

PPAP (KH100040001CSX)

November 19, 2019

Performance Highlights

FY ends Dec (KHR'bn)	3Q19	% QoQ	% YoY	1~3Q19	% YoY
Revenue	33.2	40.7%	38.1%	80.3	30.4%
EBITDA	22.2	53.9%	50.5%	57.8	71.0%
EBIT	19.0	68.3%	61.9%	48.3	94.7%
Finance cost	-1.2	-44.0%	1.3%	-4.5	27.4%
PBT	17.8	95.3%	68.8%	43.8	105.9%
Net profit	14.1	102.6%	-8.6%	35.6	47.1%
EBITDA margin	66.8%	5.8%pt	5.5%pt	71.9%	17.1%pt
EBIT margin	57.1%	9.4%pt	8.4%pt	60.2%	19.9%pt
Net margin	42.4%	13.0%pt	-21.7%pt	44.3%	5.0%pt

Source: The Company, YSC Research

3Q19 review: Net profit rises 47.1% YoY in first nine months despite 8.6% YoY drop in 3Q19

Container throughputs post highest YoY growth in eight years

- Container throughputs handled by PPAP in 3Q19 hit an all-time high of 92,494 TEUs, surging 44.4% compared to 3Q18, the highest YoY growth for quarterly throughputs the port has achieved since 2011. Container shipments during the period rose 27.5% YoY to 635,409 tons, driven significantly by export shipments which jumped 41.4% YoY, while import shipments increased robustly by 21.6% YoY. In contrast, general cargo shipments declined 15.1% YoY to 155,404 tons from 182,946 tons in 3Q18 most likely as the result of customers switching to container shipment. Meanwhile, oil & gas cargo shipment continued its robust growth of 16.4% YoY, totaling 199,956 tons between July and September.
- Container throughputs reached 212,584 TEUs (+33.9% YoY) in the first nine months of 2019, almost as many as that for the whole last year, and is on track to achieve impressive growth for the whole this year. Over the same period, total cargo shipments were 2,856,587 tons (+24.4% YoY), of which 1,575,562 tons (+35.0% YoY) were container shipments; 551,591 tons (-0.8% YoY) were general cargo shipments; and 729,434 tons (+27.0% YoY) were oil & gas cargo shipments.

Top-line growth is strongest since IPO

- With marked increase in container throughputs, top-line saw the strongest growth since at least the IPO, rising 38.1% YoY to KHR33.21bn in 3Q19. It is also the largest revenue earned by the company in a three-month period, and was contributed mainly by three main revenue sources namely stevedoring, lift-on lift-off (LOLO), and port services, which soared 34.2%, 37.2%, 21.7% YoY, respectively. Meanwhile, income from storage services increased five-fold to KHR1.74bn, exceeding 5% of the revenue for the first time, and suggesting that the port operator seems to have succeeded in diversifying its revenue through business expansion in storage and warehousing facilities.
- In the first nine months of 2019, PPAP earned KHR80.3bn in revenue, up 30.4% YoY and equal to 95.8% of annual revenue in 2018. On top of this, the company also earned KHR13.66bn in other non-operating income, compared to only KHR3.18bn in the first nine months of 2018.

Operating profit margin widens

- EBITDA and EBIT jumped 53.9% and 68.3% YoY to KHR22.2bn and KHR19.0bn, respectively, in 3Q19. EBIT margin widened by 8.4%pt YoY to 57.1% as total revenue grew faster than total operating cost. Compared to revenue growth of 38%, cost of services rose only 30.0% YoY, while general administrative expenses increased only 12.6% YoY.
- In the first nine months of 2019, the company earned KHR57.8bn (+71.0% YoY) in EBITDA, and KHR48.3bn (+94.7% YoY) in EBIT.

