

PPAP (KH100040001CSX)

September 15, 2020

Performance Highlights

FY ends Dec (KHR'bn)	2Q20	% QoQ	% YoY	1H20	% YoY
Revenue	24.03	-15.4%	1.8%	52.45	11.3%
EBITDA	14.38	-13.1%	-0.2%	30.93	-13.0%
EBIT	11.62	-16.9%	3.0%	25.60	-12.8%
Finance cost	-1.14	0.8%	-48.1%	-2.26	-31.3%
PBT	10.48	-18.4%	15.3%	23.34	-10.5%
Net profit	8.20	-17.4%	18.1%	18.13	-15.8%
EBITDA margin	59.8%	1.6%pt	-1.2%pt	59.0%	-16.5%pt
EBIT margin	48.3%	-0.9%pt	0.6%pt	48.8%	-13.5%pt
Net margin	34.1%	-0.8%pt	4.7%pt	34.6%	-11.1%pt

Source: The Company (Unaudited), YSC Research

1H20 review: Net profit plunges 15.8% YoY

Container throughputs see slowest YoY growth since IPO

- Container throughputs came to 61,278 TEUs in 2Q20, up 0.7% from 60,875 TEUs in 2Q19. It was the slowest YoY growth the port operator has seen in a quarter since the IPO. Meanwhile, container shipment volume during the period decreased 2.8% YoY to 484,084 tons. Although import shipments continued to grow by 2.2% YoY, export shipments dropped 14.6% YoY. The decline was even more notable for general cargo and oil & gas cargo shipments, which plummeted 14.0% YoY and 19.2% YoY, respectively, and can be attributed to the impact of COVID-19 pandemic.
- In the first half of 2020, container throughputs continued a solid growth of 12.9% YoY to 135,611 TEUs. However, container shipment volume was up modestly by 3.9% YoY to 976,873 tons. Between January and June, total shipments handled by PPAP amounted to 1,796,641 tons, down 3.7% compared to the same period last year. General cargo shipments decreased 4.0% YoY, while oil & gas cargo shipment plunged 17.0% YoY, likely due to the decline in global oil price as well as the decrease in fuel demand as a consequence of COVID-19-driven temporary suspension of business activities.

Top line grows 1.8% YoY in 2Q20 and 11.3% YoY in 1H20

- PPAP earned KHR 24.03bn in revenue in 2Q20, an increase of 1.8% YoY. Income from stevedoring and lift-on lift-off (LOLO) were up 4.1% and 4.9% YoY to KHR 10.82bn (45.0% of total revenue) and KHR 8.73bn (36.3% of total revenue), respectively. Income from other related services including sand dredging, trucking, survey, and others, which together accounted for about 4.0% of the total revenue, surged 43.6% YoY to KHR 967mn. Port service income, the third largest revenue source, dropped 10.5% YoY to KHR 3.00bn, while income from storage services fell 39.7% YoY to KHR 517mn.
- Total revenue in the first half of the year increased 11.3% YoY to KHR 52.44bn, of which stevedoring represented KHR 22.13bn (42.2% of revenue; +8.5% YoY), LOLO KHR 18.66bn (35.6% of revenue; +14.4% YoY), port services KHR 7.59bn (14.5%; +2.8% YoY), storage services KHR 1.58bn (3.0%; +2.8% YoY), and others KHR 2.49bn (4.8%; +57.5% YoY).

Operating profit margin narrows

- Between April and June, EBITDA amounted to KHR 14.38bn, down 0.2% YoY, while EBIT totaled KHR 11.62bn, up 3.0% YoY.
- In 1H20, EBITDA and EBIT dropped 13.0% and 12.8% YoY to KHR 30.93bn and KHR 25.60bn, respectively, in spite of the 11.3% YoY growth in revenue. This was because general administrative expenses surged by 17.8% YoY or KHR 2.34bn. "Other tax expenses" saw the largest increase, rising by KHR1.09bn from a mere KHR 61mn in 1H19. Salaries and wages increased by KHR 778mn or 10.4%, while other expense jumped by KHR717mn or 148%. As a result, EBITDA and EBIT margin narrowed by 16.5%pt and 13.5%pt, respectively.

