

PPAP (KH100040001CSX)

February 08, 2021

Performance Highlights

FY ends Dec (KHR'bn)	3Q20	% QoQ	% YoY	9M20	% YoY
Revenue	31.00	29.0%	-6.6%	83.45	3.9%
EBITDA	19.97	38.8%	-10.0%	50.90	-11.9%
EBIT	17.08	47.0%	-10.0%	42.67	-11.7%
Finance cost	-1.10	-2.9%	-10.0%	-3.36	-25.5%
PBT	15.97	52.4%	-10.0%	39.31	-10.3%
Net profit	12.62	53.9%	-10.3%	30.75	-13.6%
EBITDA margin	64.4%	4.6%pt	-2.4%pt	61.0%	-10.9%pt
EBIT margin	55.1%	6.7%pt	-2.1%pt	51.1%	-9.0%pt
Net margin	40.7%	6.6%pt	-1.7%pt	36.8%	-7.5%pt

Source: The Company (Unaudited), YSC Research

3Q20 review: Revenue falls for first time since IPO

Container throughputs drop 7.4% YoY in 3Q20

- Container throughputs came to 85,681 TEUs in 3Q20, down 7.4% from 92,494 TEUs in 3Q19. It is the first time since at least 2010 (YSC available data) that PPAP witnessed a YoY decline in container throughput in the third quarter. Both import and export shipments saw a decrease of 11.0% and 10.1% YoY, respectively, with total container shipment volume handled by PPAP dropping 10.7% YoY. The first-time negative growth of container throughputs can be attributed to the COVID-19-driven decline in exports of garment products and in the slump imports of construction materials, which are important commodities handled at PPAP (Cambodia's exports of garment and footwear products decreased 16% YoY, while imports of construction materials plummeted 19% YoY in 3Q20). In contrast, the general cargo shipments surged 47% YoY to reach 228,305 tons, driven by rising general cargo shipments handled outside of the ports. Meanwhile, oil & gas cargo shipments saw a modest growth of 2.5% YoY.
- In the first nine months of 2020, container throughputs rose slightly by 4.1% YoY to 221,292 TEUs, the slowest YoY growth the port operator has seen in a nine-month period since at least 2010. Container shipment volume decreased 2.0% YoY to 1,544,476 tons. Between January and September, total shipments amounted to 2,797,445 tons, down 2.1% compared to the same period in 2019. General cargo shipments rose 10.3% YoY, while oil & gas cargo shipment fell 11.7% YoY.

Top line falls 6.6% YoY in 3Q20

- As a result of a decline in container traffic, PPAP witnessed a decrease in YoY quarterly revenue growth for the first time since the IPO. Total revenue in 3Q20 was down 6.6% to KHR31.00bn from KHR33.21bn in 3Q19. All main sources of revenue contributed to the top-line fall. Income from stevedoring and lift-on lift-off (LOLO) services were down 1.1% and 4.5% YoY to KHR13.88bn (45.0% of total revenue) and KHR11.34bn (37% of total revenue), respectively. Port service income, the third largest revenue source, dropped 11.3% YoY to KHR3.89bn, while income from storage services plunged 60.4% YoY to KHR689mn. However, income from other related services including sand dredging, trucking, survey, and others, which together accounted for about 4.0% of the total revenue, increased slightly by 3.7% YoY to KHR1.21bn.
- Between January and September 2020, PPAP earned KHR83.45bn in total revenue, up 3.9% YoY. Stevedoring and LOLO services income increased slightly by 4.6% and 6.4% YoY, respectively. Storage services income decreased 28.8% YoY, while port service income was down 2.5% YoY. Income from other services surged 34.7% YoY.

Operating profit slides 10.0% YoY in 3Q20, and 11.7% YoY in 9M20

- In 3Q20, gross profit margin increased by 2.9%pt to 72.6% thanks mainly to 15.7% YoY decrease in direct depreciation expense and 15.4% YoY drop in fuel and gasoline cost. However, with general administrative expenses growing 15.6% YoY from 20% of revenue in 3Q19 to 25% of revenue in 3Q20 due to 10.4% YoY increase in salaries and wages and 92% YoY jump in donation expense, EBITDA and EBIT fell 10.0% YoY to KHR19.97bn and KHR17.08bn, respectively. EBITDA margin narrowed 2.4%pt YoY to 64.4%, while EBIT margin decreased 2.1%pt YoY to 55.1%.
- In 9M20, EBITDA and EBIT amounted to KHR50.90bn and KHR42.67bn, down 11.9% and 11.7% YoY, respectively. EBIT margin contracted 9.0%pt to 55.1%.