Bottom line drops 8.6% YoY in 3Q19, but rises 47.1% YoY in first nine months

- Net profit in 3Q19 amounted to KHR14.1bn, an 8.6% decrease from same period last year. Bottom line dropped despite 68.8%YoY increase in pre-tax profit due to positive tax expenses in 3Q18 that was the result of substantial deferred tax income related to the origination of temporary difference, occurred as PPAP received \$15mn upfront leasing income from YUETAI Group.
- Despite the decrease in 3Q19, net profit earned from January to September of 2019 climbed 47.1% to KHR35.6bn, exceeding the annual net profit in 2018 of KHR32.9bn.

Current mkt. price	KHR 12,400
IPO price	KHR 5,120

Source: CSX, YSC Research

Stock info

Industry	Transport Support Services
Market cap (KHRbn)	256.5
Outstanding shares (mn)	21
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	1,747
Free floating shares (last 6 months, %)	1.01
Price low/high (last 6 months, KHR)	9,100~13,380
EPS (KHR) (ttm)	1526
P/E (x) (ttm)	8.13
P/B (x) (mrq)	0.45
P/B* (x) (mrq)	1.34
EV/EBITDA (x) (ttm)	4.60
D/E (%) (mrq)	31.78

Note: ttm = trailing twelve months (4Q18~3Q19); mrq = most recent quarter (3Q19); *Excluding equity of Class C (non-voting) shares.

Stock performance

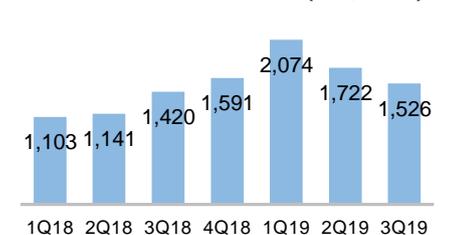


Trading volume & value in last 12 months

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Nov-18	13,429	86	746	4.8
Dec-18	55,673	406	2,784	20.3
Jan-19	89,996	951	4,286	45.3
Feb-19	41,581	412	2,188	21.7
Mar-19	13,557	128	678	6.4
Apr-19	56,236	519	3,124	28.9
May-19	21,371	195	1,257	11.5
Jun-19	51,680	476	2,720	25.1
Jul-19	13,196	121	574	5.3
Aug-19	43,514	408	1,978	18.6
Sep-19	45,415	518	2,523	28.8
Oct-19	30,428	381	1,601	20.1

Earning strength

EPS (ttm, KHR)



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Container throughputs

Container throughputs	3Q19	% QoQ	% YoY	1-3Q19	% YoY
TEUs	92,494	51.9%	44.4%	212,584	33.9%
Tonnage					
Import (tons)	423,703	21.6%	41.1%	1,047,963	39.1%
Export (tons)	211,706	41.4%	32.2%	527,599	27.6%
Total (tons)	635,409	27.5%	38.0%	1,575,562	35.0%

Source: The Company

Container, general, and oil cargoes

Ton	3Q19	% QoQ	% YoY	1-3Q19	% YoY
Container	635,409	27.5%	38.0%	1,575,562	35.0%
General	155,404	-19.2%	-15.1%	551,591	-0.8%
Oil & gas	199,956	-25.6%	16.4%	729,434	27.0%
Total	990,769	3.3%	21.5%	2,856,587	24.4%

Source: The Company

Breakdown of revenue

Source of revenue	3Q19	% QoQ	% YoY	1-3Q19	% YoY
Stevedoring	14,040	35.1%	34.2%	34,438	31.1%
LOLO	11,878	42.7%	37.2%	28,193	29.2%
Port services	4,380	30.6%	21.7%	11,761	19.0%
Storage	1,740	102.8%	442.0%	3,183	197.5%
Others	1,168	73.5%	16.9%	2,750	6.4%