Net profit plunges 15.8% YoY in 1H20

- Pre-tax profit in the second quarter rose 15.3% YoY to KHR 10.48bn as finance cost almost halved to KHR 1.1bn. Net profit growth in 2Q20 was 18.1% YoY.
- However, net profit earned in the first six months plunged 15.8% to KHR18.1bn from KHR21.5bn in the same period last year.

Container throughputs

Container throughputs	2Q20	% QoQ	% YoY	1H20	% YoY
TEUs	61,278	-17.6%	0.7%	135,611	12.9%
Tonnage					
Import (tons)	356,268	17.3%	2.2%	660,046	5.7%
Export (tons)	127,816	-32.4%	-14.6%	316,827	0.3%
Total (tons)	484,084	-1.8%	-2.8%	976,873	3.9%

Source: The Company

Current mkt. price	KHR 11,700
IPO price	KHR 5,120

Source: CSX, YSC Research

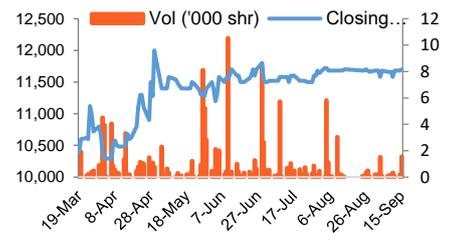
Stock info

Industry	Transport Support Services
Market cap (KHRbn)	242.007
Outstanding shares (mn)	20.7
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	1,003
Free floating shares (last 6 months, %)	0.59
Price low/high (last 6 months, KHR)	10280 ~ 12000

EPS (KHR) (ttm)	2,147.77
P/E (x) (ttm)	5.45
P/B (x) (mrq)	0.38
P/B* (x) (mrq)	0.92
EV/EBITDA (x) (ttm)	3.36
D/E (%) (mrq)	15.29

Note: ttm = trailing twelve months (3Q19 ~ 2Q20); mrq = most recent quarter (2Q20); *Excluding equity of Class C (non-voting) shares.

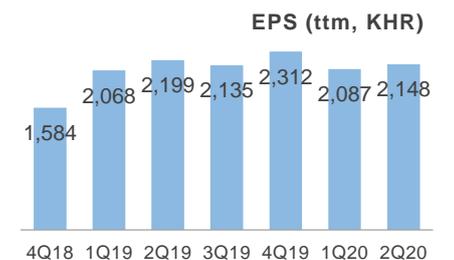
Stock performance



Trading volume & value in last 12 months

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Sep-19	45,415	518	2,523	29
Oct-19	31,860	398	1,593	20
Nov-19	10,710	133	595	7
Dec-19	22,553	278	1,074	13
Jan-20	19,357	234	922	11
Feb-20	33,693	390	1,685	19
Mar-20	20,998	221	1,000	11
Apr-20	27,815	293	1,264	13
May-20	22,831	259	1,343	15
Jun-20	32,844	378	1,564	18
Jul-20	13,455	155	585	7
Aug-20	11,912	139	745	9

Earning strength



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Container, general, and oil cargoes

Ton	2Q20	% QoQ	% YoY	1H20	% YoY
Container	484,084	-1.8%	-2.8%	976,873	3.9%
General	165,480	-23.0%	-14.0%	380,288	-4.0%
Oil & gas	217,054	-2.4%	-19.2%	439,480	-17.0%
Total	866,618	-6.8%	-9.7%	1,796,641	-3.7%

Source: The Company

Breakdown of revenue

Source of revenue	2Q20	% QoQ	% YoY	1H20	% YoY
Stevedoring	10,823	-4.3%	4.1%	22,130	8.5%
LOLO	8,727	-12.2%	4.9%	18,661	14.4%
Port services	3,001	-34.6%	-10.5%	7,586	2.8%
Storage	517	-51.2%	-39.7%	1,576	9.3%
Others	967	-36.5%	43.6%	2,492	57.5%
Total	24,035	-15.4%	1.8%	52,446	11.3%