Bottom line decreases 10.3% YoY in 3Q20, and 13.6% YoY in 9M20

- With financing cost decreasing 10% YoY, pre-tax profit also dropped 10% YoY to KHR15.97bn in 3Q20, while net profit slid 10.3% YoY to KHR12.62bn.
- In the first nine months of 2020, PPAP generated KHR30.75bn in net profit, down 13.6% from the same period in the previous year.

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

Source: CSX, YSC Research

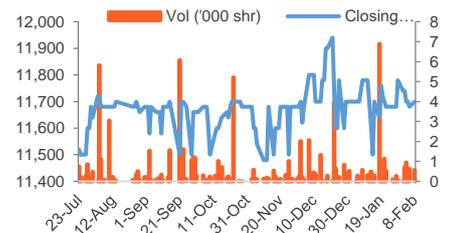
Stock info

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)	580
Free floating shares (last 6 months, %)	0.34
Price low/high (last 6 months, KHR)	11480 ~ 11940

EPS (KHR) (ttm)	2,078
P/E (x) (ttm)	5.63
P/B (x) (mrq)	0.37
P/B* (x) (mrq)	0.88
EV/EBITDA (x) (ttm)	3.42
D/E (%) (mrq)	14.34

Note: ttm = trailing twelve months (4Q19 ~ 3Q20); mrq = most recent quarter (3Q20); *Excluding equity of Class C (non-voting) shares.

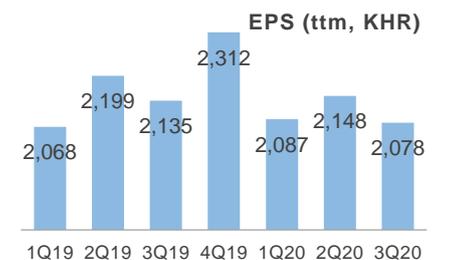
Stock performance



Trading volume & value in last 12 months

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
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
Sep-20	16,182	187	899	10
Oct-20	8,739	102	460	5
Nov-20	4,057	47	214	2
Dec-20	14,467	168	629	7
Jan-21	11,562	135	609	7

Earning strength



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

Container throughputs

Container throughputs	3Q20	% QoQ	% YoY	9M20	% YoY
TEUs	85,681	39.8%	-7.4%	221,292	4.1%
Tonnage					
Import (tons)	377,254	5.9%	-11.0%	1,037,300	-1.0%
Export (tons)	190,349	48.9%	-10.1%	507,176	-3.9%
Total (tons)	567,603	17.3%	-10.7%	1,544,476	-2.0%

Source: The Company

Container, general, and oil cargoes

Ton	3Q20	% QoQ	% YoY	9M20	% YoY
Container	567,604	17.3%	-10.7%	1,544,477	-2.0%
General	228,305	38.0%	46.9%	608,593	10.3%
Oil & gas	204,895	-5.6%	2.5%	644,375	-11.7%
Total	1,000,804	15.5%	1.0%	2,797,445	-2.1%

Source: The Company

Breakdown of revenue

Source of revenue	3Q20	% QoQ	% YoY	9M20	% YoY
Stevedoring	13,880	28.2%	-1.1%	36,010	4.6%
LOLO	11,337	29.9%	-4.5%	29,998	6.4%
Port services	3,886	29.5%	-11.3%	11,472	-2.5%
Storage	689	33.1%	-60.4%	2,265	-28.8%
Others	1,212	25.2%	3.7%	3,704	34.7%
Total	31,003	29.0%	-6.6%	83,448	3.9%