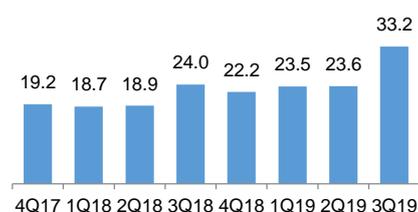
Source: The Company

Financial Ratios

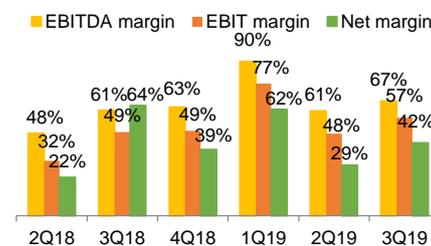
FY end to Dec	2016	2017	2018	TTM***
Per share ratios				
EPS (KHR)	810	1,043	1,591	1,526
BPS (KHR)	25,195	26,121	27,382	27,382
BPS* (KHR, excluding Class C)	7,062	7,988	9,249	9,249
EBITDA/Shr (KHR)	1,647	2,021	2,311	2,671
SPS (KHR)	3,194	3,688	4,053	4,053
DPS (KHR, of Class A)	256	307	333	-
Price	5,300	5,140	7,680	12,400
Valuation ratios				
P/E (x)	6.54	4.93	4.83	8.13
P/B (x)	0.21	0.20	0.28	0.45
P/B*(x, excluding Class C)	0.75	0.64	0.83	1.34
EV/EBITDA (x)	5.85	4.21	3.57	4.60
P/S (x)	1.66	1.39	1.90	3.06
Dividend yield on end-period close (% of Class A)	4.83	5.97	4.33	0.00
Dividend yield on IPO price (% of Class A)	5.00	6.00	6.50	-
Dividend payout (% of Class A)**	31.60	29.43	20.91	-
Dividend payout (%)	20.16	16.20	11.83	-
Profitability ratios				
EBITDA margin (%)	51.6	54.8	57.0	59.4
EBIT (%)	37.0	39.4	42.7	46.3
Net margin (%)	25.4	28.3	39.3	33.8
ROE (%)	3.2	4.1	5.9	5.2
ROE* (% of Class C)	11.8	13.9	18.5	13.4
ROA (%)	2.6	3.2	4.6	3.9
Efficiency ratios				
Asset turnover (x)	0.10	0.11	0.12	0.12
Receivables turnover (x)	8.3	8.2	8.6	9.93
Financial strength				
Debt/equity (%)	26.6	25.9	32.8	31.8
Net debt/equity (%)	17.2	12.9	2.1	-0.4
Interest coverage (x)	4.7	5.9	7.6	9.1
Inter & ST debt cover (x)	4.7	2.2	2.7	9.1
Current ratio (x)	3.5	2.9	4.8	5.0
Quick ratio (x)	3.5	2.9	4.8	4.9
Net debt/EBITDA (x)	2.6	1.7	0.2	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;
 ***TTM = 4Q18-3Q19

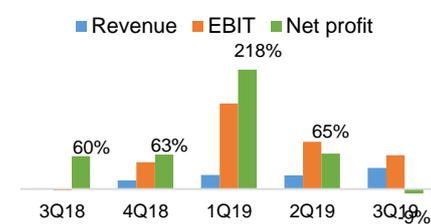
Quarterly revenue (KHR'bn)



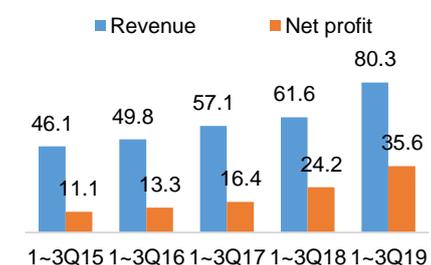
Quarterly profit margin



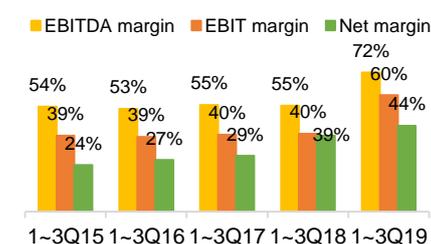
Quarterly revenue & profit growth (YoY)



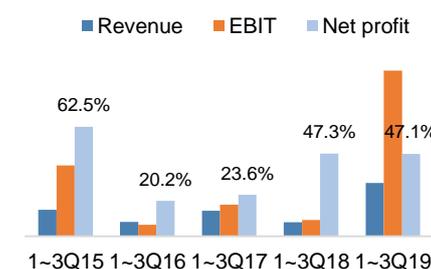
Nine-month revenue & net profit (KHR'bn)