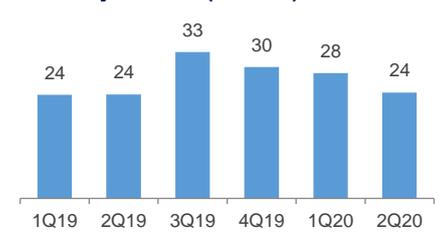
Source: The Company

Financial Ratios

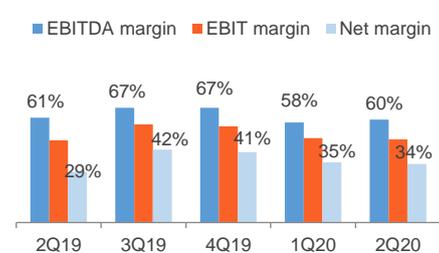
FY end to Dec	2016	2017	2018	2019	2Q20 (ttm)
Per share ratios					
EPS (KHR)	801	1,049	1,584	2,263	2,148
BPS (KHR)	25,195	26,121	27,382	29,926	30,805
BPS* (KHR, excluding Class C)	7,062	7,988	9,249	11,793	12,671
EBITDA/Shr (KHR)	1,647	2,021	2,311	3,707	3,532
SPS (KHR)	3,194	3,688	4,053	5,326	5,584
DPS (KHR, of Class A)	256	307	333	333	-
Share Price	5,300	5,140	7,680	12,500	11,520
Valuation ratios					
P/E (x)	6.62	4.90	4.85	5.52	5.36
P/B (x)	0.21	0.20	0.28	0.42	0.37
P/B*(x, excluding Class C)	0.75	0.64	0.83	1.06	0.91
EV/EBITDA (x)	5.85	4.21	3.57	2.01	3.31
P/S (x)	1.66	1.39	1.90	2.35	2.06
Dividend yield on end-period close (% of Class A)	4.83	5.97	4.33	2.66	-
Dividend yield on IPO price (% of Class A)	5.00	6.00	6.50	6.50	-
Dividend payout (% of Class A)**	31.96	29.28	21.01	14.71	-
Dividend payout (%)	20.16	16.20	11.83	8.82	-
Profitability ratios					
EBITDA margin (%)	51.6	54.8	57.0	69.6	63.3
EBIT (%)	37.0	39.4	42.7	58.1	53.1
Net margin (%)	25.4	28.3	39.3	42.8	38.5
ROE (%)	3.2	4.1	5.9	8.0	7.0
ROE* (% of Class C)	11.8	13.9	18.5	21.7	17.1
ROA (%)	2.6	3.2	4.6	6.0	5.4
Efficiency ratios					
Asset turnover (x)	0.10	0.11	0.12	0.14	0.14
Receivables turnover (x)	8.3	8.2	8.6	9.1	8.55
Financial strength					
Total Debt/ Total Equity (%)	22.4	21.7	19.1	16.4	15.3
Net debt/equity (%)	17.2	12.9	2.1	-0.8	0.5
Interest coverage (x)	4.7	5.9	7.6	11.2	13.1
Inter & ST debt cover (x)	4.7	2.2	2.7	4.5	13.1
Current ratio (x)	3.5	2.9	4.8	4.2	5.2
Quick ratio (x)	3.5	2.9	4.8	4.2	5.2
Net debt/EBITDA (x)	2.6	1.7	0.2	-0.1	0.0

EPS = Earnings Per Share; BPS = Book value Per Share; SPS = Sales Per Share; DPS = Dividend Per Share
 *Excluding capital of Class C shares that are wholly held by the government; **DPS to Class A shares divided by EPS;

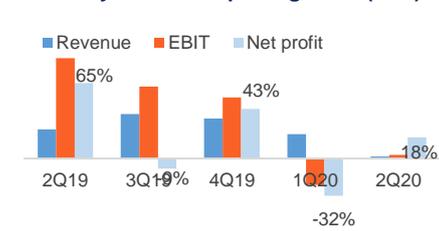
Quarterly revenue (KHR'bn)



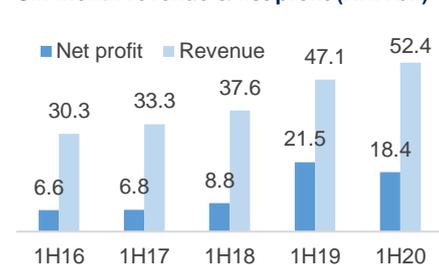
Quarterly profit margin



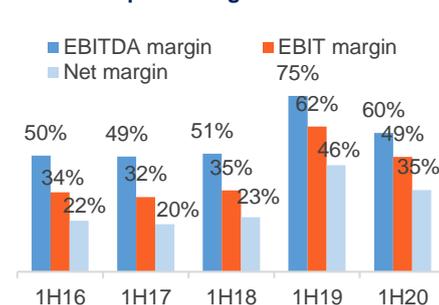
Quarterly revenue & profit growth (YoY)