Source: The Company

Financial Ratios

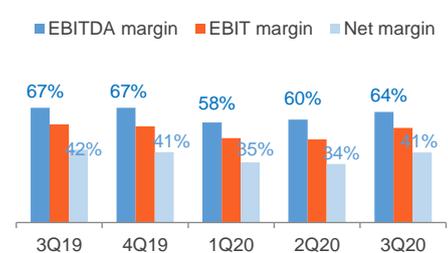
FY end to Dec	2016	2017	2018	2019	3Q20 (ttm)
Per share ratios					
EPS (KHR)	801	1,049	1,584	2,263	2,078
BPS (KHR)	25,195	26,121	27,382	29,926	31,475
BPS* (KHR, excluding Class C)	7,062	7,988	9,249	11,793	13,342
EBITDA/Shr (KHR)	1,647	2,021	2,311	3,707	3,425
SPS (KHR)	3,194	3,688	4,053	5,326	5,477
DPS (KHR, of Class A)	256	307	333	333	-
Share Price	5,300	5,140	7,680	12,500	11,660
Valuation ratios					
P/E (x)	6.62	4.90	4.85	5.52	5.61
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	0.87
EV/EBITDA (x)	5.85	4.21	3.57	2.01	0.00
P/S (x)	1.66	1.39	1.90	2.35	2.13
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	62.5
EBIT (%)	37.0	39.4	42.7	58.1	52.4
Net margin (%)	25.4	28.3	39.3	42.8	37.9
ROE (%)	3.2	4.1	5.9	8.0	6.7
ROE* (% of Class C)	11.8	13.9	18.5	21.7	15.8
ROA (%)	2.6	3.2	4.6	6.0	5.2
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	4.00
Financial strength					
Total Debt/ Total Equity (%)	22.4	21.7	19.1	16.4	14.3
Net debt/equity (%)	17.2	12.9	2.1	-0.8	0.8
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	4.7
Quick ratio (x)	3.5	2.9	4.8	4.2	4.7
Net debt/EBITDA (x)	2.6	1.7	0.2	-0.1	0.1

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



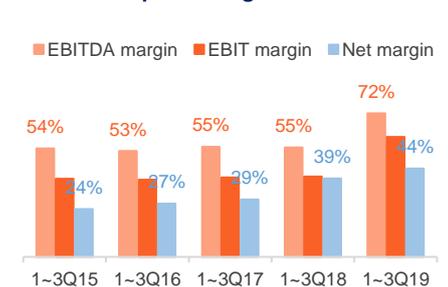
Quarterly revenue & profit growth (YoY)



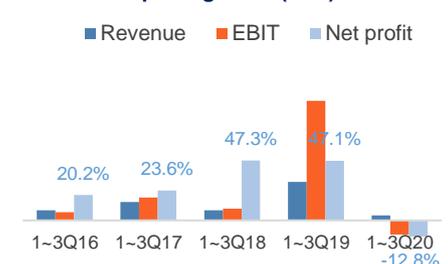
Nine-month revenue & net profit (KHR'bn)