Nine-month profit margin



Nine-month profit growth (YoY)



Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2015	2016	2017	2018	9M19
Revenues	61.5	66.1	76.3	83.8	80.3
Operating costs	-31.1	-35.9	-36.9	-41.9	-36.2
Other income	1.5	3.9	2.4	5.9	13.7
EBITDA	31.8	34.1	41.8	47.8	57.8
Depreciation & Amortization	-9.4	-9.6	-11.7	-12.0	-9.4
EBIT	22.4	24.4	30.1	35.8	48.3
Finance costs	-4.7	-5.2	-5.1	-4.7	-4.5
PBT	17.7	19.3	25.0	31.1	43.8
Income tax expense	-4.8	-2.7	-3.3	1.7	-8.2
Net profit of period	12.9	16.6	21.7	32.8	35.6
Re-measurements of defined benefit liability	0.0	0.2	-0.1	0.1	0.0
Comprehensive income	12.9	16.8	21.6	32.9	35.6

Statement of cash flow					
FY to Dec (KHR'bn)	2015	2016	2017	2018	9M19
Operating cash flow	19.4	27.2	40.4	98.6	28.8
Net profit	12.9	16.6	21.7	32.8	43.8
Depreciation & amortization	9.4	9.6	11.7	12.0	9.4
Change in working capital	-5.1	0.4	0.4	-0.9	-15.3
Others	2.2	0.6	6.6	54.8	-9.1
Investing cash flow	-6.7	-33.1	-12.9	-80.1	-9.7
Net CAPEX	-6.7	-33.1	-12.3	-32.5	-9.4
Others	0.0	0.0	-0.6	-47.6	-0.3
Financing cash flow	15.4	-2.2	-8.0	-16.5	-17.5
Net change in share capital	17.4	0.0	0.0	0.0	0.0
Net change in debt	0.0	0.0	0.0	-8.4	-8.4
Cash dividend	-2.0	-2.2	-3.3	-3.5	-3.9
Net change in cash & equivalent	28.1	-8.1	19.5	2.1	1.5
Beginning cash & equivalent	7.4	35.4	15.1	34.5	36.1
Ending cash & equivalent	35.5	27.3	34.5	36.1	38.4

Source: The Company, YSC Research

Statement of financial position (end of period)					
FY to Dec (KHR'bn)	2015	2016	2017	2018	3Q19
Non-current assets	600.6	620.5	621.0	642.7	672.4
Properties, plants & equipment	568.5	586.0	586.8	296.6	302.3
Investment properties	32.1	34.5	34.2	341.6	348.1
Other non-current assets	0.0	0.0	0.0	4.5	22.1
Current assets	47.3	39.1	59.5	109.2	131.9
Trade receivables	11.8	11.8	12.1	12.7	27.6
Cash & cash equivalent	35.5	27.3	47.3	96.4	103.9
Total assets	647.9	659.6	680.5	751.9	804.3
Non-current liabilities	124.2	127.1	119.4	162.9	167.4
Long-term debts	117.7	117.0	108.6	99.8	93.2
Other non-current liabilities	6.5	10.1	10.8	63.1	74.2
Current liabilities	10.3	11.3	20.8	22.6	26.6
Trade & other payables	7.7	9.3	10.1	10.8	9.7
Other current liabilities	2.6	2.0	10.6	11.7	16.9
Total liabilities	134.5	138.4	140.2	185.5	194.0
Shareholders' equity	513.4	521.1	540.3	566.4	610.4
Share capital	447.9	457.8	457.8	457.8	457.8
Reserves	3.5	4.8	6.4	75.0	105.0
Development fund	31.8	40.9	49.9	0.0	0.0
Retained earnings	12.8	12.8	21.3	31.1	35.6
Other capital	17.4	4.9	4.9	2.5	11.9
Total liabilities & equity	647.9	659.6	680.5	751.9	804.3

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