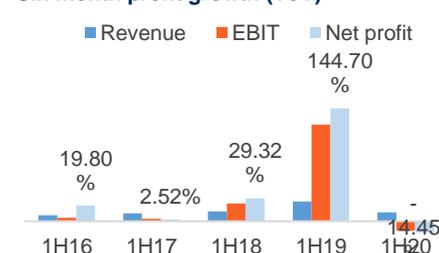
Six-month revenue & net profit (KHR'bn)



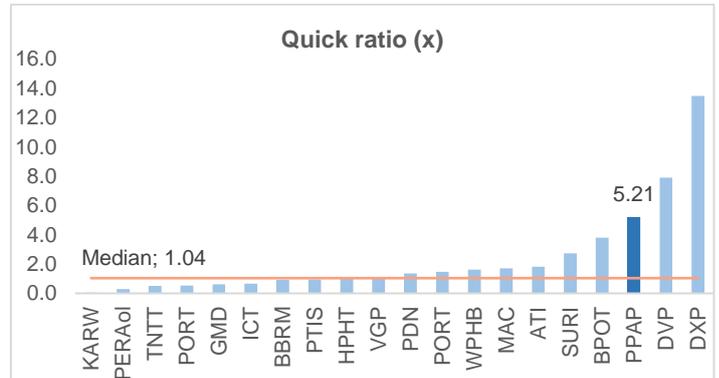
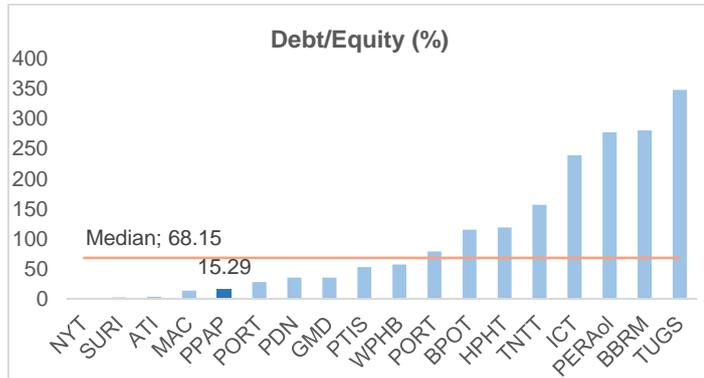
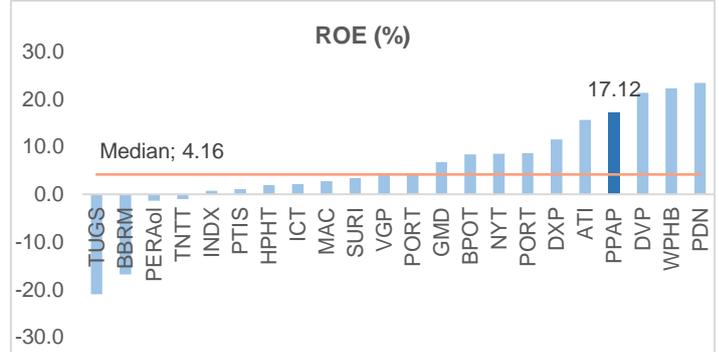
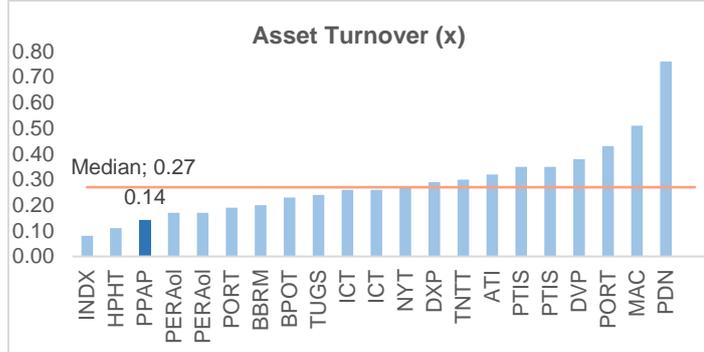
