30,183	3.4%	50.7%
General	366,143	216,408	149,735	69.2%	20.2%
Oil & gas	528,388	506,819	21,569	4.3%	29.1%
Total	1,812,739	1,611,252	201,487	12.5%	100.0%

Source: Company

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

Source of revenue	1~3Q16	1~3Q15	YoY Chg	YoY % Chg	1~3Q16 % total
Stevedoring	20,569	18,602	1,967	10.6%	41.3%
LOLO	16,133	14,955	1,179	7.9%	32.4%
Port services	8,472	7,255	1,218	16.8%	17.0%
Storage	1,738	797	941	118.0%	3.5%
Sand dredging	1,196	2,268	-1,072	-47.3%	2.4%
Others	1,721	2,186	-465	-21.3%	3.5%
Revenue	49,830	46,062	3,768	8.2%	100.0%

Source: Company

Financial Ratios

Financial Ratios

FY end to Dec	2012	2013	2014	2015	3Q16(ttm)
Valuation ratios, as of December 13, 2016					
P/E (x)	13.13	36.61	12.71	8.31	7.08
P/B (x)	0.23	0.23	0.22	0.21	0.21
P/B (x, excluding Class C)	1.18	1.12	1.00	0.78	0.74
EV/EBITDA (x)	11.37	9.89	7.34	5.94	5.69
P/S (x)	2.51	2.34	2.00	1.75	1.65
Dividend yields (%)	-	-	-	0.49	-
Dividend payout (%)	12.35	64.49	23.08	0.82	-

Profitability ratios

EBITDA margin (%)	38.8	41.6	48.0	51.7	50.9
EBIT (%)	29.6	25.1	30.8	36.5	36.3
Net margin (%)	19.2	6.4	15.8	21.1	23.2
ROE (%)	1.8	0.6	1.8	2.5	2.9
ROE* (% , ex. Class C)	n/a	n/a	n/a	9.4	10.5
ROA (%)	1.4	0.5	1.4	2.0	2.3

Efficiency ratios

Asset turnover (x)	0.07	0.07	0.09	0.09	0.10
Receivables turnover (x)	6.4	6.3	8.1	10.1	7.75
Payable turnover (x)	-	-	-	-	NA

Financial strength

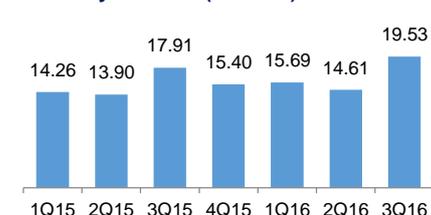
Debt/equity (%)	29.2	30.3	27.1	26.2	26.2
Net debt/equity (%)	25.0	27.4	22.7	16.0	15.7
Interest coverage (x)	8.3	2.1	3.2	4.8	4.7
Inter & ST debt cover (x)	1.8	0.6	3.2	4.8	4.7
Current ratio (x)	0.4	0.4	1.6	4.6	5.5
Quick ratio (x)	0.4	0.4	1.6	4.6	5.5
Net debt/EBITDA (x)	7.0	6.8	4.3	2.6	2.5

Note: 3Q16(ttm) = 4Q15~3Q16; ROE and ROA are based on year-end equity and assets;

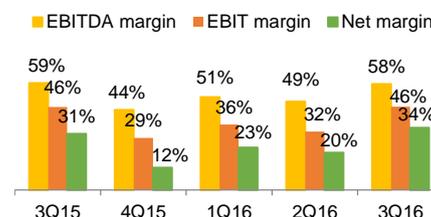
*Excluding equity of Class C (non-voting) shares;

Source: Company, YSC Research

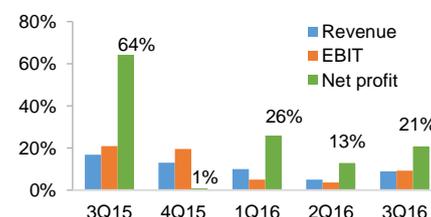
Quarterly revenue (KHR'bn)



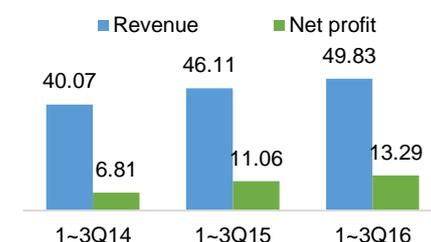
Quarterly profit margin



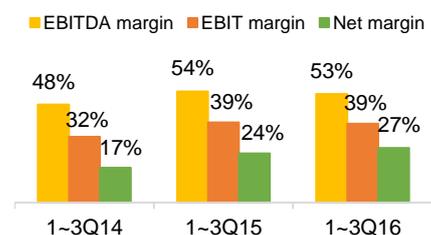
Quarterly revenue and profit growth (YoY)



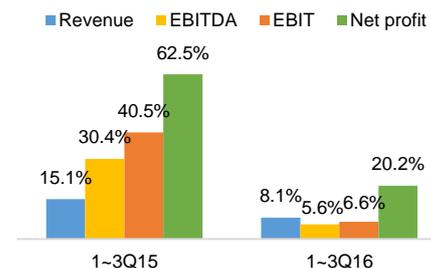
Nine-month revenue and net profit (KHR'bn)