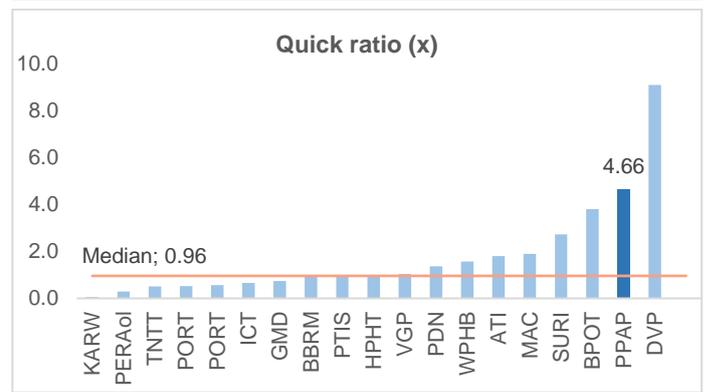
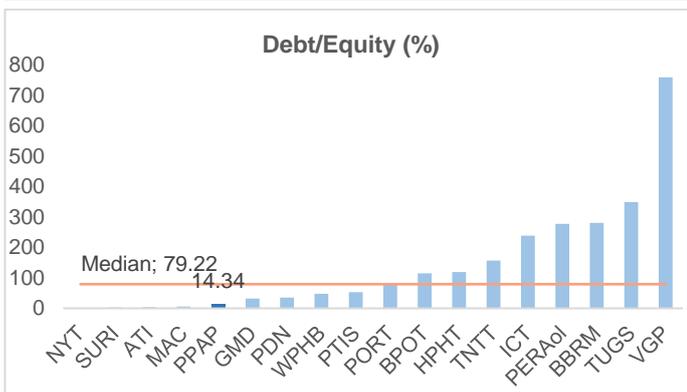
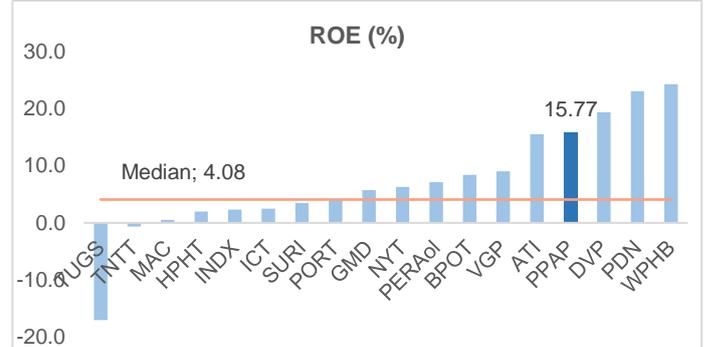
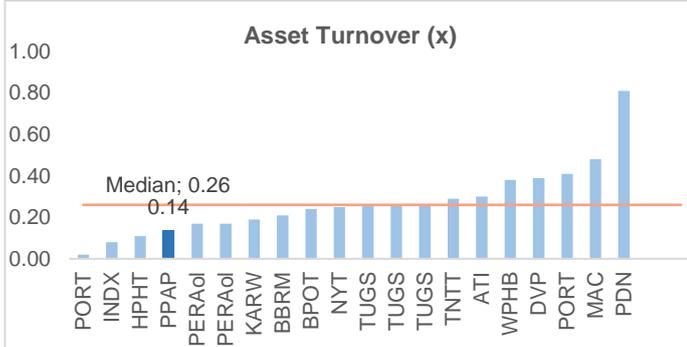
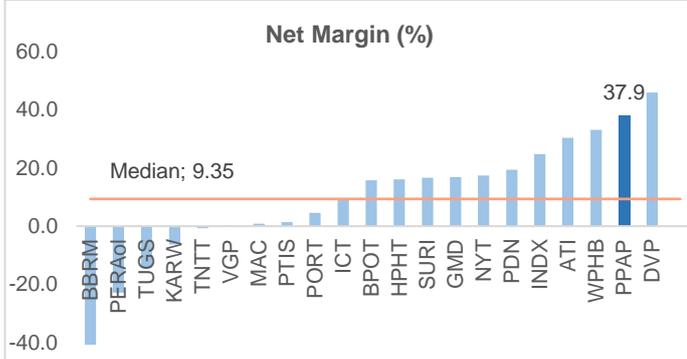
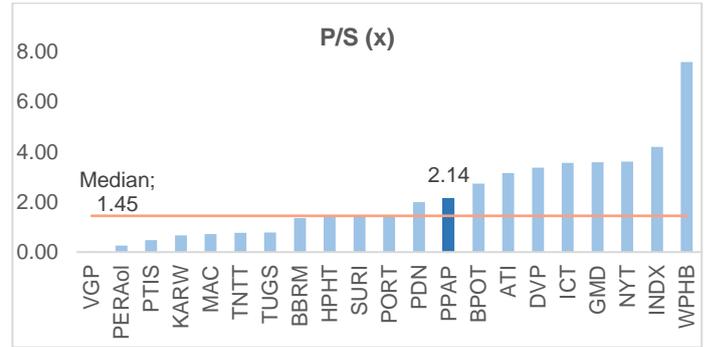
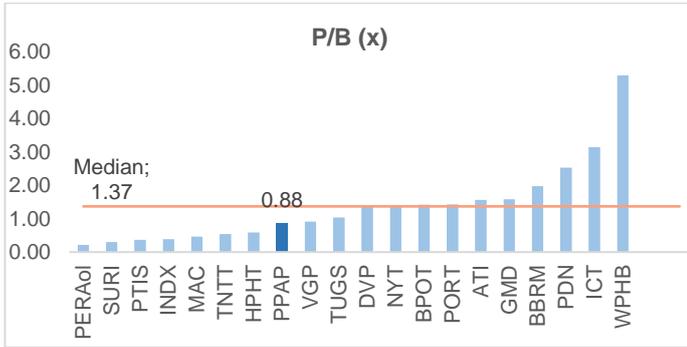
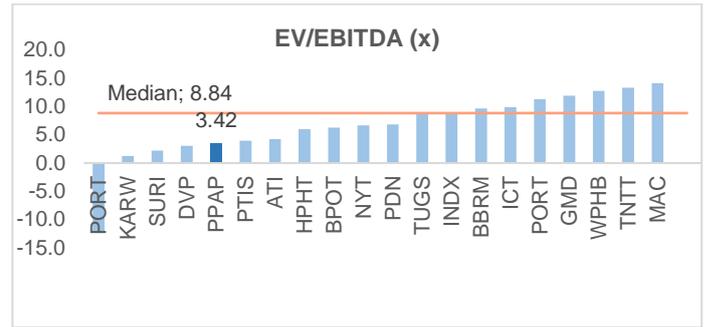
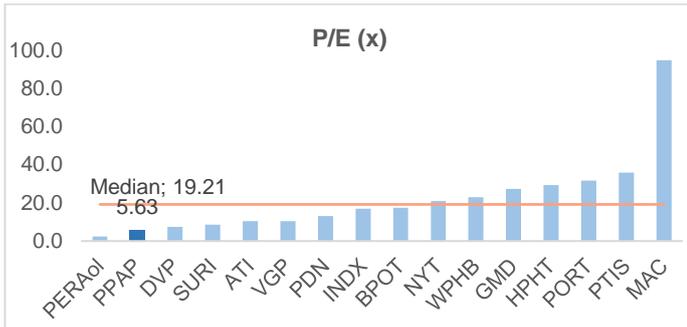
Nine-month profit margin