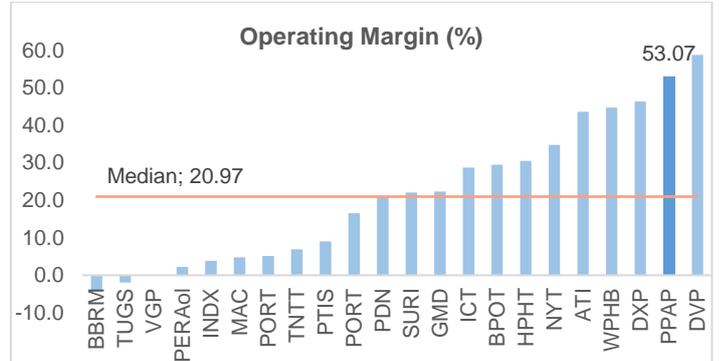
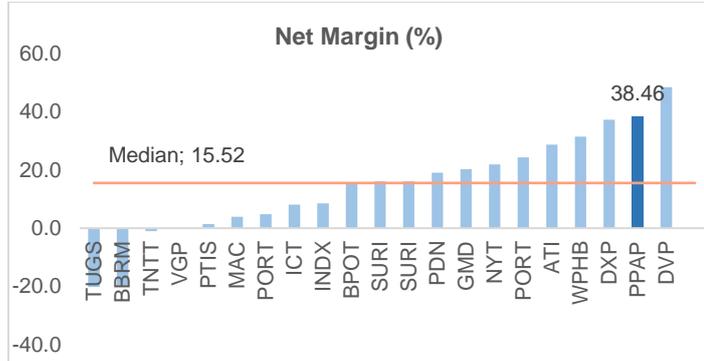
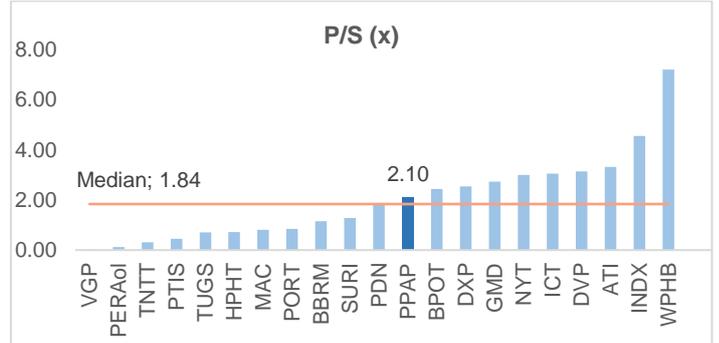
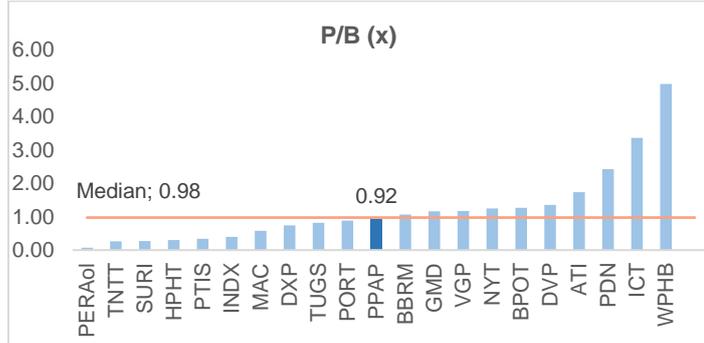
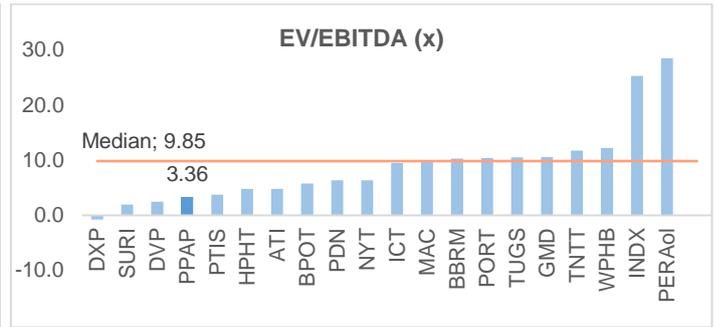
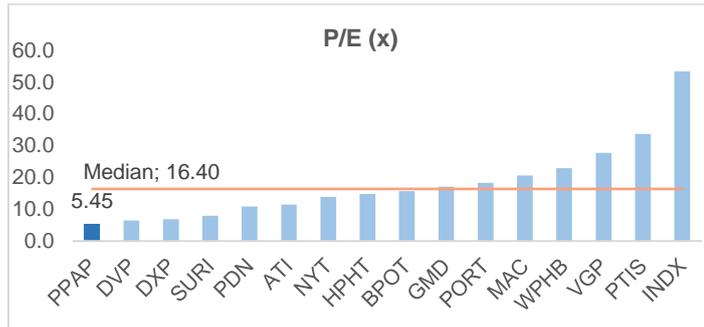
Six-month profit margin