Nine-month profit margin



Nine-month profit growth (YoY)



Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHRbn)	2012	2013	2014	2015	1~3Q16
Revenues	42.8	45.9	53.7	61.5	49.8
Operating costs	-27.8	-28.2	-29.2	-31.1	-26.0
Other income	1.6	1.4	1.2	1.5	2.6
EBITDA	16.6	19.1	25.7	31.8	26.4
Depreciation & Amortization	-4.0	-7.6	-9.2	-9.4	-7.2
EBIT	12.6	11.5	16.5	22.4	19.2
Finance costs	-1.5	-5.4	-5.2	-4.7	-3.8
PBT	11.1	6.1	11.3	17.7	15.5
Income tax expense	-3.1	-3.0	-2.7	-4.8	-2.2
Net profit for the period	8.0	3.1	8.7	12.9	13.3
Re-measurements of defined benefit liability	0.2	-0.2	-0.2	0.0	0.0
Comprehensive income	8.2	2.9	8.5	12.9	13.3

Statement of cash flow					
FY to Dec (KHRbn)	2012	2013	2014	2015	1~3Q16
Operating cash flow	-21.4	11.6	21.7	19.4	19.6
Net profit	8.0	3.1	8.7	12.9	13.3
Depreciation & amortization	4.0	7.6	9.2	9.4	7.2
Change in working capital	-33.0	-0.3	2.2	-5.1	0.5
Others	-0.4	1.2	1.6	2.2	-1.4
Investing cash flow	-29.7	-27.1	-3.6	-6.7	-17.3
Net CAPEX	-29.7	-27.1	-3.6	-6.7	-17.3
Others	0.0	0.0	0.0	0.0	0.0
Financing cash flow	40.3	8.6	1.6	15.4	-2.2
Net change in share capital	0.0	3.7	3.6	17.4	0.0
Net change in debt	41.3	5.8	0.0	0.0	0.0
Cash dividend	-1.0	-1.0	-2.0	-2.0	-2.2
Net change in cash & equivalent	-10.8	-7.0	19.7	28.1	0.2
Beginning cash & equivalent	5.5	-5.3	-12.3	7.4	35.5
Ending cash & equivalent	-5.3	-12.3	7.4	35.5	35.7

Source: Company, YSC Research

Statement of financial position					
FY to Dec (KHRbn)	2012	2013	2014	2015	3Q16
Non-current assets	593.8	604.2	600.1	600.6	610.1
Properties, plants & equipment	550.7	572.5	568.4	568.5	575.4
Investment properties	31.8	31.6	31.7	32.1	34.7
Other non-current assets	11.3	0.0	0.0	0.0	0.0
Current assets	8.6	9.6	12.9	47.3	46.3
Trade receivables	8.3	9.1	5.6	11.8	10.6
Cash & cash equivalent	0.3	0.5	7.4	35.5	35.7
Total assets	602.4	613.8	613.0	647.9	656.4
Non-current liabilities	113.3	121.1	122.7	124.2	127.7
Long-term debts	111.0	116.7	117.0	117.7	117.6
Other non-current liabilities	2.2	4.4	5.7	6.5	10.2
Current liabilities	23.1	21.6	7.9	10.3	8.4
Trade & other payables	15.2	7.9	6.6	7.7	5.8
Other current liabilities	7.8	13.7	1.3	2.6	2.6
Total liabilities	136.3	142.7	130.6	134.5	136.2
Shareholders' equity	466.1	471.1	482.4	513.4	520.2
Share capital	100.6	104.2	108.1	447.9	457.8
Reserves	2.0	2.7	2.8	3.5	4.8
Development fund	18.2	24.5	25.6	31.8	41.1
Retained earnings	345.2	339.6	345.9	12.8	9.4
Other capital	0.0	0.0	0.0	17.4	7.2
Total liabilities & equity	602.4	613.8	613.0	647.9	656.4

Yuanta Securities Network

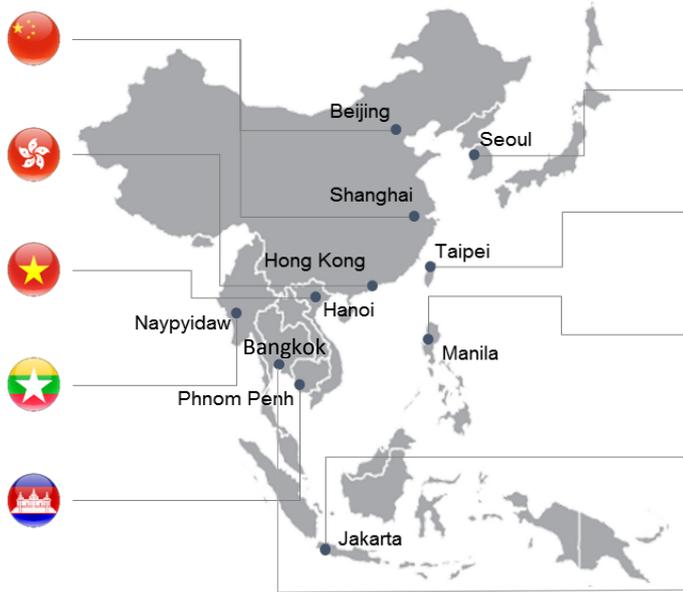
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