Nine-month profit growth (YoY)



ASEAN Peers Comparison



Source: Reuters (As of February 8, 2021), YSC Research

Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2016	2017	2018	2019	9M20
Revenues	66.1	76.3	83.8	110.2	83.4
Operating costs	-35.9	-36.9	-41.9	-49.2	-39.7
Other income	3.9	2.4	5.9	16.7	7.4
EBITDA	34.1	41.8	47.8	77.7	51.2
Depreciation & Amortization	-9.6	-11.7	-12.0	-12.6	-8.2
EBIT	24.4	30.1	35.8	65.1	43.0
Finance costs	-5.2	-5.1	-4.7	-5.7	-3.4
PBT	19.3	25.0	31.1	59.4	39.6
Income tax expense	-2.7	-3.3	1.7	-11.5	-8.6
Net profit of period	16.6	21.7	32.8	47.8	31.0
Re-measurements of defined benefit liability	0.2	-0.1	0.1	0.4	0.2
Comprehensive income	16.8	21.6	32.9	48.2	31.2

Statement of cash flow					
FY to Dec (KHR'bn)	2016	2017	2018	2019	9M20
Operating cash flow	31.9	40.4	98.3	51.8	35.3
Net profit	16.6	21.7	32.8	46.8	31.0
Depreciation & amortization	9.6	11.7	12.0	12.6	8.2
Change in working capital	0.4	0.4	1.2	-9.2	-3.8
Others	5.3	6.6	52.3	1.6	-0.2
Investing cash flow	-33.1	-12.9	-32.1	-32.0	-31.6
Net CAPEX	-33.1	-12.3	-32.5	-28.2	-37.3
Others	0.0	-0.6	0.3	-3.8	5.7
Financing cash flow	-6.9	-8.0	-64.1	-16.6	-17.1
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	-8.4
Cash dividend	-2.2	-3.3	-3.5	-3.9	-4.1
Net change in cash & equivalent	-8.1	19.5	2.1	3.2	-13.5
Beginning cash & equivalent	35.4	15.1	34.5	36.1	39.9
Ending cash & equivalent	27.3	34.5	36.1	39.9	26.6

Source: The Company, YSC Research

Statement of financial position (end of period)					
FY to Dec (KHR'bn)	2016	2017	2018	2019	3Q20
Non-current assets	620.5	621.0	642.7	683.3	714.3
Properties, plants & equipment	586.0	586.8	296.6	316.1	346.7
Investment properties	34.5	34.2	341.6	345.8	347.3
Other non-current assets	0.0	0.0	4.5	21.5	20.3
Current assets	39.1	59.5	109.2	134.2	119.6
Trade receivables	11.8	12.1	12.7	28.3	31.5
Cash & cash equivalent	27.3	47.3	96.4	105.9	88.1
Total assets	659.6	680.5	751.9	817.5	833.9
Non-current liabilities	127.1	119.4	162.9	166.4	157.2
Long-term debts	117.0	108.6	99.8	92.8	84.9
Other non-current liabilities	10.1	10.8	63.1	73.6	72.4
Current liabilities	11.3	20.8	22.6	32.2	25.6
Trade & other payables	9.3	10.1	10.8	13.6	9.8
Other current liabilities	2.0	10.6	11.7	18.6	15.8
Total liabilities	138.4	140.2	185.5	198.5	182.9
Shareholders' equity	521.1	540.3	566.4	619.0	651.0
Share capital	457.8	457.8	457.8	457.8	457.8
Reserves	4.8	6.4	75.0	104.5	149.8
Development fund	40.9	49.9	0.0	0.0	0.0
Retained earnings	12.8	21.3	31.1	47.2	31.2
Other capital	4.9	4.9	2.5	9.5	12.2
Total liabilities & equity	659.6	680.5	751.9	817.5	833.9

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