Six-month profit growth (YoY)



ASEAN Peers Comparison



Source: Thomson Reuters (As of September 15, 2020), YSC Research

Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2016	2017	2018	2019	1H20
Revenues	66.1	76.3	83.8	110.2	52.4
Operating costs	-35.9	-36.9	-41.9	-49.2	-26.5
Other income	3.9	2.4	5.9	16.7	5.0
EBITDA	34.1	41.8	47.8	77.7	30.9
Depreciation & Amortization	-9.6	-11.7	-12.0	-12.6	-5.3
EBIT	24.4	30.1	35.8	65.1	25.6
Finance costs	-5.2	-5.1	-4.7	-5.7	-2.3
PBT	19.3	25.0	31.1	59.4	23.3
Income tax expense	-2.7	-3.3	1.7	-11.5	-5.2
Net profit of period	16.6	21.7	32.8	47.8	18.1
Re-measurements of defined benefit liability	0.2	-0.1	0.1	0.4	0.0
Comprehensive income	16.8	21.6	32.9	48.2	18.2

Statement of cash flow					
FY to Dec (KHR'bn)	2016	2017	2018	2019	1H20
Operating cash flow	31.9	40.4	98.3	51.8	20.0
Net profit	16.6	21.7	32.8	46.8	18.4
Depreciation & amortization	9.6	11.7	12.0	12.6	5.3
Change in working capital	0.4	0.4	1.2	-9.2	-0.6
Others	5.3	6.6	52.3	1.6	-3.2
Investing cash flow	-33.1	-12.9	-32.1	-32.0	-20.5
Net CAPEX	-33.1	-12.3	-32.5	-28.2	-25.9
Others	0.0	-0.6	0.3	-3.8	5.4
Financing cash flow	-6.9	-8.0	-64.1	-16.6	-6.8
Net change in share capital	0.0	0.0	0.0	0.0	0.0
Net change in debt	0.0	0.0	-8.4	-8.4	-4.2
Cash dividend	-2.2	-3.3	-3.5	-3.9	0.0
Net change in cash & equivalent	-8.1	19.5	2.1	3.2	-7.3
Beginning cash & equivalent	35.4	15.1	34.5	36.1	39.9
Ending cash & equivalent	27.3	34.5	36.1	39.9	32.7

Source: The Company, YSC Research

Statement of financial position (end of period)					
FY to Dec (KHR'bn)	2016	2017	2018	2019	2Q20
Non-current assets	620.5	621.0	642.7	683.3	705.1
Properties, plants & equipment	586.0	586.8	296.6	316.1	337.6
Investment properties	34.5	34.2	341.6	345.8	346.8
Other non-current assets	0.0	0.0	4.5	21.5	20.8
Current assets	39.1	59.5	109.2	134.2	121.0
Trade receivables	11.8	12.1	12.7	28.3	26.8
Cash & cash equivalent	27.3	47.3	96.4	105.9	94.1
Total assets	659.6	680.5	751.9	817.5	826.1
Non-current liabilities	127.1	119.4	162.9	166.4	165.7
Long-term debts	117.0	108.6	99.8	92.8	93.2
Other non-current liabilities	10.1	10.8	63.1	73.6	72.5
Current liabilities	11.3	20.8	22.6	32.2	23.2
Trade & other payables	9.3	10.1	10.8	13.6	14.1
Other current liabilities	2.0	10.6	11.7	18.6	9.1
Total liabilities	138.4	140.2	185.5	198.5	188.9
Shareholders' equity	521.1	540.3	566.4	619.0	637.2
Share capital	457.8	457.8	457.8	457.8	457.8
Reserves	4.8	6.4	75.0	104.5	149.6
Development fund	40.9	49.9	0.0	0.0	0.0
Retained earnings	12.8	21.3	31.1	47.2	18.5
Other capital	4.9	4.9	2.5	9.5	11.4
Total liabilities & equity	659.6	680.5	751.9	817.5	826.1

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